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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
TO THE COUNCIL**

on the follow-up to 2013 discharge - Replies to requests from the European Parliament

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INTRODUCTION

This Commission Staff Working Paper completes the Report from the Commission to the European Parliament and the Council on the Follow-up to the 2013. It presents in detail the answers to 319 specific requests made by the European Parliament in its Resolution forming an integral part of its Decisions on the 2013 Discharge¹

¹ <http://www.europarl.europa.eu/committees/en/cont/discharge-2013.html>

European Parliament resolutions on 2013 discharge

The Court of Auditors' Statement of Assurance

1. (§ 17 - 2013/PAR/0252) The Parliament calls on the Commission to analyse whether the shift in methodology from confirmed corrections to implemented corrections, which took place in 2012 is best suited for reflecting the reality of control and management systems in a given financial year.

Commission's response:

The Commission provides information on both confirmed and implemented corrections in the EU annual accounts and in its annual Communication on the protection of the EU budget. This gives a broader view of the financial corrections' situation for a given financial year.

2. (§ 25 - 2013/PAR/0253) The Parliament asks the Commission and the Member States to put in place sound procedures to confirm the timing, the origin and the amount of corrective measures and to provide information reconciling, as far as possible, the year in which payment is made, the year in which the related error is detected and the year in which recoveries or financial corrections are disclosed in the notes to the accounts, taking into account the pluriannuality of the whole procedure.

Commission's response:

The Commission has always stated that linking financial corrections to the original year of payment is not feasible.

3. (§ 27 - 2013/PAR/0254) The Parliament asks the Commission to further clarify the calculation of the amount at risk (Annex 1 to the synthesis report explains "amounts at risk" as the value of the fraction of the transaction which is estimated not to be in full conformity with the applicable regulatory and contractual requirements after the application of all controls (corrective measures) intended to mitigate compliance risks.) in explaining the estimated impact of corrective mechanisms on this figure and to issue in its synthesis report a proper "Statement of assurance" based on the Directors-General annual activity reports.

Commission's response:

The Commission further clarified the methodology for its calculation in the 2014 Synthesis report, ensuring consistency in the terms and concepts applied by the DGs in their annual activity reports. The Synthesis report included for the first time a consolidated estimation of the amount at risk for the entire budget under its responsibility (so not only for the part of the expenditure under reservations as it was the case in previous years) alongside its best estimate of the volume of errors and irregularities that could be corrected in the future.

However, the Commission will not issue in its synthesis report a proper "Statement of assurance". Replacing the managerial responsibility of the Directors-General by a political one would only dilute responsibility and weaken the accountability structure. Also, The College takes political responsibility by adopting annually the Synthesis Report. The combination of AARs and the synthesis report fulfils the internal and external accountability objectives defined by the Court.

4. (§ 32 - 2013/PAR/0255) The Parliament calls on the Commission and Member States to therefore a shift from spending to a performance culture focussing on the results achieved based on the principles of efficiency, effectiveness and economy.

Commission's response:

The Commission accepts the recommendation of the European Parliament. The MFF 2014-2020 programmes already reinforce the performance culture putting emphasis on results achieved and the Commission aims to further strengthen the performance focus in the near future. In this context, the Commission has launched two initiatives: a) the setting-up of an Inter-Institutional Working Group on Performance Base-Budgeting to agree on a common understanding of performance framework of the EU budget and b) the first annual conference on 'Budget focused on results' in September. A communication on 'budget focused for results' is planned for spring 2016.

5. (§ 34 - 2013/PAR/0256) The Parliament urges the Commission to once again prepare and publish a 'long-range cash flow forecast' projecting future payment requirements to ensure that necessary payments can be met from approved annual budgets; demands that the Commission present, if necessary, modifications to existing regulations in the event that the annual budgets cannot provide sufficient appropriations to match the necessary payments level.

Commission's response:

The Commission is taking the recommended action.

The Commission presented in March 2015 “Elements for the payment plan to bring the EU budget to a sustainable track” which aims at eliminating the abnormal backlog of unpaid claims that emerged at the end of 2014.

See Recommendation 2013/COU/0190.

As regard long term forecasts, the Commission presented its detailed methodology for forecasting payments for the 2014-20 financial framework within the framework of the negotiations of the MFF. This was the basis for fixing the payment ceilings. The Commission is regularly reviewing its assumptions to take into account all new developments (adoption of the “payment plan”, preparation of the 2016 budget and the information included in the schedules of payments, progress in adoption of the delayed programmes in the shared management, etc.).

However, the most important variable in the medium to long term forecasting exercise is the evolution of interim payment claims of shared managed programmes in Headings 1b, 2 and 3. A significant number of these programmes could not be adopted in 2014 and had to be reprogrammed. By end 2015, all programmes under shared management shall be adopted. Only then the Commission will receive Member States payment forecasts for all programmes and also first information on the actual implementation of the shared managed programmes will become available. This will allow the Commission to prepare a thorough analysis of the needs for the second half of this MFF and propose adjustments, if appropriate, in the framework of the mid-term review of the MFF in 2016 in line with the provisions of the MFF Regulation.

Improving the reliability of forecasts is a continuous effort by both the Commission services and the Member States.

6. (§ 38 - 2013/PAR/0257) The Parliament calls on the Commission to be more transparent and to regularly report on leverage, losses and risks such as investment bubbles (in the context of financial instruments).

Commission's response:

As regards financial engineering instruments supported from Operational Programmes under the 2007-2013 period, Regulation (EC) No 1083/2006 laid down limited reporting requirements by Member States (MS) for financial engineering instruments; these requirements do not include obligatory reporting on leverage, losses or number of enterprises or projects supported. Nevertheless, some of this information is provided by MS on a voluntary basis and is made available by the Commission in the annual summary of data on the progress made in financing and implementing financial engineering instruments.

As regards financial instruments (FI) to be supported from ESIF programmes under the 2014-2020 period, the Common Provisions Regulation (EU) No 1303/2013 lays down detailed reporting requirements on volume of investment supported, leverage, losses and gains, resources paid back to financial instruments, number of enterprises supported as well as output indicators specific to the type of instruments. The European Commission will submit on an annual basis a summary report to the budgetary authority and will make this report available to the public.

7. (§ 38 - 2013/PAR/0258) The Parliament urges the Commission to give a full overview of the number of projects financed under each of the financial engineering instruments and the results achieved, to indicate clearly how much Union budget allocations were used to co-finance these FEI projects and to present a comprehensive cost-benefit analysis of the instrument of FEIs compared with more direct forms of project funding.

Commission's response:

Concerning the request to give a full overview of the number of projects financed under each FIs, in article 49 (3) of Regulation (EC) 1083/2006 an ex-post evaluation of all the Structural Funds is foreseen. Within this ex-post evaluation one work-package is specifically addressing the efficiency and effectiveness of the financial engineering instruments for SMEs in the 2007-2013 programming period. The ex-post evaluation shall be completed by 31 December 2015. It is also important to emphasize that a cost-benefit analysis comparing grants with financial instruments would be of little added value as, even if grants and financial instruments are both delivery modes of Cohesion Policy, they target different types of projects.

8. (§ 40 - 2013/PAR/0259) The Parliament recommends, in light of the pressure on the budget for payments and the fact that Article 140(7) of Regulation (EU, Euratom) No 966/2012 (the Financial Regulation) requires that excessive balances should be avoided on financial instruments, that the Commission ensures that contributions from the Union budget to such instruments reflect a real cash-flow need.

Commission's response:

As regards financial engineering instruments supported from operational programmes under 2007-2013 period, bearing in mind the approaching end of eligibility, new contribution from the programme to such instruments (if any) will be inevitably linked to the immediate demand at the level of final recipients.

As regards financial instruments supported by ESIF programmes under the 2014-2020 period there are safeguards in the legislative framework which ensure that: 1) ESIF contribution will reflect market needs thoroughly assessed in ex-ante assessment, and 2) ESIF contribution will be paid in phased instalments reflecting

the progress in implementation on the ground, hence, the ESIF contribution to the FIs linked to the disbursement to final beneficiaries and excessive balances on the accounts should be avoided.

9. (§ 42 - 2013/PAR/0260) The Parliament asks the Commission to disburse funding only when the funds are actually needed by the beneficiary and to improve its monitoring of the Union grant implementation.

Commission's response:

The Commission is taking the requested action.

The work related to the disbursement of funds has already been carried out (see responses to the Court of Auditors' recommendations from the Special Report 16/2014). As regards monitoring, best practices have been elaborated in the guidelines accompanying the application form. However, specific monitoring criteria for blending projects is under preparation.

10. (§ 46 - 2013/PAR/0261) The Parliament calls for a sanction system if Member States transmit incorrect programme information and declarations.

Commission's response:

The current legislative framework does not provide for sanctions for incorrect or unreliable reporting. Rather, when control systems prove to be partially effective or ineffective the Commission concentrates on the existing corrective measures available under the legal framework (suspension or interruption of payments, financial corrections).

11. (§ 47 - 2013/PAR/0262) The Parliament calls on the Commission and the Council to take concrete and meaningful steps to enable the necessary progress in sound financial management, including the increased use of the instrument of national declarations which in practice do not require much extra effort (reportedly less than 1 full-time equivalent on a yearly basis per Member State), while also noting that it is of great importance that Member States take political responsibility for the use of Union funds by means of a public document.

Commission's response:

The Commission will continue to promote this accountability instrument, on the basis of the recommendations and templates resulting from the inter-institutional working group. It will continue providing support and feedback to Member States who issue already or are interested in issuing a national declaration.

12. (§ 47 - 2013/PAR/0263) The Parliament calls on the Commission and the Member States to publish not only the national declarations but also the annual summaries and management declarations in order to give more insight in and achieve a real improvement of the financial management.

Commission's response:

The Commission cannot take the requested action as it does not have the right to publish national declarations, annual summaries and management declarations. This is the prerogative of the Member States.

13. (§ 47 - 2013/PAR/0264) The Parliament urges the Commission to submit a recommendation to Parliament and the Council to promote the use of national declarations in line with the recommendations by the interinstitutional working group for the establishment and use of national declarations.

Commission's response:

The Commission does not consider that the requested measure will promote the use of national declarations, as the adoption of an additional act or document does not have a binding legal effect. Therefore, it does not consider to take action related to this recommendation.

14. (§ 49 - 2013/PAR/0265) The Parliament reiterates its previous demand that the Commission evaluate and, if necessary, correct the Member States' data in order to establish reliable and objective annual activity reports.

Commission's response:

The Commission has a good overview of how first level management verifications are performed in the Member States that gives full credibility to the annual activity reports drafted by its services. This overview is based on a robust and solid process encompassing the detailed assessment of the management and control systems through 15 key requirements including on the quality of management verification, the detailed analysis of the audit opinions and the national audit reports the Commission receives, of the Commission's own audits and any other community audit.

As a result the Commission keeps updating this assessment of the key-requirements on a bi-weekly basis.

In case after throughout assessment and analysis the Commission considers that data from Member State are not correct, this will be clearly disclosed in the respective annual activity report of its services.

15. (§ 50 - 2013/PAR/0266) The Parliament requests that the Directors-General report in detail in their annual activity reports on the error rates notified by the Member States and on the corrections made by the Commission, where appropriate, at the level of operational programmes.

Commission's response:

The requested action has been taken. This information was already provided by the DGs for all operational programmes under reservation. As from reporting year 2014 this has been extended to all operational programmes.

16. (§ 55 - 2013/PAR/0267) The Parliament calls for the early adoption of the Directive on the fight against fraud to the Union's financial interests by means of criminal law.

Commission's response:

The Commission is already working on the requested action. The 2012 Commission proposal for a Directive on the fight against fraud to the Union's financial interests by means of criminal law (PIF Directive) has been discussed in trilogues since October 2014. The Commission is fully committed to see an adoption of the PIF Directive as soon as possible, however, with a content improving the level of protection of the EU budget currently provided for by the 1995 Convention on the protection of the European Communities' financial interests (PIF Convention) and its Protocols. The Commission fully supports the co-legislators in finding acceptable compromises, in particular as far as the inclusion of VAT into the scope of the directive and the level of harmonisation of sanction levels are concerned. On both issues, the Commission and the European Parliament share similar points of view.

17. (§ 56 - 2013/PAR/0268) The Parliament calls on the Commission to carefully examine the current situation and present recommendations or even legally binding solutions if necessary; considers that the same should apply to the candidate members and members of the Commission (in some Member States, legislation concerning conflicts of interests of members of the parliament, members of government and members of local councils is vague and insufficient).

Commission's response:

Rules are in place to avoid conflicts of interests at the level of the Commission. These apply to staff at all levels. Commissioners have to respect similar principles: they have to declare their interests and are bound by the provisions of the Treaties and Code of Conduct for Commissioners, which defines their ethical environment and sets the guiding principles for the relations between Commissioners and Commission departments.

Regarding the conflicts of interests at the level of the Member States, the Financial regulation foresees the obligation for MS to take the necessary measures to avoid conflict of interest, and to report to the Commission on the systems put in place to ensure their avoidance. Still, a legally binding EU solution is not foreseeable as the avoidance of conflict of interest at national level lies within the competence of MS.

Revenue: GNI Based own resources

18. (§ 58 - 2013/PAR/0269) The Parliament demands that the Commission to ensure that Eurostat's and Member States' data are identical, as the indicator of GNI represents the key benchmark not only for Union revenue but also for expenditure.

Commission's response:

The GNI data used for Own Resources purposes is provided to Eurostat by Member States according to Regulation 1287/2003. Both data sets are by definition identical.

19. (§ 65, 1st indent - 2013/PAR/0270) The Parliament urges the Commission to shorten the duration of its verification cycle of the GNI data used for own resources to a maximum four years, if needed, in launching infringement proceedings and/or in imposing strict delay to lift the reservations.

Commission's response:

Please see response to Recommendation n° 2 to the European Court of Auditors Special Report No 11 2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification.

20. (§ 65, 2nd indent - 2013/PAR/0271) The Parliament urges the Commission to limit the use of general reservations to exceptional cases where there are significant risks that the financial interests of the Union are not protected: i.e. when a Member State carries out a major revision during the verification cycle or at irregular intervals.

Commission's response:

A new annex to the Memorandum of Understanding between DG Budget and Eurostat was signed in April 2013; this will reduce significantly the number of general reservations. Yet they remain essential to ensure the EU's financial interests are protected and cannot be foregone completely.

21. (§ 65, 3rd indent - 2013/PAR/0272) The Parliament urges the Commission to draft an action plan to remedy the deficiencies detected by the Court of Auditors in its Special Report No 11/2013 and to report on it to Parliament and the Court of Auditors by the end of June 2015.

Commission's response:

An action plan was submitted to the Parliament and the Court of Auditors on 30 June 2015 (ref: Ares(2015)2777865)

22. (§ 65, 4th indent - 2013/PAR/0273) The Parliament urges the Commission to put in place and closely monitor a detailed action plan with clear targets to address the problems in the compilation of Greece's national accounts.

Commission's response:

A comprehensive action plan, the Joint Overall Statistical Greek Action Plan (JOSGAP), aimed at resolving the deficiencies in the Greek Statistical System has existed since 2010. This consists of a large number of detailed, targeted and monitored actions, including in the area of national accounts. Under this programme there have been many visits of experts to advise the national accounts department of the Hellenic Statistical Authority (ELSTAT); recently there has been a focus on the specific issue of the resolution of particular problems

concerning GNI data. Please see response to recommendation n°2 to the European Court of Auditors 2013 Annual Report.

23. (§ 65, 5st indent - 2013/PAR/0274) The Parliament urges the Commission to introduce a modification to the abovementioned Commission proposal COM (2014)0704 in order to empower the Commission to defer the reimbursement of the amounts in case of "negative" balances and adjustments.

Commission's response:

The Commission is currently examining possible amendments to the existing provisions in view of modifying the treatment of VAT and GNI balances.

Agriculture

24. (§ 68 - 2013/PAR/0275) The Parliament calls on the Commission to re-examine the agricultural budget support in light of this (the measures initiated by the Commission in agricultural policy have so far been unable to correct the demographic imbalance).

Commission's response:

In 2010 7.5% of EU-27 farmers were under 35, while 53% were over 55. But in 2007 only 6.3% of EU-27 farmers were under 35. Between 2007 and 2010 the ratio of old to young farmers moved from 9:1 to 7:1.

This means that the agricultural sector in the EU is still characterised by an aged and in many Member States ageing - farming population, though recently there have been signs of improvement.

In its proposal for the latest CAP reform, the Commission had acknowledged the necessity to tackle generation renewal issues in agriculture and had presented a proposal for a mandatory payment for young farmers in the framework of the direct payments.

Despite Council's strong opposition against a mandatory payment for young farmers under direct payments system, the final political agreement provided that the payment remained mandatory. It is to be noted that the payment for young farmers is to be implemented from 2015 and it is too early to conclude about its effect.

In addition, there is a wide range of support measures for young farmers under the new RD policy (e.g. business start-up aid for YF subject to a business plan, a higher support of up to 90% for investments in physical assets, support for information, advice and training, for cooperation activities, etc.).

25. (§ 71 - 2013/PAR/0276) The Parliament calls on the Commission and the Member States to better balance their beneficiaries' structure.

Commission's response:

The recommendation should be more precise, as it is, the Commission cannot identify what a "better balance" would be.

26. (§ 71 - 2013/PAR/0277) The Parliament demands that the Director-General of DG AGRI attach yearly to its annual activity report indicative figures on the distribution of CAP direct aid payment to producers by Member States and category of beneficiaries.

Commission's response:

An annual report on direct payments is already published (see http://ec.europa.eu/agriculture/cap-funding/beneficiaries/direct-aid/pdf/annex2-2013_en.pdf) and available on the Internet site of DG AGRI. Therefore, the Commission believes there is no need to give additional reporting in the AAR.

27. (§ 75 - 2013/PAR/0278) The Parliament requests that the Commission report by the end of 2015 on how these simplification measures worked out in practice and which additional measures could be taken with regard to any remaining complex rules and eligibility conditions.

Commission's response:

The Commission has launched a simplification exercise for the CAP and will present its results before the end of 2015 to the European Parliament and the Council.

28. (§ 86 - 2013/PAR/0279) The Parliament calls for Union officials to increase supervision and to monitor and coordinate more closely national paying agencies within the relevant Member States.

Commission's response:

The Commission gives the highest priority to the exercise of its responsibilities for implementing the budget under Article 274 of the EC Treaty.

The supervisory and monitoring role of the Commission under shared management for agricultural funds has been reinforced through new preventive instruments (e.g. reductions and suspensions for both EAGF and EAFRD and interruptions for EAFRD) made available under the new CAP legal framework.

Moreover, the Commission has implemented actions to increase the effectiveness of first-level verifications in the national paying agencies, which are the primary line of defence against errors. In that respect, the Commission organised seminars for managing and paying authorities for the identification of root cause of errors, including public procurement seminars, and guidance for on-the-spot checks.

The Commission made significant efforts to improve the guideline on financial corrections and key and ancillary controls.

Furthermore, continuous guidance has been offering to the Certification Bodies in order to prepare their readiness for the new reporting expectations on the legality and regularity as from financial year 2015.

29. (§ 89 - 2013/PAR/0280) The Parliament calls on the Commission to ensure that financial risks for the budget are covered by net financial corrections.

Commission's response:

Any time a risk to the budget for agricultural expenditure is identified immediate actions are taken in order to cover it through conformity clearance procedure which will claw back the unduly spend amounts.

Reading this recommendation in the context of the paragraph 89, notably the deficiencies detected in LPIS, the ECA acknowledged that notwithstanding the weaknesses in the LPIS and administrative checks, the IACS makes a significant contribution to reducing the error rates in the expenditure it covers (see § 3.29 of the ECA's Annual Report 2013).

Since 2007, the persistent weaknesses established during DG AGRI's audits led to action plans being initiated in 7 Member States (3 have been already completed). Independently of these specific action plans, as part of normal procedure, when audit findings show weaknesses Member States are to take actions to address the situation.

In all cases, for the years prior to the finalisation of the plan, the risk for the Fund has been covered via the application of net financial corrections and net recoveries.

30. (§ 92 - 2013/PAR/0281) The Parliament calls on the Commission to make a detailed analysis of this situation (the Court of Auditors' findings as regards the fact that

Italian authorities did not record whether debts were due to irregularities or administrative errors which could potentially lead to charging the Union budget) and report back before the end of the year.

Commission's response:

In DG AGRI AAR 2014 (Annex 10, Part 5) the Commission has reported on the progress made with the Italian authorities to address the deficiencies in the debts' management by the end of 2015. It will continue to up-date the information in the following AARs.

The Commission would like to stress that the deficiencies in the irregularities' and debts management in Italy are followed up in the context of a number of conformity clearance procedures. The on-going conformity clearance procedures will protect the EU budget through net financial corrections.

31. (§ 110 - 2013/PAR/0282) The Parliament recommends that the Commission actively monitors the application of remedial actions with regard to the deficiencies in the control system applicable to Union aid for the recognition of producer groups for fruits and vegetables in Poland, and in the operational programmes for producer organisations in Austria, the Netherlands and the United Kingdom.

Commission's response:

The Commission always monitors the action plans and remedial actions put in place and reports on them in its AAR. DG AGRI reported in the AAR 2014 (Annex 10, part 3.2) on the follow-up of the remedial actions.

- *The 2013 reservation for pre-recognition of producer groups in Poland was maintained in the AAR 2014 considering the implementation of an on-going action plan which will be closely monitored during 2015.*
- *The system deficiencies in the operational programmes for producer organisations in Austria, the Netherlands and the United Kingdom are currently addressed through on-going action plans. The conformity clearance procedure will ensure that the financial risk to the EU budget is covered. The reservations for the Netherlands and the United Kingdom are carried over.*

32. (§ 111 - 2013/PAR/0283) The Parliament urges the Commission to demonstrate the Union added value of the agricultural market measures.

Commission's response:

The Commission has demonstrated the added value of the agricultural market measures in the impact assessment for the proposal on the new Common Market Organisation, eventually adopted by the legislator on 17 December 2013. The Commission adopted also in March 2014 a report on one of the most relevant market policies, namely on the provisions on the fruits and vegetables regime (reference: COM(2014)112 final). In this report there are recommendations to improve the added value and to address the shortcomings of the current support scheme. This report has been discussed with member states and with the EP and it will be a basis to further improvements of the scheme.

33. (§ 111 - 2013/PAR/0284) The Parliament asks the Commission to report in the 2013 Commission discharge follow-up report on the actions taken by the European Anti-Fraud Office in light of the audit mission for poultry export refunds in France.

Commission's response:

The Commission is already working on the requested action. The OLAF investigation report for this case is currently in the process of being finalised. Within the limits of confidentiality, the Commission will inform the Parliament on the actions undertaken by OLAF.

34. (§ 112 - 2013/PAR/0285) The Parliament asks to the Commission to draft proposals with a view to sanctioning false or incorrect reporting by paying agencies including the three following dimensions, namely inspection statistics, statements by the paying agencies, and the work carried out by the certification bodies.

Commission's response:

The Commission is concerned about allegations of "false" or "incorrect" reporting by Paying Agencies and Certification Bodies, as it is not aware of cases where the Member States provided false information to the Commission; Member States appear to simply provide the actual results of their actual controls. The control systems may be deficient but this does not mean that the reporting is false or incorrect. To manage the problem of errors going undetected by the Member States, DG AGRI systematically adjusts the error rate in all cases where there is evidence that the control system is deficient.

The Financial Regulation (Article 59.6 of R. 966/2012) does not provide for sanctions against Member States in case of incorrect reporting, but only for corrections in case the applicable rules were breached. Changes such as those recommended by the Committee would necessitate a review of the Financial Regulation.

The Commission has already at its disposal a series of corrective measures available under the legal framework which can be used as sanctions for the paying agencies in case their control systems is partially effective or ineffective: conformity clearance procedures to estimate the amount at risk and result in net financial corrections that protect the EU budget, and reservation in the ARR triggering remedial actions by the Member States and, where remedial actions are not implemented, suspension/reduction of the payments to the Member State.

35. (§ 112 - 2013/PAR/0286) The Parliament asks that the Commission be empowered to withdraw the accreditation of the paying agencies in cases of grave misrepresentations.

Commission's response:

Granting and withdrawal of accreditation is under shared management the responsibility of Member States. Empowerment to the Commission in this respect would imply a modification in the Horizontal Regulation. Nevertheless, the Commission takes the view that new powers to withdraw accreditation in cases of "grave misrepresentations" would not solve the problem because there does not appear to be misrepresentation, but only deficient controls. Withdrawing accreditation in case of deficient controls would be rather counter-productive as it would not address the fundamental issue of the deficiencies in the control systems. The Commission therefore prefers focusing on assisting the Paying Agencies to improve their control systems.

36. (§ 113 - 2013/PAR/0287) The Parliament urges the Director-General of DG AGRI to consider the real added value of delaying year after year reservations justified by deficiencies in the LPIS while those deficiencies have clear horizontal dimension.

Commission's response:

The assertion that reservations are delayed "year after year" in the AAR is factually incorrect. Reservations justified by the deficiencies in LPIS are not "delayed", but they are carried over until the corrective actions are considered as implemented and the risks reduced. In the meantime the conformity clearance procedures and the resulting financial corrections will systematically cover the financial damage to the EU budget.

The time and the financial cost required to up-date LPIS as part of an action plan should not be underestimated. The following aspects have to be kept in mind when assessing an action plan for LPIS:

– The fact that there is an action plan means usually that for a number of years a Member State has not updated its LPIS. In general, remedial action means almost starting from scratch, whereby little (old) available source material (i.e. imagery) can be "used".

– The fact that there is an action plan means usually that for many years a Member State has not updated its LPIS. In general, remedial action means almost starting from scratch, whereby little (old) available source material (i.e. imagery) can be "used".

– For a renewed LPIS to be effective for year N, it needs to be "ready" before 1.3. of year N at the very latest. Not meeting this deadline means farmers do not have the renewed information available for lodging their claim, which de facto means shifting the full use of the renewed plan to the next year.

– Considering the level of payments and the (detailed) conditions under which payments are granted the level of accuracy requested by the legislator regarding the LPIS is calling for highly accurate imagery and skilled expertise of the staff involved.

Developing an LPIS requires action on:

– Acquisition of imagery and making it fit for use

For the acquisition of the imagery, Member States have the option to perform / contract their own flights or purchase off-the-shelf-available imagery. Whatever their choice, Member States need to ensure that the imagery is to the required standard and, when deciding to purchase off-the-shelf imagery, sufficiently recent.

– Interpretation of the imagery i.e. defining the maximum eligible area for each reference parcel

Once imagery is available, the maximum eligible area for each reference parcel has to be determined. This means: defining the boundaries of the reference parcel, delineating the ineligible features inside it and ascertaining its land cover. Subsequently, it is important that for those parcels where the photo-interpreter has a doubt i.e. (s)he cannot determine if a specific area is (in)eligible, there is a field visit instigated to confirm the situation.

– Use of the new information in the Administration and Payment system.

The whole process described above is subject to a quality check if the deliverable can be accepted or not. If a predefined level of error is found during this check, the whole batch needs to be reviewed. Once the information is then finally accepted by the administration and available, a procedure (i.e. the new information is compared with previous years' claims) needs to be instigated to evaluate retroactively over-claimed amounts (ie the risk for the Fund).

For example, France opted to work with self-supplied aerial images (fly its country). Assuming that all source information would be ready and available for the whole of the Country, and counting only 1 minute to digitise a reference parcel, for the total ±6.000.000 reference parcels that need to be looked at it would take 100 staff working full-time for about 8 months to finalise the work.

This is without taking into account time needed for overflying the Country, preparing the imagery, changing national instructions to ensure compliance with EU-rules, confirming the changes with farmers etc.

This means that for France with a plan established in November 2013, starting work on LPIS in beginning of 2014 and finalisation to be achieved in early 2016 (with the majority of actions finalised in 2015), considering the work to be done, the timing is as such not abnormal. Until this work is assessed as being correctly implemented, DG AGRI will continue to monitor progress, take action where considered necessary, and reports in the AAR.

37. (§ 114 - 2013/PAR/0288) The Parliament asks the Commission and the Member States to take the necessary measures to ensure that the IACS is used to its full potential, and in particular to ensure that the eligibility and size of agricultural parcels are correctly assessed and recorded by the Member States.

Commission's response:

The Commission shares the ECA's view that IACS makes a significant contribution to reducing the error rates in the expenditure it covers. At the same time, the Commission is aware that most critical issues concerned permanent pasture in a limited number of Member States. The Commission has asked the Member States to put in place action plans in all cases when systemic deficiencies, and thus risks for the fund, were identified, while in other cases the Member States themselves initiated the corrective actions. The Commission closely monitors the implementation of the action plans; additional resources have been allocated for this purpose. DG AGRI reports in its AAR on all preventive and corrective measures implemented in the year concerned.

38. (§ 115 - 2013/PAR/0289) The Parliament urges the Commission to shed a light on the facts reported by the Court of Auditors in Ireland and Italy in points 3.24 and 3.25 of its Annual Report for 2013 as regards irregularities in recovering undue payments, to take the necessary corrective measures and to report on those to Parliament by June 2015.

Commission's response:

DG AGRI dully considered these deficiencies in its risk analysis and carried out an audit mission in Italy in September 2014 (a final position regarding the financial correction to be applied can probably be taken by the end of 2015) while an audit to Ireland will take place in the 2015-2016 audit year (DG AGRI will be able to conclude on the situation in the second semester 2016).

The Commission has disclosed more information about the progress monitoring of the corrective actions for debts' management in Ireland and Italy, in DG AGRI AAR 2014 (see Annex 10 – Part 5). The Commission considers it is not necessary to issue an additional report by June 2015 (the information disclosed in the AAR 2014 remain valid by that date).

39. (§ 116 - 2013/PAR/0290) The Parliament urges the Commission to take steps to further reduce the backlog of open audit files in the clearance of the accounts

procedure so as to enable all audits carried out prior to 2012 to be closed by the end of 2015.

Commission's response:

The Commission would like to emphasise that at the end of 2013, there were 542 audits on-going. The number was reduced to 315 at the end of 2014 (representing a decrease of 48% in the number of backlog files). The backlog is expected to be fully under control by end 2016.

In the Implementing Regulation No 90/2014, the Commission lays down new mandatory deadlines for the conformity clearance procedure which will ensure that procedures launched from 2015 onwards are carried out in a timely manner. For procedures opened in 2012 and before, a specific "backlog" indicator was established with interim milestones for finalisation of procedures which so far have been met and even exceeded.

The Commission has dedicated specific resources to tackling backlog cases and continues to address the issue of open files as a high priority. For the specific backlog identified (cases open from 2012 and before), clear interim targets were established which so far have been met and exceeded and the Commission is on schedule to close all cases within the targeted deadline.

40. (§ 117 - 2013/PAR/0291) The Parliament asks in particular that the mandate of the Members of the conciliation body involved in the clearance of accounts procedure will be limited in time to an initial term of three years possibly prolonged for maximum one year.

Commission's response:

The terms and duration of the mandate of the members of the Conciliation bodies were set out in regulation n°885/2006, article 13, in particular its paragraph 2. The article stated that members of the Conciliation body are appointed for an initial term of office of three years, renewable one year at a time afterwards. The same provisions have been maintained under Regulation n°928/2014, article 37, which apply from 1 January 2015.

There is no limit on the number of one-year renewals, as long as the Committee on Agricultural funds is informed and the member fulfils all the necessary conditions, in particular of independence (article 38 of Regulation n°928/2014) , to be appointed.

The duration of the appointment (e.g. 3 + 2 or 3 years) has never caused any problem. On the contrary, the experience that members build up with the years is regarded as an asset to their work. It allows the members to go back to previous cases and foresees in the need of having an 'institutional memory'.

41. (§ 117 - 2013/PAR/0292) The Parliament requests furthermore that any possible conflicts of interest be avoided in the handling of those files (open audit files in the clearance of the accounts procedure) and that the Member States are not represented in the conciliation body when they are directly concerned by financial corrections.

Commission's response:

The Commission has no reason to question the independence of the Conciliation body or of its individual members. The President and the members are independent from the Commission and from the Member States. They are appointed on the basis of their expertise in the field and do not represent any national or EU

institution or a particular Member State, in accordance with articles 38 and 39 of Regulation n° 908/2014.

A newly appointed member is required at the first meeting of the Body at which he or she is present, to confirm not to take part in the work of the Body, or sign a report, concerning cases for which the member has or has had a direct or indirect responsibility.

More specifically, members abstain from cases

- relating to a paying agency or management authority (including coordination or certification bodies) in which the member worked during the 5 years prior to being appointed,*
- relating to a Member State, in which the member worked during the period of 5 years in a central authority in which he or she had responsibility for the implementation, or overseeing the implementation, of measures under the CAP, or*
- in which the member has or has had otherwise any involvement or personal interest.*

The confirmation is recorded in the minutes of the meeting and communicated to the Director General of DG AGRI by note from the President of the Conciliation Body.

Should otherwise a doubt about the independence of a member occur, the President would raise the issue with the member and decide, in the light of the information obtained, whether the member can take part in the proceedings concerning the case in question.

42. (§ 118 - 2013/PAR/0293) The Parliament asks to the Commission to report in detail to Parliament on the implementation of the capping in CAP direct payments Member State per Member State.

Commission's response:

Information on the implementation of the reduction in Direct payments provided for in art 11 of regulation 1307/2013 has already been made available on DG AGRI's website (http://ec.europa.eu/agriculture/direct-support/direct-payments/docs/implementation-decisions-ms_en.pdf) in the framework of the usual reporting on Direct payments

43. (§ 119 - 2013/PAR/0294) The Parliament calls for a less bureaucratic CAP with a view to reducing the error rates.

Commission's response:

The Commission has launched a simplification exercise for the CAP and will present its results before the end of 2015 to the European Parliament and the Council.

The focus in 2015 is on changes that can be implemented quickly. Further changes, in particular to the basic acts, will depend on decisions to be taken by the co-legislators.

44. (§ 119 - 2013/PAR/0295) The Parliament calls for persistently underperforming paying agencies to be stripped of their accreditation in extreme cases.

Commission's response:

The Commission is not empowered under shared management to grant and withdraw accreditation; this remains solely under the responsibility of Member States.

However, under its supervision responsibilities, the Commission checks on a risk basis that the paying agencies complies with the accreditation criteria set in Annex 1 to Regulation n° 907/2014 and, where necessary, requests the Member State concerned to take remedial actions and put the paying agency under probation. In the meantime the conformity clearance procedure protects the financial interest of the EU.

45. (§ 120 - 2013/PAR/0296) The Parliament calls on the Commission to present in due time a detailed plan for reducing red tape in the CAP by 25 % within the following five years.

Commission's response:

While the Commission is committed to simplification of the CAP (see reply to recommendation 19), this process is based on a consultation of all stakeholders and it is not possible to pre-judge the measures that will be implemented. Furthermore, it is worth remembering that a large part of the management of the CAP falls upon the Member States and the Commission has therefore no say in their administrative arrangements.

46. (§ 122 - 2013/PAR/0297) The Parliament recommends that the Commission ensure that the Member States' action plans in rural development are completed by including all regions and measures within their scope.

Commission's response:

Action plans under implementation in the Member States are continuously monitored by the Commission and discussed in detail with the MS authorities. The completeness and effectiveness of the action plans is notably taken on board in all Annual Review meetings and Monitoring Committees with the Managing Authorities.

The result of DG AGRI's assessment of the follow up is discussed with Member State's managing authorities and paying agencies in the framework of periodic seminars. The main goal is to take stock of the overall situation, inform about new findings from audits, verify and validate the achieved results and propose reflection and good practices on certain topics.

DG AGRI reports in its AAR on its evaluation of the completeness of the action plans.

47. (§ 123 - 2013/PAR/0298) The Parliament asks the Commission about the follow-up given the cases of suspected intentional infringement reported by the Court of Auditors to OLAF.

Commission's response:

OLAF opened 2 cases as a result of information communicated to it by the European Court of Auditors in relation to the rural development measure "adding value to agricultural and forestry products".

"Council Regulation 1698/2005 setting out the measure "adding value to agricultural and forestry products" and its implementing rules laid down in

Commission Regulation 1974/2006 were repealed as from 1 January 2014. However, the Commission takes into account the Court of Auditors' findings when planning its conformity clearance activities in order to check Member States management and control systems and protect the EU budget."

48. (§ 123 - 2013/PAR/0299) The Parliament asks the Commission to fully review the design of this measure in the light of the critical remarks in the follow-up report to the 2013 Commission discharge.

Commission's response:

As regards the rural development measure 'adding value to agricultural and forestry products', it has been amended in the new regulatory framework for 2014-2020 (for details see Reg. 1305/2013).

49. (§ 124 - 2013/PAR/0300) The Parliament urges the Commission to closely monitor the implementation of the rural development programmes and in its conformity audits to take account of the applicable rules including those adopted at national level where relevant.

Commission's response:

Audit findings, covering both EU and national rules, are systematically followed up in the conformity clearance procedure. Any source of error attributable to the national implementing rules triggers a request to the Member State concerned to take immediate remedial actions. Lessons extracted from the implementation of the programmes and national rules thereof, will be shared through the ENRD and dedicated seminars on error rates.

The responsibilities of the Member States have been enhanced under the new legal framework by requiring both Managing Authorities and Paying Agencies to assess the verifiability and controllability of the measures in their new Programmes. The new legal framework for CAP 2014-2020 contains also provisions which reduce risk of error. Various measures have been merged and streamlined. Provisions have been clarified, eligibility rules have been modified in order to be easier to implement and contract conditions have been made more flexible. Simplified costs options, i.e. standard scales of cost units, lump sums and flat-rate financing can be applied so that the processes of claiming, administering and auditing reimbursement for payments made will be easier for everyone.

Regional policy, transport and energy

50. (§ 132 - 2013/PAR/0301) The Parliament underlines that the Commission should ensure that it obtains consistent and reliable information from the Member States on the use of ERDF's funding and considers that this information should indicate the Operational Programmes' progress, not only in financial but also in performance terms (see Court of Auditors' Special Report No 20/2014, point 68).

Commission's response:

For the 2007-2013 period, the Commission requires the managing authorities to report on the implementation of the programmes in line with the applicable ERDF regulations.

However, the 2014-2020 ESIF programmes have been designed to put a stronger emphasis on results based on targets. At priority axis level the indicators will capture the overall performance in the axis, but not the individual performances of all types of action that might be included in that axis.

See also replies to 2013/PAR/0261 and 2013/PAR/0321.

51. (§ 137 - 2013/PAR/0302) The Parliament asks the Commission to report in future all details in changes of error rates made by DG REGIO.

Commission's response:

The Commission recalls that this information was provided by the directorates-general for all operational programmes in their 2014 AARs.

52. (§ 138 - 2013/PAR/0303) The Parliament asks the Commission to demonstrate if and how their flat rate corrections imposed to protect the Union budget remedied the situation.

Commission's response:

In the frame of its supervisory role, as soon as the Commission detects deficiencies, it takes preventive actions - through interruptions or suspensions of payments as long as the Member State has not taken the relevant remedial actions defined in an action plan - and corrective actions through the imposition of (flat-rate) financial corrections.

Weaknesses and deficiencies in the management and control systems are remedied through the implementation of action plans. The Commission puts in place remedial action plans aiming at improving the effectiveness of systems and remedying the causes of the deficiencies. It follows and verifies the implementation of these action plans up and considers it as implemented once all request exit points are fulfilled.

Flat rate corrections, imposed by the Commission to programmes or parts of programmes, aim to protect the EU budget against the risk of irregular expenditure being certified due to the malfunctioning of the system. They apply not only for past expenditure already certified to the Commission but can cover preventively future expenditure not yet declared to the Commission. Once the flat rate correction is applied, the EU budget is protected. In their 2014 AARs, the respective DGs describe the financial corrections decided/implemented as a result to identified deficiencies, and the follow-up to previous year's reservations.

53. (§ 140 - 2013/PAR/0304) The Parliament asks the Commission to report in future about error rates per programme.

Commission's response:

See reply to 2013/PAR/0302

54. (§ 142 - 2013/PAR/0305) The Parliament calls on the Commission to provide further guidance and technical assistance to the Member States; requests that the Commission and Member States pay particular attention to simplifying procedures, including those for beneficiaries, which can have benefits for both auditing and decreasing error rates, while in parallel increasing the effectiveness of the management and control systems.

Commission's response:

The Commission is already providing the programme authorities the necessary guidance and targeted trainings for each of the implementation phases of the programmes. This includes sharing good practices and developing knowledge.

DG Regional and Urban Policy has set-up a specialised competence centre to improve the administrative capacity in Member States with difficulties and also to support public administrations managing EU funds to improve their capacity to efficiently and effectively plan, implement and evaluate high quality investment programmes under Cohesion Policy. The competence centre has launched three initiatives to improve administrative capacity, public procurement and State aid through: additional guidance targeted to common errors; targeted action plans to address the causes of weak administration; setting-up of a Common Expert Exchange System for better sharing the existing expertise and good practices in the programme authorities.

At DG Employment level, a number of events giving practical guidance on simplification have been organised in Member States since 2012 to optimize the use of Simplified Cost Options in the current programming period and a survey on the use of SCOs was launched to all DG EMPL managing authorities in June 2015 and an updated Guidance note for the Member States on SCOs was issued in October 2014 and has been translated in all EU languages early 2015. This was followed by guidance notes on both the use of delegated acts under Article 14(1) ESF and joint actions plans (JAPs) in June 2015. DG EMPL has organised a number of seminars aimed at offering practical guidance at assistance to member states which wish to pursue SCOs, especially Article 14(1) ESF. By the end July, 7 of these will have taken place in 2015.

The Commission also set up an independent high level expert group on monitoring of simplification for beneficiaries of ESI Funds in June 2015 and the first meeting is foreseen in October 2015. This group will look at the commitments made by Member States to reduce the administrative burden for beneficiaries as part of their programming for the 2014-2020 period and the take up of the simplification measures introduced for the current period such as e-cohesion and greater use of simplified cost options. The conclusions and recommendations from this group will assist in the implementation of programmes in the current period as well as providing input to the planning for the post 2020 regulatory framework.

In addition, audit capacity initiatives are carried out. DG Regional and Urban Policy reviewed the work of the most important audit authorities covering around 96% of ERDF and CF allocations and is continuously following-up identified weaknesses and monitoring the situation where the single audit status has been granted. This audit work - that includes on-the-spot re-performance of audits including at the level of beneficiaries and operations, associated with the issuance

of continuous audit guidelines and methodological tools thoroughly discussed by the Commission services with the audit authorities - has enabled comprehensive capacity-building for the audit authorities since 2009. They benefit also from extended support and guidance from the Commission through strict supervision, technical meetings, and trainings.

55. (§ 144 - 2013/PAR/0306) The Parliament points out that in 50 out of 75 cases, reservations remained in place for a year or longer; calls on the Commission to provide information to assess if the weaknesses and the regions remained the same and to find out why national management authorities did not manage to correct the errors effectively.

Commission's response:

The Commission is already implementing this recommendation and reports on the follow-up of the N-1 reservations in the AAR for the year N. The AAR also provides a description of the identified deficiencies in the OP/part of the OP for each programme under reservation. It identifies reservations which are carried over from the previous year when problems are not solved.

56. (§ 146 - 2013/PAR/0307) The Parliament calls on the Commission to provide a list of these cases (serious deficiencies detected by the Commission or the Court of Auditors after the submission of the accounts will lead to net financial corrections) in time for the 2014 Commission discharge procedure.

Commission's response:

The Commission agrees to provide this list. However, as the first assurance documents on the basis of which net financial corrections may be decided will be received by the Commission from February 2016 onwards, and taking into account the time necessary to carry out the analysis of the assurance documents as well as the contradictory procedure with the Member State that is clearly framed in the regulation (Article 145 of Regulation 1303/2013) the Commission will be in a position to provide the requested list in 2017 for the 2016 AAR at the earliest.

57. (§ 151 - 2013/PAR/0308) The Parliament calls on the Commission to carry out progressive performance assessments during the implementation of projects and following their completion, with a view to enhancing the effectiveness of projects and stepping up checks on the use of public funds and thus being able to detect any abuses and fraudulent behaviour occurring during the implementation of projects.

Commission's response:

The Commission does assess performance of programmes, not of projects. Member States are responsible for the implementation of projects under shared management. See also reply to 2013/PAR/0321.

58. (§ 152 - 2013/PAR/0309) The Parliament calls on the Commission to set up a system for the exchange of information between national audit authorities so that accounting entries for transactions between two or more Member States may be cross-checked, with a view to combating cross-border fraud and, in view of the new arrangements applying under the 2014-2020 multiannual financial framework, in order to take a cross-cutting approach to the protection of the financial interests of the Union.

Commission's response:

The Commission does not intend to set up a new system as recommended above, for the following reasons:

1) *The provisions set out in the Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal, already provide an adequate framework that allows the exchange of information between Member States for cross-border programmes:*

a. *the programme's audit authority is assisted by a group of auditors composed of a representative from each Member State or third country participating in the cooperation programme and carrying out the functions provided for in Article 127 of Regulation (EU) No 1303/2013;*

b. *each Member State or, where it has accepted the invitation to participate in a cooperation programme, each third country shall be responsible for audits carried out on its territory;*

c. *each representative from each Member State or third country participating in the cooperation programme shall be responsible for providing the factual elements relating to expenditure on its territory that are required by the audit authority in order to perform its assessment;*

d. *the group of auditors shall be set up within three months of the decision approving the cooperation programme and shall draw up its own rules of procedure and be chaired by the audit authority for the cooperation programme;*

These rules of procedure should ensure an effective cooperation between the auditors involved, thus enabling the audit authority of each cross-border programme to have reasonable assurance on the proper functioning of the management and control system and the legality and regularity of the expenditure.

2) *The provisions set out in Regulation (EU) No 1303/2013 of the European Parliament and of the Council (hereafter CPR) oblige the Member States, namely the managing authorities (including the ones responsible for cross-border programmes), to put in place a minimum set of effective and proportionate anti-fraud measures and to carry out a fraud risk assessment. The audit authority must verify that the managing authority' fraud risk assessment is credible, provides a true and fair assessment of the risks and verify that adequate anti-fraud measures in place to mitigate risks. In this context, some Member States decided to use the ARACHNE Risk Scoring Tool, developed by the Commission and made available to all Member States. ARACHNE aims at establishing a comprehensive and complete database of projects implemented under the Structural Funds and Cohesion Fund in Europe enriched with the data from the publicly available sources in order to identify, based on a set of more than 100 risk indicators, the most risky projects, beneficiaries, contracts and contractors. The data-mining tool ARACHNE is available to MA and might be one part of effective management verifications, including proportionate anti-fraud measures.*

3) *According to Article 122(3) of CPR, Member States shall ensure that no later than 31 December 2015 all exchanges of information between beneficiaries and managing authorities, certifying authorities, audit authorities and intermediate bodies can be carried out by means of electronic data exchange systems, i.e. the so-called "e-cohesion". Concretely for cross-border programmes, the Commission is aware that a group of Member States has put in place a monitoring system developed by INTERACT together with 4 Interreg programmes; according to INTERACT, this system (called "e-MS") fulfils the e-cohesion requirements and it is given to Interreg programmes for free. This shows that Member States are*

actively working together in order to promote effective systems for exchange of information between national authorities (including audit authorities), thus improving the management and control systems that ultimately would be useful in combating cross-border fraud.

4) The Commission and the national authorities meet regularly each year and share information on the audit work performed. In particular for cross-border programmes, the Commission participates actively in several meetings organized by Member States, namely through INTERACT.

In conclusion, the Commission does not see the need to set up an additional system for the exchange of information between national audit authorities. The Commission will of course seek assurance that the arrangements described above (among others) are in place and are functioning properly.

59. (§ 154 - 2013/PAR/0310) The Parliament calls on the Commission to identify the problems that lie at the root of this situation in those regions (i.e. regions unable to take up the funding available; decommitment of EUR 397,8 million in 2013).

Commission's response:

In order to address the underlying problems leading to decommitments, a task Force for Better Implementation was set up in November 2014 to assess the situation in countries with a back log in terms of financial execution rate (BG, RO, CZ, SK, IT, HR, SI, HU), and to identify the bottlenecks hampering successful implementation and to assist those countries to draw up concrete action plans to address these potential risks of de-commitments. In the case of Greece a Joint Working Group (including experts both from the Commission services and the Greek authorities) has been set up which closely cooperates with the Task Force for Better Implementation. This arrangement enables the Commission services to ensure a consistent approach to implementation issues while also taking account of the unique challenges...

At the end of May 2015 all action plans had been agreed with the Commission services with a mid-term assessment of progress made due in June and July 2015 for most countries covered.

The optimal use of flexibility provided within the Closure Guidelines will play an important role in this context. The following measures are expected to be the most widely used in the countries concerned: the possibilities to compensate lower absorption in one priority by over declaration of expenditures in performing priorities (10% flexibility), flexible arrangements regarding phasing of projects or disbursement of funds from financial instruments to final beneficiaries identifying and implementing new projects to the programme.

60. (§ 154 - 2013/PAR/0311) The Parliament calls on the Commission also to draw up and submit a detailed plan for enhancing the take-up capacity of regions with a very low take-up rate.

Commission's response:

See reply to 2013/PAR/0310

61. (§ 158 - 2013/PAR/0312) The Parliament is worried about the implementation of the priority projects in Greece under the Task Force management and calls on the Commission to provide an update on the priority projects for the 2013 follow-up report.

Commission's response:

The Commission (TFGR included) has no responsibility for the management (from selection to implementation) of the so-called 181 "Priority Projects"; their management occurs solely under Greek responsibility. The choice of the "Priority Projects" was undertaken primarily by the Greek authorities with the support of Commissioner for Regional Policies. Upon Greek authorities requests, and where possible and appropriate, the TFGR was assisting on an on-going basis the Greek authorities in setting-up a monitoring mechanism for the PP.

The 181 Priority Projects have no legal basis and result from a political initiative of the Commission (Commissioner Hahn) and the Greek authorities in order to boost growth and jobs and raise the awareness of the citizens and the business representatives on the benefits of the Cohesion Policy to continue supporting investments with visible results in their daily life.

The current situation, as at 17 July, according to data taken from the Greek MI System, is

- 68 out of 181 priority projects have been completed (total co-financed budget EUR 1.367 million)*
- 40 are being implemented on schedule (total co-financed budget EUR 3.457 million)*
- 56 projects need to be accelerated (total co-financed budget EUR 5.690 million)*
- 11 projects are unlikely to be concluded (total co-financed budget EUR 730 million)*
- 6 project were cancelled (total co-financed budget EUR 275 million)*

A full list of all the projects and their current status is on the open access website <http://www.eu4you.gr/>

62. (§ 159 - 2013/PAR/0313) The Parliament calls on the Commission to inform Parliament about further developments (concerning potential irregularities in connection with Union assistance for the cycle path around Lago Trasimeno in Italy) in the follow-up report on discharge for 2013.

Commission's response:

Information of potential investigative interest was verified by OLAF and was complemented by an additional fact finding mission.

In the selection stage it was verified that no resources from the shared management of the EU budget within the programming periods 2000-2006, 2007-2013 and 2014-2020 had been committed and/or paid for the finalisation of the cycle lane around Trasimeno Lake.

It was however confirmed that EU co-financing had been allocated for the execution of the first stage of the works, coming from the resources of the programming period 1994-1999. There has been no recovery in the past because the allegations about an environmental infringement were unfounded and because no proof has been presented that, at the time, the original 1996 project was not correctly implemented. This programme was closed in February 2004, i.e. more than 10 years ago, therefore the deadline for keeping supporting documents, three years after the date of confirmation of closure, has elapsed.

Having regard to the remote date of the co-financed activities, the limited chances for obtaining recovery and possible time-barring, OLAF deemed that investigative action would not be proportionate and not an efficient use of the available investigative resources.

63. (§ 161 - 2013/PAR/0314) The Parliament calls on the Commission to inform Parliament about all cases in which projects (in the regional policy area) with a Union share of at least 30 % were afterwards privatised.

Commission's response:

The Commission manages programmes and not projects under shared management. Except for major projects, it therefore does not possess a list of projects with an Union share of minimum 30% privatised afterwards.

As regards major projects, for the 2014-2020 programming period, the information reported in the annual and final report will contain information on the privatisation only if it affects the compliance with the Commission decision and/or the implementation conditions (durability).

64. (§ 162 - 2013/PAR/0315) The Parliament calls on the Commission to explain how the shortcomings in delivering emergency aid to the Abruzzi region, detected by the Court of Auditors, were remedied in the revised regulation, in particular with regard to the establishment of up-to-date national disaster management plans, the establishment of emergency procurement arrangements, the setting up of temporary accommodation in disaster-struck areas and the transfer of any revenue generated by solidarity fund projects back to the Union budget.

Commission's response:

While the Commission has not generally accepted the Court's conclusions, it has proposed to include with the amended Solidarity Fund Regulation a clear definition of "temporary accommodation" and a new provision on the use of potential net revenue generated by EUSF projects. Council and the Parliament accepted these modifications which entered into force in June 2014.

The establishment of national disaster management plans goes beyond the scope of the EU Solidarity Fund; the Commission has however adopted extended civil protection legislation in 2014. Public procurement rules in place cover emergency arrangements.

Guidance on the avoidance of the most common errors in public procurement of projects funded by the European Structural and Investment Funds has been finalised in June 2015 which contains emergency arrangements also applicable to the EUSF.

65. (§ 163 - 2013/PAR/0316) The Parliament calls on the Commission to report in detail on progress made with MCSs considered partially effective MCS in 2013 in time for the 2014 discharge procedure.

Commission's response:

The Commission provided such a requested report in time for the 2014 discharge procedure through the 2014 AARs that present a follow-up to partially effective MCS in 2013 and the reservations on programmes due to lack of sufficient progress.

66. (§ 164 - 2013/PAR/0317) The Parliament calls on the Commission to carry out an assessment of the 'first level checks' performed during the 2007-2013 programming period in accordance with Article 32(5) of the Financial Regulation.

Commission's response:

The Commission has implemented the recommended action. The annual activity report is the document where in first instance is made the assessment the European Parliament calls on.

As regards the assessment of the first-level checks for 2007-2013 the Commission considers it is already carrying out such assessment since 2010 through targeted audits on high risk programmes in the frame of its audit enquiry 'Bridging the assurance gap'. Results of these risk based are presented in the 2014 AAR of DG Regional and Urban Policy (see page 50 and Annex 8).

67. (§ 164 - 2013/PAR/0318) The Parliament calls on the Commission to add an assessment of the reliability of the information transmitted by the certifying bodies in the Member States to the annual activity report of DG REGIO.

Commission's response:

The Commission agrees to add an assessment of the reliability of the information transmitted by the certifying bodies in the Member States to its annual activity report. This was done in the 2014 AARs, and information on reported data not taken into account is provided.

68. (§ 166 - 2013/PAR/0319) The Parliament calls on the Commission to request that audit authorities certify the accuracy of the data on financial corrections reported by certifying authorities for each OP.

Commission's response:

The Commission agrees. The detailed information requested will be published for the 2014-2020 programming period.

69. (§ 167 - 2013/PAR/0320) The Parliament calls on the Commission to consistently disclose in its annual activity report the reasons for not making reservations where this is due to exceptions to applicable Commission guidance or approved audit strategies.

Commission's response:

In its reply to the recommendation 6 of Chapter 5 of the annual report of the Court for the financial year 2013, the Commission agreed to disclose further details in the relevant annual activity reports (AAR) for those individual cases where, based on its assessment of the specific situations, it has taken a reasoned decision not to make reservations or not to include the issue in the quantification of the reservation. This has been done in the 2014 AARs by the respective DGs.

70. (§ 169 - 2013/PAR/0321) The Parliament calls on the Commission to ask national authorities to give feedback on whether the established project objectives in the area of ERDF/CF were accomplished.

Commission's response:

In 2007-2013 programming period, the Member States provided feedback on achievements at priority axis level in their annual implementation reports.

The Commission will complement this information with the results of the 2007-2013 ex post evaluation. This evaluation will examine the extent to which the resources were used, their reported achievements and impact.

In the 2014-2020 policy framework, performance and evaluation have been strengthened.

Implementation of the policy will be characterized by transparency and accountability for what is achieved (result orientation), not only absorption of the funds.

The introduction of the performance framework creates an incentive for projects and programmes to deliver what is planned. In 2019 the Commission will review what has been achieved up to the end on 2018 and only successful priorities will gain access to the performance reserve.

The Commission will summarise the information from the annual implementation reports and present its analysis to the European Parliament and the European Council. DG REGIO intends to build its OPEN DATA project to publish on its website the data on the progressive achievement of the targets for the common indicators.

Evaluation requirements for the Member States have been strengthened for the 2014-2020 period as part of the orientation on results and performance. The evaluations will be focused at the level of the specific objectives in the priority axis and will ask how the projects co-financed are contributing to achieve the results. Managing Authorities must establish an evaluation plan within a year of the adoption of the programme. In 2022, Managing Authorities will produce a report for each programme which summarises the findings of evaluations carried out and the main results achieved. This will feed into the ex post evaluation of the programmes, to be completed by the Commission by the end of 2024.

71. (§ 169 - 2013/PAR/0322) The Parliament calls on the Commission to ask national authorities to give feedback on whether the established project objectives in the area of ESF were accomplished.

Commission's response:

In order to ensure transparency concerning support from the ESF, in the 2014-2020 programming period Member States shall make accessible electronically a list of operations by Operational Programme which shall be updated at least every six months. Moreover, the Commission will publish summary reports of Member States' Annual Implementation reports every year starting from 2016 and strategic reports summarising the Member States' progress reports in 2017 and 2019 which will analyse progress in achieving the ESF objectives on employment, social inclusion, education and institutional capacity building. All reports will be submitted to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

72. (§ 170 - 2013/PAR/0323) The Parliament calls on the Commission to clarify the "inaccuracies" in the FEIs and to assess the results in detail in the DG REGIO's 2014 annual activity report.

Commission's response:

Concerning the issues regarding the reporting of data to the relevant managing authorities:

- In the case of Hungary the "inaccuracies" refer to the fact that amounts constituting reflows from financial engineering instruments are reported as disbursement to final recipients and therefore constitute double counting. The amounts incorrectly reported are very limited and have only marginal effect on the high disbursement rate achieved.

- In the case of Italy a limited number of financial engineering instruments were not reported within the deadline and could therefore not be included in the annual summary of data. Despite the fact that the numbers do not provide a full picture this "inaccuracy" has only limited effect on the data presented.).

Furthermore in the framework of preparing the reporting on the year 2014 the Commission provided guidance to managing authorities (on 20 March 2014, updated in May 2015) and stressed the importance of reliable reporting within the regulatory deadline.

73. (§ 171 - 2013/PAR/0324) The Parliament asks the Commission to include in its Management Plan and Annual Activity Report an assessment of its work in relation to increasing the efficiency, effectiveness and impact of the cohesion policy.

Commission's response:

In line with the applicable templates in use across the Commission services, DG REGIO illustrates and reports annually on its efforts to increase efficiency, effectiveness and impact of the policy in the Management Plan (section "Procedures and controls for optimizing economic, efficient and effective implementation of programmes") and in the Annual Activity Report (section "Specific efforts to improve economy and efficiency of spending and non-spending activities").

In addition, DG REGIO identifies annually operational priorities which have the greatest influence on the delivery of policy results and thus enhance policy performance.

For 2015, the DG has identified 20 such priorities. In its next AAR, the DG will report on their implementation. In addition in the AAR, the DG reports on a number of horizontal actions (under the overall action plan) such as the administrative capacity initiative, the public procurement initiative, the audit capacity initiative and the specific task force on better implementation which, by mitigating the main risks and weakness identified, aim at increasing efficiency, effectiveness and impact of the cohesion policy.

74. (§ 171 - 2013/PAR/0325) The Parliament invites the Commission, in addition to the budget execution approach, to check the performance against objectives and better use the evaluations, as well as to support Member States and their Managing Authorities in maximising the quality of their evaluation reports.

Commission's response:

DG REGIO will put in place an external support during the second semester 2015 to review the evaluation plans, provide some methodological support for Member States and quality assess the findings of evaluations.

The DG will also check the performance against objectives more systematically (see reply to 2013/PAR//0321 with the introduction of the performance framework and the fact that the performance will also now be discussed during the Monitoring committee meetings)

Data from these reports as well as summaries from evaluations carried out at national level will then be synthesized each year for the report to the Council/Parliament (art. 53).

The performance of the 2014-2020 programmes will be assessed annually. This will be largely based on the values of indicators reported by member States associated with the policy specific objectives and this will complement the evidence regarding policy performance gathered through the evaluation activities. In 2014, DG REGIO has defined and carried out a pilot exercise aimed at systematising the assessment of the programme performance for the 2007-2013 programmes. This will be reconducted in 2015.

75. (§ 172 - 2013/PAR/0326) The Parliament calls for a detailed analysis of the fund's performance, on which Parliament's political assessment of the ESF will hinge, to be submitted by the end of the year.

Commission's response:

For the 2007-2013 programming period: According to Article 67 of Regulation (EC) No 1083/2006, each year as of 2008 and until 2017, Member States/Managing Authorities have to submit an annual implementation report (or final report in 2017). In this context, the Commission and the Managing Authority examine the progress made in implementing the operational programme, the principal results achieved over the previous year, the financial implementation and other factors with a view to improving implementation.

For the 2014-2020 programming period: The Commission has introduced a set of common output and result indicators for the programming period 2014-2020 described in the ESF Regulation (Regulation (EU) No 1304/2013 of 17 December 2013). This includes common indicators for outputs and results for all policy areas, including for the Youth Employment Initiative (YEI). All Managing Authorities will report yearly on those indicators by investment priority, allowing the Commission to monitor performance and results achieved by ESF notably in terms of participants' access to employment, self-employment, gaining qualifications or being on training. Further, targets to be reached by 2023 were set for each specific objective in the programmes, allowing comparing actual achievements with targets. Further, a performance framework was set up, where intermediary targets had to be set (the so-called milestones to be reported in 2019). Evaluation obligations for Managing Authorities have been strengthened, notably through the requirement to assess impacts for each priority, at least once during the programming period, and as regards the achievement of Europe 2020 targets. Managing Authorities have to report the findings of the evaluations carried out during the year in their annual implementation report to the Commission. The Commission itself will report on performance based on these elements through its yearly summary report starting from 2016, and in its strategic reports in 2017 and 2019. Unlike the annual implementation report, the Regulations do not set any reporting obligation for the Commission with regard to the data submitted by Member States in 2015 for the YEI. In spite of the absence of a legal obligation, the Commission will also report to the European Parliament before the end of the year on these data. The Commission is of the view that the presentation and discussion of this initial reporting in the European Parliament will be important to assess what further actions should be taken to ensure the YEI achieves its objective and on whether the YEI resources should be increased for 2016 to 2020.

Moreover, and according to Article 16 of the Common Provisions Regulation the Commission will prepare a report on the outcome of the negotiations concerning the Partnership Agreements and the programmes, including the key issues for each Member States. This report will be submitted to the EP, Council, EESC and CoR simultaneously by 31 December 2015. This report will provide information on the main results to be achieved by the ESI Funds and will constitute a basis for future performance analyses.

Employment and social affairs

76. (§ 176 - 2013/PAR/0327) The Parliament calls on the Commission to support Member States in implementing the Union funds and make sure that this money will be spent for its indicated purpose (youth employment).

Commission's response:

Helping Member States to tackle the high levels of youth unemployment is at the core of the Commission's priorities. The Commission has continuously been asking Member States to make good use of the EU funds, in particular the Youth Employment Initiative and the ESF, for the implementation of the Youth Guarantee. Member States should use the EU funding available to support good-quality measures for young people and introduce the necessary reforms in the labour market and education systems. The Commission has been strongly committed to help Member States to address any bottlenecks in the implementation of the YEI: The Commission has given priority to the adoption of all the operational programmes with a Youth Employment Initiative (YEI) component, supporting Member States in their design through technical guidance, with a number of actions, such as constant contact with national authorities, preparation of guidance notes, a helpdesk to set up apprenticeships and traineeships, and technical level events on the YEI. Policy guidance was also provided in the context of the Youth Guarantee and on how best to help implement it with YEI support. The adoption of a proposal to increase the initial pre-financing for the YEI (which has already been adopted by the European Parliament and the Council) is also a good example of this strong commitment. This measure has allowed Member States to overcome delays in the implementation of projects due to lack of funding by providing around 1 billion EUR of funding for the implementation of projects under the YEI.

77. (§ 176 - 2013/PAR/0328) The Parliament calls on the Commission to establish a system, for the 2014-2020 programming period which allows for reports on progress made in integrating disadvantaged people or groups of people (i.e. youth, elderly, long-term unemployed, Roma) into employment.

Commission's response:

The Commission has already started working in the direction indicated by the EP. For the period 2014-2020, the ESF Regulation (N° 1304/2013 of 17 December 2013) has set up common immediate result indicators for disadvantaged participants engaged in job searching, education/training, gaining a qualification, in employment, including self-employment, upon leaving (the ESF action), and long-term result indicators for disadvantaged participants in employment, including self-employment, six months after leaving (the ESF action). Common indicators are binding and will be reported by investment priority. Immediate results indicators will be reported by the Managing Authorities annually from 2016 to 2023. Long-term result indicators will be reported twice (2019 and 2025).

78. (§ 178 - 2013/PAR/0329) The Parliament calls on the Commission to support effective implementation of National Roma Integration Strategies at local and regional levels and to ensure that budget spending targets the objectives of the mainstream policies.

Commission's response:

The Common Provisions Regulation and the ESF Regulation set the framework to support the effective implementation of National Roma Integration Strategies. Member States which need to offer ESIF support to Roma, have to respect the related ex ante conditionality (requiring the development of a national Roma inclusion policy framework) or, if this conditionality cannot be met, to submit an action plan which has to be fulfilled not later than 31 December 2016. 17 action plans have been included in ESF Operational Programmes (2 BG, 1 CZ, 12 GR, 1 IT, 1 SK).

Operational Programmes of Member States with Roma communities are targeting a mixture of explicit but non-exclusive investments addressing Roma in relation to employment, social inclusion and education. The managing authorities of the ESI Funds are setting up monitoring and evaluation committees with the participation of the Commission to ensure the efficient implementation of the chosen objectives and investments for the period 2014-2020. In that regard, the ESF Regulation contains one common output indicator that cover minorities including marginalised communities such as the Roma.

Furthermore, the Commission supports a capacity-building programme (ROMACT) which helps local authorities to translate National Roma integration strategies at their level. Concretely ROMACT helps municipalities in designing and implementing effective Roma integration measures. It also assists them in submitting quality applications for support from EU and national funds. It should eventually lead to the provision of inclusive public services at the local level.

79. (§ 189 - 2013/PAR/0330) The Parliament points out that in 30 out of 79 cases, reservations remained in place for a year or longer, not considering recurrent reservations issued for the same programmes; calls on the Commission to provide information in order to assess if the weaknesses and the regions remained the same and to assess why national management authorities did not manage to correct the errors effectively.

Commission's response:

The Commission considers that the number of reservations and the fact that some of them are maintained for a year or longer confirms the well-functioning of the control procedures put in place in the Commission and MS.

The preventive, detective and corrective measures implemented by the Commission on the basis of the multi-annual supervisory and control systems offer reasonable assurance that the EU budget is adequately protected from expenditure in breach of law and risks arising from deficiencies in MS' management and control systems giving rise, inter alia, to recurring reservations in the AAR.

The number of reservations in the 2013 AARs is not due to a deterioration of the control systems or to a lack of accountability, but is the result of an enhanced and more targeted approach of the Commission, inter alia as a result of the ongoing strict policy of interruption and suspension of payments. Reservations are generally linked to action plans that are closely supervised by the Commission.

80. (§ 189 - 2013/PAR/0331) The Parliament asks the Commission, in this context, why these reservations (recurrent reservations in several Member States) occurred repeatedly and which measures the Commission has taken to remedy the situation.

Commission's response:

See reply to recommendation 2013/PAR/0330.

81. (§ 193 - 2013/PAR/0332) The Parliament asks DG EMPL to include the table on national ACRs, provided in response to question 19 in the discharge questionnaire, in its annual activity report.

Commission's response:

DG EMPL has introduced in its 2014 Annual Activity Report the table on national ACRs provided in response to question 19 in the 2013 discharge questionnaire. Please refer to annex G entitled "cumulative residual risk" of the annexes of the 2014 Annual Activity Report (page 142-146) from DG EMPL.

82. (§ 194 - 2013/PAR/0333) The Parliament calls on the Commission to ensure that the national authorities responsible for managing the Structural Funds address the problem of personnel costs being charged for at higher rates for Union projects than for nationally funded projects.

Commission's response:

The Commission accepts this recommendation, but believes that these issues need to be addressed on a case-by-case basis. This point has already been raised in several audit reports issued by the Commission (DG Employment, Social Affairs and Inclusion). For certain Member States, where the problem was considered to be of a systemic nature, action plans have been requested addressing specifically this phenomenon.

In the area of Regional and Urban Policy (DG REGIO) staff costs represent only a limited part of the investments. Staff costs occur mostly in investments in Research, Innovation and Development. In some of those cases, and when considered overpriced, the Commission reacted with financial corrections and agreements with the Member States on amendments of the elements to be charged to the Funds.

83. (§ 196 - 2013/PAR/0334) The Parliament reiterates its demand to further develop gender-specific indicators and data to allow assessments of the general budget of the Union from a gender perspective and to monitor efforts on gender budgeting.

Commission's response:

The set of common output and result indicators that are obligatory for reporting as annexed to the ESF regulation have to be broken down by gender.

Furthermore, in the operational programmes where the dedicated ESF investment priority has been selected (AT, CZ, DE, ES, FI, GR, HU, IT, PL, PT, SK, UK), gender-specific indicators have been included. The implementation of these programmes will be assessed in light of these indicators.

It will therefore still be possible to analyse who benefits from the ESF throughout the programming period.

With the reinforced obligations in relation to equality between men and women (Article 7 ESF Regulation), Member States will have to report on how this principle was taken into account in the different programming phases and which specific targeted actions they implemented. This will give more visibility to gender issues and the Commission will monitor the implementation of the gender perspective and of specific targeted actions through the programming period.

The set of common output indicators set out in the ERDF/CF regulation refer to interventions that do not have a gender-specific character and do not, thus, allow for further development.

84. (§ 199 - 2013/PAR/0335) The Parliament calls on the Commission to ensure, when approving the OPs for the new programming period, that Member States have considered all simplification possibilities.

Commission's response:

A number of events giving practical guidance on simplification have been organised in Member States since 2012 to optimize the use of SCOs in the current programming period.

In order to gain a better idea of the current situation on the use of SCOs in the last period, and to understand Member States wishes for the new programming period, ESIF DGs launched in June 2015 a survey aimed at all ESIF managing authorities. The results of this survey are still arriving and will be processed by ESIF DGs in the Autumn.

An updated Guidance note for the Member States on SCOs was issued in October 2014 and has been translated in all EU languages early 2015. This was followed by guidance notes on both the use of delegated acts under Article 14(1) ESF and joint actions plans (JAPs) in June 2015. DG EMPL has organised a number of seminars aimed at offering practical guidance at assistance to Member States which wish to pursue SCOs, especially under Article 14(1) ESF. By the end of July, 7 of these will have taken place in 2015.

DG EMPL also set-up an internal Task Force for SCOs and Joint Action Plans. The aim of the task force is to draw together internal expertise across directorates in ESIF DGs to promote the use of SCOs, notably under Article 14(1) ESF and JAP, and provide support to the MS in order to meet the objective of having 50% of ESF expenditure claimed under a Simplified Cost Option by 2017.

An important novelty is also the ex-ante approval of simplified costs by DG EMPL using a delegated act under Article 14(1) of the ESF Regulation. This Article allows the Commission to adopt standard scales of unit costs and lump sums. This provides legal certainty for the Member State, and thus offers a major opportunity for simplification. Also, the scope of audit will be reduced compared to "classical" simplified cost options. The Commission adopted the delegated act covering France and Sweden in July 2015, which should come into force in early October 2015. DG EMPL is also in active discussions with a number of other Member States regarding future amendments to the delegated act so that it can apply to them as well.

Finally, a High Level Group on Simplification was set up in July 2015 by the Commission and the first meeting is foreseen in October 2015.

85. (§ 200 - 2013/PAR/0336) The Parliament calls on the Commission to report on the progress made in administering the abovementioned OPs under reservations and on remedying the discovered weaknesses in its 2013 discharge follow-up report.

Commission's response:

The Commission refers to the 2014 Annual Activity Report from DG EMPL. Regarding the progress made in administering reservations, the Commission refers to the follow-up made of the 2013 reservations (page 63-67 of the 2014 EMPL AAR). Regarding the measures taken to remedy the weaknesses in the 2013

discharge follow-up report, the Commission refers to the Court's 2013 findings (pg 79-81 of the EMPL 2014 AAR).

86. (§ 201 - 2013/PAR/0337) The Parliament urges the Commission to ensure that the Member States' authorities in charge of managing structural funds address the issue of charging personnel costs at higher rates for Union projects compared to those financed by national funds.

Commission's response:

See reply to Recommendation 2013/PAR/0335

87. (§ 202 - 2013/PAR/0338) The Parliament calls on the Commission to put pressure on the Member States and urge them to implement the Roma strategy and to ensure the Roma targeted implementation of Union funds.

Commission's response:

The Commission annually assesses the implementation of National Roma Integration Strategies (NRIS). This assessment which covers education, employment, health, housing, the use of EU funds and anti-discrimination is the basis for recommendations to Member States presented in a Commission Communication. The last Communication came out on 17 June 2015.

Within the European Semester the Commission assesses synergies and discrepancies of targeted Roma inclusion measures with mainstream policies of education, employment and poverty reduction, and monitors the implementation of Country-Specific Recommendations (CSR) and proposes new ones on Roma for Member States most concerned (BG, CZ, HU, RO, SK).

Operational Programmes of Member States with Roma communities are targeting a mixture of explicit but non-exclusive investments addressing Roma in relation to employment, social inclusion and education. Member States with larger Roma populations have chosen the Investment Priority targeting Marginalised Communities such as Roma with dedicated targets and actions. The managing authorities of the ESI Funds are setting up monitoring and evaluation committees with the participation of the Commission to ensure the efficient implementation of the objectives and investments for the period 2014-2020.

88. (§ 203 - 2013/PAR/0339) The Parliament calls on the Commission to put pressure on the Member States and urge them to actively and concretely fight against unemployment, in particular youth unemployment.

Commission's response:

The Commission urges and puts pressure on Member States to actively and concretely fight against unemployment, in particular youth unemployment through the annual cycle of economic policy coordination (European semester) and the spending of the EU funds.

Firstly, in the framework of the European Semester, the European Commission sends out strong signals to Member States to address unemployment and youth unemployment.

The Commission prepares the relevant economic and social policy guidance to Member States. Country Specific Recommendations (CSRs) are being proposed annually by the Commission, which are subsequently adopted by the Council, following a process of multilateral surveillance. These recommendations invite Member States to accelerate the relevant structural reforms. In this context, the

Commission has repeatedly stated that youth unemployment remains much too high and that long term unemployment remains a particular challenge, affecting half of all unemployed.

The Commission is currently working on a specific policy proposal to comprehensively address long term unemployment (Commission Work Programme 2015).

Regarding youth unemployment, the Commission issued in 2015 CSRs for 15 countries which concerns the transition of young people in to the labour market. Five specifically point to the need for action on youth unemployment and support to NEETs.

Since 2013, the Commission has taken dedicated action to support Member States in implementing the Council Recommendation on the Youth Guarantee, in which Member States committed to ensure that all young people up to 25 years receive a good quality offer of employment, continued education, apprenticeship or traineeship within four months of leaving education or becoming unemployed.

Following the June 2013 Commission "Call to Action on Youth Unemployment" and the corresponding European Council conclusions, all Member States submitted Youth Guarantee Implementation Plans (YGIPs) by May 2014. A network of national Youth Guarantee coordinators was also established, in order to ensure a direct link between the Commission and the Member States' lead authority in charge of establishing and managing the Youth Guarantee

The Commission assessed these plans and provided feedback to Member States. This assessment fed into the 2014 European Semester process culminating in the Commission's proposals for CSRs and SWDs. The Commission continues to monitor the implementation of the YG within the context of the European Semester, including through multilateral surveillance by the Employment Committee (EMCO) and underpinned by an Indicator Framework.

The Commission will monitor YG implementation through the regular data collection under the Indicator Framework, launched in June 2015 with results expected for end 2015. This will feed into the Commission's assessment of the YG under future European Semesters and into a report on the implementation of the YG in October 2016.

Secondly, the Commission has also continuously urged and put pressure on Member States to use all the available EU and national Funds to fight against unemployment, in particular youth unemployment.

With regard to youth unemployment the Commission has been asking Member States to make good use of the EU funds, in particular the Youth Employment Initiative (YEI) and the ESF, for the implementation of the Youth Guarantee. Member States should use the EU funding available to support good-quality measures for young people and introduce the necessary reforms in the labour market and education systems. The Commission has been strongly committed to help Member States to address any bottlenecks in the implementation of the YEI and the Youth Guarantee, notably by:

- giving priority to the adoption of all the operational programmes with a YEI component, the main instrument for supporting youth unemployment*
- being in constant contact with national authorities,*
- preparing guidance notes on the programming and implementation arrangements for the YEI,*

- *setting-up a helpdesk for apprenticeships and traineeships;*
- *organising seminars and events, including at technical level, on the YEI and the Youth Guarantee.*
- *preparing policy guidance in the context of the Youth Guarantee and on how best to implement it with YEI support*

The adoption of a proposal to increase the initial pre-financing for the YEI (which has already been adopted by the European Parliament and the Council) is also a good example of the Commission's strong commitment to put pressure on Member States. This measure has allowed Member States to overcome delays in the implementation of projects due to lack of funding by providing around 1 billion EUR and includes a provision requiring Member States to return the additional pre-financing if certain conditions related to implementation are not met.

External relations

89. (§ 212 - 2013/PAR/0340) The Parliament asks the Commission to submit a report on the added value of budget support and, in particular, on the way it has helped developing countries in achieving the Millennium Development Goals.

Commission's response:

The requested action has been taken.

The Commission reports regularly and fully on Budget Support, commitments, payments and country results. Evaluations trace the contribution to objectives, including the MDGs. A synthesis of evaluation findings concerning Budget Support and the way it has contributed to developing countries in order to achieve their development goals has been presented and published end of 2014.

90. (§ 212 - 2013/PAR/0341) The Parliament requests in this regard a survey of measures taken to avoid part of the funding being wasted as a result of corruption and fraud and of the effectiveness of financial management systems in this regard.

Commission's response:

The requested action has been taken.

The Commission reports regularly and fully on Budget Support, commitments, payments and country results. The Annual Activity Report (AAR) and preparatory studies trace the full control chain and its efficiency. Please refer to chapter 2.1.12 - control efficiency and cost effectiveness, including and as a separate category Budget Support. Dedicated regular reports on Budget Support, commitments, payments and country results also include reporting on the risk management framework.

91. (§ 213 - 2013/PAR/0342) The Parliament asks the Commission to examine the option of presenting, in its own accounts an analysis of these projects as a whole, instead of limiting itself to the consideration of whether the pooled amount includes sufficient eligible expenditure to cover the Union contribution.

Commission's response:

The Commission will not be taking the requested action.

In multi-donor actions, such as trust funds, the total cost of the action is divided between the co-financing partners and all the funds are pooled, with the result that the source of funding for a specific activity within the action cannot be identified-funds of the donors are hence not earmarked. As it is virtually impossible to apply each donor's rules and procedures, the donors agree on the common rules to be applied. In addition, the contributions of each donor are subject to a number of specific requirements regarding ineligibility of costs which do not necessarily apply to the other donors pooling funds together in a multi-donor action.

Faced with that situation, the 'notional approach' has been developed to allow the European Union to participate in such multi-donor actions. That approach guarantees that the legal requirements applicable to EU funding in external actions are met (by ensuring that the amount contributed by the Union is eligible under EU rules) while spending EU funds in the most efficient way (through donor coordination), in accordance with the principle of sound financial management.

Regarding the EU contribution itself, the conditions applied are basically the same as those in actions fully financed by EU funds. As far as the legal commitment is concerned, some particularities are added in case of multi-donor actions, such as the possibility of having a larger contracting period (consistent with the duration of the action and the necessity to disburse the funds of multiple donors during longer periods) or the possibility of using the rules of the organisation for the publication of contracts. Likewise, as far as the payment is concerned, the expenditure within the EU contribution is subject to the same eligibility-requirements of being necessary, actually incurred, justified, identifiable and verifiable. The same rules on what constitutes unacceptable expenditure, also apply to the EU contribution in multi-donor actions.

In its DAS 2013 annual report, the Court of Auditors does not criticise the notional approach itself, but hints at the theoretical risk that the overall spending does not meet the combined conditionality requirements of the Commission and the other donors.

As indicated in the Commission's answers to the Court's observation, the Commission limits that risk by assessing the accounting, audit, internal control, procurement, grants and financial instruments procedures of the partner international organisations in advance of any joint working, the presence of its staff in the field (and participation in steering groups) and the rigorous overall financial reporting required of the international organisation. In addition, during the implementation of external action programmes, systems are regularly reviewed through the performance of verification missions undertaken by external auditors. The audits carried out by the Commission have not to date evidenced any risks of the nature referred to by the Court.

The Parliament's recommendation goes beyond the Court's observation and requests the Commission to examine the option of presenting, in its own accounts, an analysis of the multi-donor action as a whole.

The Commission would like to underline that the entity managing a multi-donor action is required to submit narrative, as well as financial reports which cover the whole action, regardless of whether that action is entirely or partly financed by EU funds. The reports to be submitted include progress reports at the end of each reporting period and a final report at the end of the agreement's implementation period. Where an action lasts longer than the agreement's implementation period, the final report may be given, once available.

So, the narrative and financial reports received cover the entire action, and not only the percentage of the EU contribution. Through those reports, the Commission verifies whether the action in its whole is implemented in line with the agreement: this is to say whether the entity has carried out the activities envisaged in the action, in line with its objectives, strategies and priority areas.

However, when it comes to verifying the eligibility of the expenditure resulting from the action, the Commission must limit such an analysis to the EU contribution: to make an expenditure-eligibility analysis of the whole multi-donor action, the Commission ought to control whether the eligibility requirements which the other donors impose upon their own contributions in the multi-donor action, would be respected. Such a control would go beyond the competences of the Commission; it is not the Commission's task to become the controller of the own contributions of other donors such as World Bank, UN agency or Third Country, nor will such States or International Organisations ever allow a control-intervention outside the EU contribution, from the side of the Commission. The

Commission does on the other hand, request from the fund-managing entity, at the end of the implementation period of the agreement, a declaration that ineligible costs for the EU contribution are covered by other donors' contributions.

The Commission's limitation of the expenditure-eligibility analysis to its own contribution under the notional approach, is in line with article 42(2) of the Delegated Regulation 1268/2012. To the extent that the Parliament's recommendation aims to request the Commission to consider an expenditure-eligibility analysis of the whole multi-donor action, the Commission is not in a position to accept the request. The Commission does, on the other hand, already analyse the implementation of the activities of the whole multi-donor action.

92. (§ 217 - 2013/PAR/0343) The Parliament asks the Commission to clarify the standing instructions given by the Secretariat General of the Commission so as to make it possible that an adverse opinion be given when the financial impact exceeds the materiality threshold for the whole budget under a DG's responsibility.

Commission's response:

Under the present AAR instructions, it is possible to give an adverse opinion. The AOD may conclude that he/she has no reasonable assurance that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions. Furthermore, the current accountability set up does not prevent, and cannot overrule, an AOD from doing so. It is for the AOD to assess the effectiveness of the risk management, control and governance processes, in view of the evidence available, and reach a conclusion.

93. (§ 218 - 2013/PAR/0344) The Parliament asks the Commission to consider introducing a sanction mechanism in case of intentional irregular declaration of assurance made by an authorising officer in the annual activity report referred to in Article 66(9) of the Financial Regulation.

Commission's response:

Such a mechanism is currently in place. Both the Financial Regulation (Articles 72 and 73) and the Commission Staff Regulations (article 86) currently already foresee that the AOD is liable to disciplinary procedures and his pecuniary responsibility incurred in the event of illegal activity, fraud or corruption.

94. (§ 219 - 2013/PAR/0345) The Parliament asks the Commission to redistribute personnel resources from other Directorates-General to DG TRADE to ensure that DG TRADE is able to satisfy the justified demand of Union citizens and Parliament for increased transparency and increased access to information in the context of the Union's ongoing trade negotiations and the upcoming ratification process, in particular with regard to TTIP, CETA and TISA, in an effective, efficient and timely manner without being forced to neglect other important tasks assigned to the Commission.

Commission's response:

As provided for by the Financial Regulation, the allocation of resources falls within the administrative autonomy of each Institution. The Commission follows this principle when allocating the resources to its departments.

95. (§ 223 - 2013/PAR/0346) The Parliament asks that sufficient controls on the various activities supporting the internationalisation of the Union's small and medium-sized enterprises, as well as their access to third markets, be ensured.

Commission's response:

DG GROW proposes to create a comprehensive strategy on SME internationalization which will be complementary to the general trade conditions for businesses (mainly responsibility of DG TRADE).

At the level of the Commission, DG GROW actively participates in the Inter Service Consultations initiated by the different Commission services and which relate to activities supporting the internationalisation of SMEs. At the operational level, cooperation is already put in place between the Enterprise Europe Network and EU initiatives supporting SMEs in third countries.

96. (§ 223 - 2013/PAR/0347) The Parliament reiterates the need to evaluate the level of effectiveness and to look for ways in which coordination between Union business centres, national business centres and chambers of commerce in third countries, in particular in Asia, could be improved.

Commission's response:

The Commission is taking the requested action.

The Commission proposes to create a comprehensive strategy on SME internationalization which includes, amongst others, more effective outreach of the Asia-based pan-European chambers of commerce and EU business centres to EU SMEs in Europe and better coordination of their outreach activities in the EU. In particular for Asia, a Platform is being created with the aim of providing an efficient and highly visible single entry-point for EU-based SME intermediary organisations as well as individual SMEs that connects to those chambers and centres in individual emerging Asian economies and informs, inter alia, about their first entry support, services. The Platform also aims at deepening the cooperation and coordination mainly between the various EU-funded European business support projects in Asia. Non-EU funded European business support organisations may also join the Platform. Foremost, among those first entry support services is the provision of information about all relevant aspects of "doing business" in a specific Asian emerging economy, towards the correct, and appropriate level of, understanding of those dynamic markets. The project will support the creation of a virtual structure (an interactive web platform) allowing the easy access to those services as well as cooperation and coordination among those projects particularly with respect to their outreach activities in the EU. The Asia Platform is planned to be operational by the end of 2015 and is financed by DG DEVCO on the basis of the amended ICI Regulation.

97. (§ 224 - 2013/PAR/0348) The Parliament urges the Commission to implement these recommendations (included in the Court of Auditors' Special Report No 13/2014 entitled "EU support for rehabilitation following the earthquake in Haiti") in all its ongoing and future operations in the aftermath of a disaster or a fragile situation.

Commission's response:

The requested action has been taken.

CoA's report recommendation 1: The Commission should, at the outset and where appropriate during implementation of programmes, assess the likelihood and potential impact of the main risks to the achievement of programme objectives and take measures to prevent or mitigate these risks.

Follow up done:

a) For budget support, this recommendation is integrated in the 2012 new budget support guidelines and is now in place for all budget support operations.

b) For other programmes, detailed procedures are in place to ensure assessment of likelihood, potential impact and mitigation measures in the design of programmes. During the implementation, risk management is considered in the framework of the already existing procedures.

CoA's report recommendation 2: ECHO and DEVCO should adopt a common (country-specific) LRRD strategy.

Follow up done:

a) The Commission is already implementing a LRRD strategy and will continue to do so in the framework of the resilience agenda. We are currently stepping up the integration of resilience-building into our programmes.

b) DEVCO and ECHO are developing a joint framework of integrating resilience in all activities (Joint Humanitarian Development Framework) so as to ensure a smooth eventual exiting of humanitarian aid and improve coherence between humanitarian and development programmes. The framework will identify a phasing-out process of humanitarian activities in view of the gradual decrease in humanitarian aid.

c) The Joint Humanitarian Development Framework is expected to be ready by the second semester 2015.

d) These measures are taken in addition to a donor-led Transition Appeal for Haiti 2015-2016 (UN chef de file), which DEVCO is following closely.

CoA's report recommendation 3: When providing budget support, the Commission should provide adequate capacity building on PFM functions, support the timely preparation of appropriate PFM reform programmes and where appropriate, set out short-term measures for safeguarding EU funds against waste, leakage and inefficiency.

Follow up done: These recommendations have now all been taken on board in the new 2012 Commission guidelines on budget support.

a) In Haiti, the new State Building Contract (SBC) (112 MEUR), signed in 2014, includes an 11 MEUR package for capacity building. The capacity building measures proposed by the Court (civil servant payroll audit, domestic resource mobilisation and strengthening of institutional accounting/auditing) have all been included in this new programme, either as an indicator for disbursement or through technical assistance. In addition, other measures towards more efficient utilisation and prioritisation of national budgetary resources will be supported, as was recommended in the independent evaluation financed by DEVCO. Technical Assistance, already deployed, is thus foreseen to support, among others, the revenue departments (customs, tax), accounting functions and support to the Supreme Audit Institution (Cour supérieure des comptes et du contentieux administrative) in Haiti.

b) The evaluation also puts forward the need for a stronger political and policy dialogue, a main input of Budget support activities. This is also now addressed in the new budget support programme, in line with the Commission's 2013 budget support guidelines. The EU has significantly stepped up its policy and political dialogue with the Government on State Reform, Public Finance management and education. 2nd and last political dialogue held in December 2014. Last round of

policy dialogues on State Reform, Public Finance management and education took place in April 2015. In addition, dialogue with civil society in support of the SBC is about to be launched.

CoA's report recommendation 4: In cases involving disasters affecting the functioning of an EU delegation, the Commission and EEAS should develop business continuity procedures, including provisions for emergency personnel redeployment.

Follow up done: Business continuity procedures and provisions for staff redeployment, under responsibility of the EEAS, have been established for all delegations.

98. (§ 224 - 2013/PAR/0349) The Parliament invites the Commission to inform the co-legislators of any budgetary or legal constraints that hindered effective implementation of Union support for rehabilitation in Haiti following the earthquake.

Commission's response:

The Commission takes note of this recommendation and will inform the Parliament accordingly as necessary.

99. (§ 225 - 2013/PAR/0350) The Parliament urges the Union to refrain from developing a top-down approach in developing energy infrastructure to ensure universal access to energy for all by 2030, bearing in mind that large scale infrastructures may not suit the economic and social structure of the country and fail to provide energy access to the poor, for whom smaller, decentralised and off-grid energy sources are usually more appropriate and effective.

Commission's response:

The Commission agrees that there is a need to tackle more directly all levels of society and not only the large scale infrastructure. However, as much as decentralised and small off-grid energy sources are needed, there is also the necessity to support large infrastructures in order to address all the possible needs of beneficiary countries. To pursue a more targeted approach, the Commission has already proposed a measure to that effect, and envisages actions supporting the bottom-up initiatives in the future, mobilizing funds to support small-to-medium sustainable energy projects to accelerate electrification in developing countries. Last year we have first presented, and are currently putting in place, the Electrification Financing Initiative (ElectriFI), an innovative financing scheme combining EU grant funds with private investments to make small and medium-sized energy projects viable ('blending'), which is a bottom-up, private sector-led approach. The focus of ElectriFI is on rural electrification, reaching out to poorest populations which can be best served by renewable-sources mini grids. It is intended to be operational by the end of the year, with an initial funding of EUR 75 million already committed by the Commission. Also last year, the Commission awarded and signed 30 grant contracts for rural electrification action targeting rural populations for small scale activities under the 10th EDF – Energy Facility II, for overall value of approximately EUR 150 million, then expecting to improve the living conditions of more than 3 millions people. The Commission will continue taking this bottom-up approach for future projects.

100. (§ 228 - 2013/PAR/0351) The Parliament recalls that in its Special Report No 18/2012 entitled "European Union assistance to Kosovo related to the rule of law" the Court of Auditors denounced this inefficiency and concluded that the procurement rules laid down in the Financial Regulation "are not designed for CSDP

missions where fast and flexible responses are sometimes necessary"; urges the Commission to consider a revision of the relevant rules.

Commission's response:

The amendment tabled by the EP in this respect in the context of the revision of the Financial Regulation proposed by the Commission for alignment on the Directives on public procurement has not been retained in the political agreement reached by the legislative authority in June 2015.

Instead, the approach on the application of financial rules to the CSDP Missions will be consolidated by: (1) establishing a specific template for their financial rules; (2) continuing to streamline procedures relating to the establishment and management of CSDP Missions (by applying all the flexibilities of the current FR, making full use of the Warehouse for the start-up of the Mission, finalising the establishment of a Mission Support Platform for administrative support to CSDP Missions, notably in the area of procurement)."

101. (§ 233, 1st indent - 2013/PAR/0352) The Parliament asks the Commission to present to Parliament the measures taken in order to improve the performance of Union delegations as regards financial planning and resource allocation, financial administration and auditing in particular as regards the worst performing delegations.

Commission's response:

The Commission is taking the requested action.

Each EAMR is analysed by the relevant service and a reply is given to the delegation on possible improvement. For the less well performing delegations, a specific action plan or corrective actions/measures are put in place and are regularly monitored. The Commission is prepared to share these action plans or measures/actions taken with the Parliament.

102. (§ 233, 2nd indent - 2013/PAR/0353) The Parliament asks the Commission to better document every year the conclusions it has drawn from the EAMR and from the KPIs and provide these conclusions together with the EAMRs to Parliament.

Commission's response:

The requested action has been taken.

A synthesis of the different EAMRs is done and main conclusions on the KPI's analyses are presented to DG DEVCO Management. This document is provided to the European Parliament within the Annual Activity Reports.

103. (§ 233, 3rd indent - 2013/PAR/0354) The Parliament asks the Commission to include a balance sheet with the accounting data of the delegation into the EAMR.

Commission's response:

The Commission will not be taking the requested action.

The reason for this is that EAMRs cover operational credits; there is no separate balance sheet by delegation. The balance sheet with accounting is provided to the European Parliament within the Annual Activity Reports.

104. (§ 233, 4th indent - 2013/PAR/0355) The Parliament asks the Commission to improve the quality and the exhaustiveness of the data provided in the EAMR and the relevance of the reports as well, in particular as regards the delegations overseen by DG ENLARGE.

Commission's response:

The Commission is taking the requested action. Following DG NEAR creation, the DG has undergone a review of its financial reporting. Amongst other things, the DG has decided to extend the use of more detailed KPI's to former ELARG Delegations, along with a tailored system of EAMR reporting.

105. (§ 233, 5th indent - 2013/PAR/0356) The Parliament asks the Commission to make external assistance contingent on efforts being made to combat corruption.

Commission's response:

The requested action has been taken.

The 2003 communication on an EU comprehensive policy against corruption in third countries calls for the detection and punishment of all acts of corruption and the confiscation of illicit proceeds. Accordingly, the Commission has established anti-corruption clauses which govern all public procurement procedures as well as the public procurement contracts implementing its development policies. Via these clauses the Commission reserves the right to suspend or cancel project financing if corrupt practices of any kind are discovered at any stage of the award process or during the execution of a contract and if the Contracting Authority fails to take all appropriate measures to remedy the situation, or if it is necessary in order to investigate the eventuality of fraud.

The ACP-EU partnership agreement signed in Cotonou in 2000 agrees that serious cases of corruption, including acts of bribery, could trigger a consultation process and possibly lead to a suspension of aid.

In addition to standard clauses in financing agreements and contracts, which provide for sanctions in the case of fraud or corruption, DEVCO's audit strategy operates at two levels. The first one consists of mandatory audits and expenditure verifications which are provided for in the Financial Regulation. The second level constitutes an additional layer of controls and concerns risk-based audits which are a response to the specific risks perceived by the Authorising Officer. This audit strategy provides an appropriate response to all kind of residual risks, including the risk of corruption and the potential financial impact on the Community's financial interests.

The fight against corruption and fraud is also a key concern in the Commission's Budget Support. The Commission assesses the partner government's efforts to improve public financial management and fight corruption. A risk management framework is used to monitor risks and mitigating measures in a structured way, including on corruption and fraud. In the event of serious problems - or if there is no satisfactory progress - EU Budget Support is not disbursed.

106. (§ 234 - 2013/PAR/0357) The Parliament asks the Commission and OLAF's supervisory committee to investigate why and how the OLAF report was leaked and by whom, while the International Management Group (IMG) is still not informed about the content of the report.

Commission's response:

The Commission is already working on the requested action. Within the limits of confidentiality, the Commission will inform the Parliament about the results of its investigations on the circumstances of the alleged unauthorised leak. It should also be noted that the investigation into the alleged leak, which is a disciplinary matter, does not fall within the competence of OLAF's Supervisory Committee.

107. (§ 235 - 2013/PAR/0358) The Parliament urges the Commission to take a clear decision in this regard and asks the Commission to inform Parliament about the follow-up given to the OLAF enquiry opened in 2011.

Commission's response:

The requested action has been taken.

OLAF completed its investigation and the Final Report and Recommendations were sent to the Commission on 16 December 2014.

The Chair of CONT has been informed by Vice-President Georgieva, on a confidential basis, about the thrust of the follow-up given by the Commission to the OLAF investigation on IMG. In addition, Vice-President Georgieva also informed the Chair and the coordinators of the CONT Committee during an in camera meeting on 17 June 2015.

The Commission has studied the OLAF report in detail and has looked at the performance of the contracts awarded to IMG, which have produced satisfactory results as several audits have confirmed. For this reason, the Commission considers that there was no negative impact on the EU budget, that the projects were delivered in a satisfactory manner and that there is therefore no reason to recover the amounts awarded to IMG for delivering the projects or to impose sanctions on it.

The Commission however will continue to closely monitor ongoing contracts and will not enter into new contracts with this organisation under the special procedure applicable to international organisations unless and until IMG further clarifies its legal status.

IMG remains eligible for standard procurement and grant procedures under the direct management of EU funds.

108. (§ 235 - 2013/PAR/0359) The Parliament urges the Commission to provide Parliament with a list enumerating all the organisations, companies, other bodies or persons, detailing their legal status, which have received contracts from the Commission without a call for proposals.

Commission's response:

The Commission is taking the requested action.

A list of all the organisations, companies, other bodies or persons having received contracts from the Commission without a call for proposals, will be established by DG DEVCO in collaboration with the other line DGs, and provided to the Parliament by the second semester of 2016.

109. (§ 239 - 2013/PAR/0360) The Parliament calls on the Commission and the Union delegation to Ukraine to be particularly vigilant when disbursing funds and to assure themselves that the funds are invested in the projects they were destined for.

Commission's response:

The Commission monitors the implementation of the reform agenda very closely and is particularly vigilant to ensure that the EU funds are used for the intended purpose and produce tangible results.

To that purpose, for each Financing Agreement an appropriate follow-up mechanism is set up which provides objective information allowing the Commission to assess whether the country has fulfilled its obligations stemming

from the signed Financing Agreements. Before a (new) tranche of Budget Support is disbursed, a thorough analysis is performed against the agreed set of conditionalities, preceded by an intense political dialogue with the beneficiary country. Given the complexity of the reforms covered and the amounts allocated, a specific quarterly follow-up reporting scheme has been put in place for the implementation of the "State Building Contract" signed in 2014.

110. (§ 240 - 2013/PAR/0361) The Parliament asks the Commission to inform Parliament about the administrative costs of external aid delivery if they exceed 10 % of the forecasted budget.

Commission's response:

The Commission will not be taking the requested action.

The reason for this is that the administrative costs are fixed by the Budgetary authority on an annual basis. This budget cannot be exceeded. If additional funds are requested (amending budget or transfer from other budget lines) it needs the approval from the Budgetary authority.

111. (§ 241 - 2013/PAR/0362) The Parliament calls on the Commission to clarify the measures taken in response to the findings of that report (report on the humanitarian aid granted to the Sahrawi refugee camp of Tindouf in Algeria (OF 2003/526)).

Commission's response:

In 2003 in response to allegations of some cases of diversion of aid intended for Sahrawi refugees, the Commission's humanitarian aid department (ECHO) immediately suspended some of the projects and engaged in discussions with the EU funded humanitarian organisations and the Saharawi authorities to address the report findings. In parallel, on the request of ECHO, OLAF opened an investigation.

From 2003 onwards, funding levels were significantly decreased until all the necessary corrective measures were put in place. At the same time, ECHO strengthened its oversight processes by its experts, including regular monitoring of the camps, in order to minimise the risk of aid diversion.

The conclusions of the OLAF investigation did not lead to any request for recovery of funds or the necessity to initiate any judicial or administrative proceedings. The investigation did, however, highlight weaknesses along the logistics chain of humanitarian partners co-funded by ECHO and other donors. ECHO and its partner organisations have since then put in place a number of measures which are still in place:

- *At all stages of the procurement, transport, storage and distribution, controls are carried out to prevent diversion. Food is transferred from the port of Oran to Tindouf in sealed containers.*

- *ECHO-funded partner organisations that provide food aid (WFP, OXFAM SOLIDARITE) are present when trucks leave the central warehouses and during and after distributions in the camps.*

- *WFP is present at 20% of the 124 distribution points (in line with WFP international guidelines) and does post-distribution monitoring of at least 80-100 families /month. These families are chosen randomly by WFP. 5% of beneficiaries are interviewed yearly.*

- - *ECHO carries out regular independent monitoring missions (1-2 weeks/month) to the camps, distribution sites and surrounding markets.*
- - *Audit missions to partner organisations, including field visit to the Saharawi camps have taken place in recent years. 36 audits done by ECHO on actions implemented in Tindouf since 2003, including 8 audits in the field.*
- - *ECHO provides humanitarian aid through a reduced number of key partner organisations (among others, WFP, UNHCR, Oxfam, Spanish Red Cross) to ensure full control of the assistance delivered in camps.*

There has been no evidence of aid diversion since these measures were put in place.

The OLAF report concluded that the number of beneficiaries in need of humanitarian support was estimated at 90 000. This estimation has immediately become the proxy for future operations funded by the Commission, and used by the UN and donors.

Until a political solution is found, the Sahrawi refugees remain dependent on humanitarian aid, and in 2015 the Commission has allocated €10 million to respond to humanitarian needs.

Commission replies to EP questions E-6540/07 of 15 January 2008, P-005213/2011 of 24 May 2011 and E-001638-13 of 15 February 2013, provided information on the OLAF report and on the measures put in place.

112. (§ 241 - 2013/PAR/0363) The Parliament urges the Commission to ensure that the Algerian or Sahrawi individuals incriminated by the OLAF report no longer have access to aid funded by Union taxpayers.

Commission's response:

The Commission provides a given financial amount of humanitarian aid to its partners (WFP, UNHCR, international NGOs) who deliver the aid in the camps, taking into account other donors contributions and its own assessment of the field situation. The funds are not and have never been administered directly by the Sahrawi leaders and Algerian intermediaries. Concerning the Algerian or Sahrawi individuals referred to by the OLAF report ECHO has enquired stakeholders and to the best of ECHO's knowledge key people referred to in the report are not directly involved in ECHO-funded operations.

113. (§ 241 - 2013/PAR/0364) The Parliament calls on the Commission to re-evaluate and adapt Union aid to the actual needs of the population concerned (Sahrawi refugee camp of Tindouf in Algeria) and to ensure that the interests and needs of the refugees will not be harmed because they are the most vulnerable to any possible irregularity.

Commission's response:

ECHO evaluates the needs of the Sahrawi refugees continuously during field missions to the Tindouf camp (one to two weeks every month), which feeds into the elaboration of ECHO's annual aid strategy and development of the Humanitarian Implementation Plan (HIP). ECHO also participates in the annual needs assessment exercise undertaken by UNHCR in the camps whereby, sector by sector, all actors try to come up with a joint analysis of priority needs for the following year, based on a participatory approach to address identified inequalities and protection gaps. Specific needs of the most vulnerable and at risk refugees are

addressed through targeted actions for the disabled, the elderly, women and children, etc.

Research and other internal policies

114. (§ 249 - 2013/PAR/0365) The Parliament calls on the Commission not to undermine the efforts made to encourage these participants (first-time applicants) to participate in the programmes, by systematically increasing the level of control or administrative burden on them.

Commission's response:

The Commissioner for Research, Science and Innovation, Carlos Moedas, underlined his support for this recommendation during the hearing of 8 January 2015 in the CONT Committee of the European Parliament.

In his Annual Activity Report for the year 2014, the Director-General of DG RTD has also stated that "Horizon 2020 includes a commitment to involving new participants in the Programme".

The Commission therefore accepts this recommendation. The Commission wishes to involve all types of participants in Horizon 2020, including newcomers. For this purpose, it endeavours continuously to lower the barriers to application and participation through simplification. These efforts are bearing fruit, as reflected in statistics on the first calls for proposals under Horizon 2020, which showed an increased participation of newcomers.

Within this context, it should be noted that, as stated by the Director-General of DG RTD in his Annual Activity Report for the year 2014, "as shown in 2012, new participants have an error rate nearly three times as high as recurrent participants (8.32% as opposed to 2.94%). New participants, though a positive element for the European research landscape, increase risk".

115. (§ 251 - 2013/PAR/0366) The Parliament calls on the Commission to increase the awareness of auditors for fulfilling their role.

Commission's response:

The Commission endeavours continuously to increase the awareness of independent auditors for fulfilling their role.

The Commission has raised the awareness of independent auditors, and provided them with concrete guidance, through a campaign involving a document describing the 10 most common errors identified and the manner in which they should be addressed.

The Commission is also running, in collaboration with National Contact Points, a communication campaign reminding independent auditors (as well as beneficiaries) of the FP7 eligibility rules. In total, 22 events have covered 22 Member States and Associated Countries. These events have been attended by 3 500 participants, including at least 300 certifying auditors. This campaign will continue in 2015.

In addition, the Commission has established a feedback system for certifying auditors. They are contacted whenever the Commission's ex-post audits identify material differences between the certified cost statements and the ex-post audit findings.

Finally, the Commission has created a helpdesk function. The "Research Enquiry Service" replies to any questions raised by the auditors.

For Horizon 2020 eligibility rules have been simplified in order to decrease the risk of errors. This will also contribute to facilitating the work of the external auditors.

116. (§ 253 - 2013/PAR/0367) The Parliament supports the Court of Auditors' recommendation, accepted by the Commission, to make controls for this policy group more risk-driven, focusing checks on high-risk beneficiaries (for example entities with less experience of Union funding) and reducing the burden of checks on less risky beneficiaries.

Commission's response:

The Commission's system of ex-post audit is mainly risk-based. It is expected that 83% of the ex-post audits for the period 2012-2016 will be selected using different risk factors.

Different types of beneficiaries generate different types of risks related to both the payment stage (FP7) and the contracting stage (Horizon 2020). The research anti-fraud strategy is another important component of our risk driven and risk based targeted controls.

The commitment to risk driven checks will be implemented in conjunction with the commitment, following recommendation 2013/PARL/0365, not to systematically increase the administrative burden on new beneficiaries.

117. (§ 254 - 2013/PAR/0368) The Parliament reiterates the necessity to strike the right balance between fewer administrative burdens and effective financial control.

Commission's response:

See responses to 2013/PAR/0365, 2013/PAR/0366 and 2013/PAR/0367. As stated in its Annual Activity Report for the year 2014, DG RTD considers that its overall control strategy ensures that trust, control and other policy objectives are kept in balance.

118. (§ 258 - 2013/PAR/0369) The Parliament requests to receive a copy of the revised schedule and budget which will be submitted to the ITER Council in June 2015.

Commission's response:

The Commission takes note of the recommendation of the Parliament. It will inform the discharge authority in due course about the discussions of the ITER Council of November 2015 concerning the first proposal of the updated long-term schedule and on the steps towards the establishment of the new project Baseline.

The ITER Council of 17 and 18 June 2015 reviewed the progress in the development of the long-term schedule and requested the Director-General of the IO to submit a first proposal on the updated long-term schedule for the ITER Council meeting of November 2015. The new first proposal of the updated long-term schedule will not be a final document and will not be approved by the ITER Council in November. It is expected to be the first step in the establishment of the revised ITER baseline (schedule, scope, costs). Nevertheless, this proposal is expected to be a confidential report as it will contain data and estimates still subject of discussion and to be checked at each Party level. Full disclosure may then not be possible until the document is fully validated by all the ITER Parties.

119. (§ 260 - 2013/PAR/0370) The Parliament expects to be informed about additional costs for these unforeseen measures (Galileo: the launch of two satellites (no. 5 and 6) on 22 August 2014 resulted in an injection of these satellites into incorrect orbit, and since December 2014 the satellites have been gradually moved to a more

favourable orbit to allow their best possible use, and the testing of the satellites' navigation payload is on-going).

Commission's response:

The two Galileo satellites launched into an incorrect orbit in August 2014 have been re-positioned to improved orbits and have been tested to assess the performance of their navigation payload. The Commission is currently analysing the costs and benefits of their possible use in terms of programme objectives, priorities, schedule and budget including a user impact assessment.

The cost of the unforeseen measures related to these two satellites will not increase the overall budget or the final cost of the Galileo and EGNOS programme. For the period 2014-2020 the overall budget for these programmes amounts to EUR 7 071,7 million and includes a contingency reserve to cover unforeseen costs.

The European Parliament was informed about the aftermath of the August launch by a letter of Commissioner Nelli Feroci of 29 August 2014, personally by Commissioner Nelli Feroci during the meeting of the ITRE committee on 24 September 2014 and by Commissioner Bieńkowska during the meeting of the ITRE committee on 14 April 2015. In addition, by end 2015 the Commission will issue a Report on the implementation of the Galileo and EGNOS programmes. This report will include information on the allocation of Union funds.

120. (§ 261 - 2013/PAR/0371) The Parliament is concerned that, as in previous years, the Court of Auditors has found several errors in relation to non-compliance with Union and national procurement rules for the TEN-T projects examined; takes note that as in the preceding year of 2012, once more in 2013, DG MOVE did not issue a reservation related to public procurement errors; insists, therefore, that the Commission undertake the necessary measures in order to exclude such errors in the future.

Commission's response:

INEA is entrusted with the management of the TEN-T programme, with the exception of the financial instruments which are under DG MOVE's responsibility.

The Commission acknowledges that there are procurement-related risks inherent to the TEN-T programme, which is the reason why the control system put in place by INEA is designed to ensure that those errors are eliminated and that the residual error rate remains below the 2% materiality threshold. The multi-annual residual error rate for finalised ex-post controls for the 2007-2013 TEN-T programme was 0.87% and thus the Commission considers that the implemented systems work effectively.

121. (§ 262 - 2013/PAR/0372) The Parliament calls on the Commission, for the sake of transparency, to publish an easily accessible annual list of transport projects co-financed by the Union, including the exact funding amount for each individual project; notes that this list of projects shall include all sources of Union funding such as TEN-T, Horizon 2020, Cohesion and Regional Funds.

Commission's response:

(1) Concerning the TEN-T funding, the list of projects is available in the Financial Transparency System (http://ec.europa.eu/budget/fts/index_en.html). Another source of information is also the INEA website (http://inea.ec.europa.eu/en/ten-t/ten-t_projects/ten-t_projects.html) where more detailed information is available regarding each TEN-T project. In regard to the Horizon 2020 funding, the list of

projects and additional detailed information on the EU-funded projects will be included in CORDIS (http://cordis.europa.eu/guidance/about-projects_en.html). In the Financial Transparency System of 2013 and in CORDIS there is presently no H2020 information because INEA and RTD did not sign any legal commitments for H2020 projects.

(2) As far as Cohesion Policy is concerned, the recommended action is rejected as only major projects, i.e. projects with a value of more than EUR 50 million, are subject to Commission's approval. Therefore the Commission (DG REGIO) will prepare the reports mentioned in Article 53 (1) of the CPR and will provide the information on transport projects: however, they will contain the list of major projects only. Indeed, the Common Provisions Regulation foresees that each year the Commission provides a report summarising the Annual Implementation Reports (AIRs) received by the Member States. Since the AIRs contain information on the financial execution and outputs by priority axis and specific objective, Commission services will be able to present information by thematic objective, including transport. The AIR will also provide information on the state of progress of implementation of major projects.

A more detailed strategic report will be prepared by the Commission in 2017 and 2019 and will include a detailed analysis of breakdown by category of expenditure. This would therefore provide more information on transport expenditure. Hence, that information on major projects approved in the transport sector will be provided to the EP in the framework of the report foreseen in article 53.1 of the CPR. Moreover, EP will be informed of the amount of expenditure by thematic objective at the same time.

122. (§ 263 - 2013/PAR/0373) The Parliament urges the Commission to report every year how the remarks on the respective budget lines have been taken into account.

Commission's response:

All remarks on the respective budget lines for Transport and Tourism are carefully analysed, discussed with EP and taken into account. As regards the 2013 Budget, all remarks by EP were considered and corresponding amendments were made to the final Budget. Concerning the Pilot Project on "Sustainable, healthy and safe modes of transport for Youngsters: cycling school and urban mobility", it was rejected by the Commission in its letter on executability in October 2012 and finally the draft amendment was rejected by the EP itself.

123. (§ 264 - 2013/PAR/0374) The Parliament calls on the Commission to seek more synergy between different sources of funding (for transport projects) to seek a more efficient allocation of Union funds.

Commission's response:

The Commission ensures close coordination between different funding frameworks, in order to ensure coherence of priorities and complementarity for funding of transport infrastructure projects.

1. With regard to the transport infrastructure projects financed from the Connecting Europe Facility (CEF) and the European Structural and Investment Funds (specifically, Cohesion Fund and ERDF), the relevant Commission services (DG MOVE and DG REGIO) have signed in March 2014 a Memorandum of Understanding establishing a general framework for cooperation, with the aim to ensure consistency of EU support for transport at programming and implementation stages, and with a view to ensure complementarity and avoid

duplication of efforts for the optimal use of funding for transport across the Union.

In line with the provisions of the MoU, the Commission services have:

a) reinforced cooperation on policy documents, i.e. by ensuring regular contacts and an early consultation before the formal inter-service consultation is launched;

b) strengthened cooperation with a view to ensuring, where appropriate, the inclusion of EU transport policy objectives and priorities in the Partnership Agreements and the relevant Operational Programmes to be agreed between the Member States (MS) and the Commission, for the allocation of the EU funds from the ESI Funds, as well as for the work programmes (annual and multi-annual) under the CEF;

c) strengthened coordination and increased co-operation of the EU financial support provided to the transport projects (ESI, CEF), which covers:

- Strategic planning/programming of transport interventions,

- Preparation and decision-making procedure on financial support to specific projects,

- Monitoring of programme and project implementation and of the use of funds by the MS.

Several missions/meetings took place in Cohesion Countries capitals with several EC departments in order to discuss the synergies & complementarities between CEF and ESIF.

Moreover Directorate general in charge of Regional and Urban policy was actively involved in the evaluation of the project proposals submitted to the first CEF transport call in the Spring 2015, in order to ensure complementarity .

2. The complementarity of the CEF with the European Fund for Strategic Investments (EFSI) will be secured through the selection of pipeline of projects by the Investment Committee (EFSI) and Steering Committee (CEF). While the CEF requires that transport projects are eligible under the CEF legal base (Annex I to the Regulation TEN-T Union Guidelines), EFSI allows for financing of other transport infrastructure investments across the Union.

A common approach on the assessment of eligibility of projects from the point of view of the competition law has been worked out by the European Commission, facilitating an appraisal process within the Commission and the EIB.

Finally, common rules and procedures in relation to the administrative agreements between the European Commission and the European Investment Bank have been agreed and are applied to all projects financed as Financial Instruments or related Technical Assistance under the common Framework Administrative and Financial Agreement (FAFA).

124. (§ 270 - 2013/PAR/0375) The Parliament asks that the budget in the framework of the 2014-2020 Education and Culture programmes be strengthened and increased.

Commission's response:

Programmes in the area of Education and Culture have seen their budgetary envelope grow as compared to the 2007-2013 multi-annual financial framework.

This is particularly true for the Erasmus+ programme that has been designed as an integrated programme aiming at providing opportunities for over 4 million Europeans to study, train, gain work experience and volunteer abroad.

As from 2016, Erasmus+ should be able to reach its cruising speed. The increase in PA (+30%) requested in the framework of DB 2016 should allow absorption of the shortfall in payment appropriations this programme encountered in its first two years of implementation.

125. (§ 273 - 2013/PAR/0376) The Parliament takes note that the Director-General of Directorate-General for Research and Innovation issued a general reservation with regard to the accuracy of cost claims (EUR 3 664 million) for the FP7 in the Directorate-General's annual activity report, although he himself expects the 'net financial impact of errors', based on 1552 closed projects, to be around 2,09 %, meaning close to the materiality threshold; considers that such reservations render the term 'sound financial management' meaningless; calls therefore on the Director-General to use reservations, in future, in a more specific and targeted way.

Commission's response:

In its Annual Activity Report for the year 2014, DG RTD has aimed to respond to this concern of the Parliament.

The Annual Activity Report includes extensive information about the legality and regularity and the sound financial management of all financial transactions under the responsibility of the Director-General for Research and Innovation.

The Annual Activity Report has been prepared in accordance with the standing Commission guidelines, which stipulate that once errors pertaining to a budgetary area exceed the materiality threshold a general reservation should be introduced.

In order to respond to the concern of the Parliament, the reasoning behind the general reservation has been explained in detail and an effort has been made to identify areas not affected by an error rate exceeding the materiality threshold.

The Court of Auditors' 2013 annual report states that (§8.31) "the Court reviewed the annual activity reports of DG RTD,...The Court found that the reports provide a fair assessment of financial management in relation to the regularity of underlying transactions, and the information provided corroborates the Court's findings and conclusions in most respects."

126. (§ 274 - 2013/PAR/0377) The Parliament calls on the Commission to provide information, in time for the 2013 Commission's discharge follow-up report, about the average length of adversarial procedures before recovery in this policy group (Research and other internal policies).

Commission's response:

The calculation of an average length of adversarial procedures before recovery would not provide meaningful information. The reason is the great diversity of possible recovery scenarios.

To give just one example, overpayments can be recovered immediately, through an immediate recovery order. More commonly, however, and particularly in the context of on-going projects, overpayments are recovered through offsetting against pending future payments. Research projects are multi-annual and involve payments at different stages. Substantive payments (not pre-financing) only start around 2 years after the beginning of the project. Payments are then made with 18-

24 month intervals so there will often be a considerable time lag between the identification of a recovery and the effective recovery through offsetting.

In all cases, extreme care is taken to respect the right of the beneficiaries through exhaustive contradictory procedures enabling them fully to argue their position, which self-evidently has an impact on the speed of recovery.

In its annual report for 2012 the Court recommended that the Commission reduce delays in the implementation of ex post audits. In 2014 the Court assessed that this recommendation had been implemented in most respects.

127. (§ 275 - 2013/PAR/0378) The Parliament regrets that the Commission did still not send the list of beneficiaries by country; expects to receive an answer in the 2013 Commission discharge follow-up report.

Commission's response:

The Commission makes available to the public information related to all the beneficiaries of the Framework programme, as well as their Member State. (http://cordis.europa.eu/projects/home_fr.html)

Furthermore the Commission is willing to provide further information on any specific question from MEPs. However, the Commission underlines that the Research and Innovation programmes are not established by Member State, but at a European level with excellence, and not Member State, as the key for making grants.

128. (§ 276 - 2013/PAR/0379) The Parliament asks the Commission to assess whether any financial corrections will have to be imposed (audit report on the operational costs for two programmes (Lifelong learning EUR 6,9 million, Youth in Action EUR 1,65 million) running in Turkey in 2012 and 2013).

Commission's response:

The Commission has assessed whether any financial corrections had to be imposed following the ad-hoc audit report on the operational costs for two programmes (Lifelong learning EUR 6,9 million, Youth in Action EUR 1,65 million) running in Turkey in 2012 and 2013.

While a number of systems weaknesses had indeed been identified which have now been rectified, no proposals for recoveries arose directly from this audit.

In addition, in a further financial audit of the Turkish National Agency, no material issues were identified with the handling of programme funds.

The European Anti-Fraud Office (OLAF) has also been informed of both the allegations and the steps taken by the Commission. As OLAF does not usually issue comments on cases it may or may not be treating (this is in order to protect the confidentiality of any possible investigations, ensuing judicial proceedings, personal data and procedural rights), the Commission is continuing to monitor closely the situation as regards management costs of running the National Agency, which are co-funded by the Commission and the national authorities.

129. (§ 277 - 2013/PAR/0380) The Parliament calls on the Commission to provide supplementary information on spending for the Information and Communication Technologies Policy Support Programme in time for the 2013 Commission's discharge follow-up report.

Commission's response:

The AAR 2013 of DG CONNECT provided full transparency, giving an indication for the residual error rate, the amount at risk and the materiality. The carefully considered decision not to issue a reservation on the CIP ICT PSP payments was based on the fact that the error rate could not be used for extrapolation and drawing sound conclusions given the limited sample (14 closed audits). In view of the control results which became available in 2014, a reservation with regard to the accuracy of costs claims for grants in the CIP ICT PSP has been made (see AAR 2014). Certain simplification measures have been implemented for CIP ICT PSP but given that all contracts under CIP have already been signed, a further modification of the legal framework is no longer an option. DG CONNECT continues to implement its non-research audit strategy (with 42 audits initialled in 2014 and further 95 audits to be launched for 2015). In the new financial framework, the programmes integrating the CIP ICT PSP strands, namely H2020 and the Connecting Europe Facility, take advantage of the simplification provided for in the revised Financial Regulation and its Rules of Application.

130. (§ 278 - 2013/PAR/0381) The Parliament calls on the Commission to report comprehensively, in time for the 2014 discharge procedure, on the increasing "policy-orientation" of the Directorate-General for Research and Innovation which was triggered by outsourcing the management of two-thirds of the FP7's operational costs to non-Commission bodies.

Commission's response:

The Annual Activity Report of the Director-General of Directorate-General for Research and Innovation for 2014 provided considerable detail on its role as a policy-oriented DG."

The following aspects could be highlighted: the Directorate-General for Research and Innovation (DG RTD) defines and implements European Research and Innovation (R&I) policy with a view to achieving the goals of the Europe 2020 strategy and its key flagship initiative, the Innovation Union. To do so, the Directorate-General (DG) contributes to the European Semester by analysing national R&I policies, by assessing their strengths and weaknesses, and by formulating country specific recommendations where necessary. It monitors and contributes to the realisation of the Innovation Union flagship initiative and the completion of the European Research Area (ERA). It funds excellent R&I through Framework Programmes taking a strategic programming approach.

The DG's long-term objective is to make Europe a better place to live and work, by developing and implementing R&I policy to improve Europe's competitiveness, boost its growth, create jobs, and tackle the main current and future societal challenges.

In addition, it carries out Horizon 2020 policy-related activities (e.g. definition of work programmes, coordination of the Research family of DGs, etc) while reducing its direct involvement in contract management (e.g. calls, contract finalisation, payments, etc). Many of the implementation functions related to Horizon 2020 have now been delegated to the Executive Agencies, Joint Undertakings and 'Article 185 initiatives'.

DG RTD notes the Parliament's interest in this question and will ensure that this is extensively covered in the AAR 2015.

131. (§ 279 - 2013/PAR/0382) The Parliament asks the Commission to provide, in time for the 2014 discharge procedure, an overview listing the policy progress between FP7 and HORIZON 2020 for researchers and SMEs.

Commission's response:

Horizon 2020 has been launched in December 2013. Aimed at spurring economic growth and creating jobs, it represents a radical change from the previous research framework programmes, as it brought together in a single strategic framework formerly separate research and innovation programmes, introducing major reforms, an important increase in budget, coupling research to innovation with support at every stage to bring research results 'from lab to market' and a challenge-based approach through which the bulk of Horizon 2020's investment will be made in solving major societal challenges, based on a problem-solving approach.

Furthermore, Horizon 2020 has a simple architecture, centred on three pillars, which makes it easy for participants to identify funding opportunities: 'Excellent Science', which aims to reinforce and boost the excellence of the EU's science base and to consolidate the European Research Area in order to make the Union's research and innovation system more competitive globally, and which has benefited from a large-scale increase in the budget allocated to the European Research Council; 'Industrial Leadership', which aims to speed up the development of the technologies and innovations that will underpin tomorrow's businesses and help innovative European SMEs to grow into world leading companies; and 'Societal Challenges', through which Horizon 2020 reflects the policy priorities of the Europe 2020 strategy and addresses major concerns shared by people in Europe - a challenge-based approach will bring together resources and knowledge across different fields, technologies and disciplines.

The "three pillar" structure is complemented by the specific objectives 'Spreading excellence and widening participation' and 'Science with and for society'. Part of Horizon 2020's budget also goes towards funding the European Institute of Innovation and Technology (EIT), research activities carried out under the Euratom Treaty and research carried out by the Joint Research Centre. Overall, in the implementation of Horizon 2020, account is taken of the need to build appropriate synergies and complementarities between national and European research and innovation programmes.

Radical simplification is one of the major features of Horizon 2020, the main aim being to make the programme more attractive to the best researchers and most innovative companies and to minimise financial errors. Simplification is fully reflected in its design, rules, financial management and implementation. Horizon 2020 aim to attract the strong participation of universities, research centres, industry and specifically SMEs and is open to new participants, as it brings together the full range of research and innovation support in one common strategic framework, including a streamlined set of forms of support, and uses rules for participation with principles applicable to all actions under Horizon 2020.

20 percent of the combined budget allocated to 'Societal Challenges' and to the specific objective 'Leadership in enabling and industrial technologies' is reserved for SMEs. Out of that 20 percent, 7 percent is disbursed through a dedicated SME-instrument.

The European Anti-Fraud Office (OLAF)

132. (§ 281 - 2013/PAR/0383) The Parliament points out that Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council in force since 1 October 2013 obliges OLAF to guarantee the independent functioning of the Supervisory Committee (OLAF-SC) Secretariat (Recital 40 of Regulation (EU, Euratom) No 883/2013); is unaware, at this stage, of measures taken to implement this legal obligation; urges the Commission to take immediate steps to remedy the situation.

Commission's response:

The requested action has already been taken by OLAF to the extent possible within the limits of Regulation 883/2013.

With the adoption of Regulation 883/2013, the legislator took a decision on the administrative organisation and budget of the SC. The Regulation states that the establishment plan of the SC Secretariat should be part of that of the Office and that the total appropriations for the Office, the SC and its Secretariat, should be entered under the same budget line. OLAF has undertaken measures to guarantee the independent functioning and the financial autonomy of the SC and its budget. In agreement with the SC, specific budget justifications were included in the 2016 OLAF Draft Budget which allow for the identification of the expenditure of the SC Members (EUR 200 000) and of the financial and human resources allocated to the SC Secretariat (EUR 1 000 000).

Furthermore, OLAF Director-General has delegated as far as possible the powers of Appointing Authority and Authorising Officer to the Head of the SC Secretariat, as acknowledged by the SC itself in Opinion 01/2015 on OLAF's Preliminary Draft Budget for 2016.

In a spirit of cooperation, and despite the constraint of general staff reduction, in 2013 OLAF reinforced the SC Secretariat to eight staff members, which is the maximum number of staff that the SC has ever had. Decisions on recruitment and promotions of the SC Secretariat staff are taken in close consultation with the SC Members.

The Head of the Secretariat is the authorising officer by sub-delegation for the line of expenditure related to the SC. He has full independence as regards the SC missions, being granted the role of authorising officer by sub-delegation for mission orders and related reimbursement claims of his staff for the budget allocated. In addition, OLAF and the SC had agreed on implementing principles for the budget of the SC, notably concerning the training sessions and internal meetings, where the Head of the Secretariat has a wide margin of manoeuvre, as long as the principles of budgetary legality and sound financial management are respected.

133. (§ 282 - 2013/PAR/0384) The Parliament calls on OLAF to consult the OLAF-SC in a timely manner prior to modifying instructions to staff on investigation procedures and prior to setting investigation policy priorities.

Commission's response:

The requested action has already been taken. In the past, OLAF has consulted the SC on its guidelines to staff on investigation procedures and on its investigation policy priorities in line with Regulation 883/2013 and the Working Arrangements between OLAF and the SC, and is committed to do so also in the future.

In particular, in July 2013, OLAF sent to the SC the draft Guidelines on Investigation Procedures to which the SC provided comments before their entry into force on 1 October 2013. The 2014 draft investigation policy priorities were sent to the SC in early December 2013 and adopted at the beginning of February 2014. On 6 February 2014 the SC adopted an Opinion on OLAF Investigation Policy Priorities, to which OLAF replied on 6 March 2014. Furthermore, the 2014 and 2015 investigation policy priorities were discussed in the context of the Exchange of Views with the Institutions on 8 April 2014, in which the SC participated. OLAF forwarded to the SC the 2015 draft investigation policy priorities, more than one month prior to their publication, on 8 December 2014. The SC provided its comments prior to their publication.

The 2016 investigation policy priorities will be discussed in the Exchange of Views with the Institutions foreseen for 28 September 2015, in which the SC will participate.

134. (§ 283 - 2013/PAR/0385) The Parliament regrets the fact that OLAF does not necessarily implement the OLAF-SC's recommendations, sometimes even without giving a justification; calls on the Director-General to improve his cooperation in this respect.

Commission's response:

The requested action has already been taken.

2014 was the first year in which the SC has decided to follow-up on the recommendations previously issued. Hence, it was a new exercise for both the SC and OLAF. OLAF gave careful consideration to all SC recommendations and has invested considerable resources to implement them. OLAF has provided justifications to the SC on the status of the implementation on various occasions, also in response to the SC report on the Implementation by OLAF of the Supervisory Committee's recommendations of 17 November 2014.

However, some of the SC recommendations were not clearly formulated and sometimes concerned specific investigative acts of the past, or suggested actions for the past which cannot be retroactively implemented by OLAF. Finally, it should be noted that, even though OLAF always considers all the Supervisory Committee's recommendations, there is no legal obligation for OLAF to implement each of SC's recommendations.

The SC has currently no formalised procedure in place for following-up on the implementation of its recommendations. OLAF and the SC have recently intensified discussions and have had several meetings on this matter. The SC has decided to improve the exercise and will set up a procedure. Of the 50 recommendations issued by the SC between 2012 and 2014, OLAF considers that 42 have been implemented, 2 are still ongoing, while 6 have been rejected.

135. (§ 286 - 2013/PAR/0386) The Parliament asks OLAF to provide more detailed statistics on the frequency of the opening and closing of investigations in its Annual Report.

Commission's response:

The requested action has been taken. OLAF already provides statistics on a wide range of indicators including numbers of investigations opened and closed. Notably, Figure 5 in the OLAF Report 2014 provides in the same chart information on the number of investigations opened and concluded over the last

five years. In 2013, 253 investigations were opened and 293 were closed. In 2014, 234 investigations were opened and 250 were closed.

136. (§ 287 - 2013/PAR/0387) The Parliament asks OLAF to provide more information to Parliament on the practicalities of the procedure of the case selection process, and the length and internal guidelines of the process.

Commission's response:

The requested action has been taken. The OLAF Report 2014 already provides information on the selection process as well as the statistics including the average duration and results of it. Notably, Chapter 2.2 in the OLAF Report 2014 is dedicated to the selection phase during which the Investigation Selection and Review unit analyses information received of possible investigative interest and provides an opinion to the Director-General on whether or not an investigation or a coordination case should be opened. Figure 10 provides an overview of the evolution of the average duration of the selection phase over the last five years.

Furthermore, the Director-General of OLAF issued comprehensive and detailed "Guidelines on case selection" on 5 June 2015, in which the practicalities of the case selection process are addressed. These guidelines formalise practices which have already been followed over the past year.

Administration

137. (§ 288 - 2013/PAR/0388) The Parliament demands that Union taxpayers' money be saved by cutting red tape and prolonging the validity of the established (EPSO) reserve lists to at least two years; demands the Commission to report on this issue by June 2015.

Commission's response:

Before the EPSO Development Programme of 2010, the absence of strategic HR planning meant that the supply of new staff was not aligned with demand. As a result, many successful candidates remained on reserve lists indefinitely, unable to find jobs which caused frustration and wasted resources.

Now, however, with the introduction of proper strategic planning, coupled with annual competitions and limited validity of reserve lists, there is a much better correlation between the number of laureates and the Institutions' real recruitment needs and the vast majority of laureates are recruited – usually over 80%.

At the same time, EPSO has actively engaged with the Institutions to both simplify and speed up the formerly slow and resource-intensive recruitment process, mirroring the improvements that have been made to EPSO's own selection processes. Actions include removing the flagging process whereby Institutions could reserve candidates for months at a time; introducing a comprehensive eligibility check of supporting documents at the reserve list stage obviating the need for any further checks during the recruitment process; and the implementation of the Recruiter Portal -a powerful search tool based on a more efficient data model allowing Institutions to efficiently identify suitable candidates for vacant posts and facilitating the exchange of data with the downstream systems for recruitment - which is due for delivery mid-2015. As a result, laureates can already expect to be recruited within months.

At a recent EPSO interinstitutional Working Group meeting, a draft agreement concerning the non-prolongation of reserve lists pre-dating 2007 was reached. All lists over three years old which have been 80% used will also be presented to the Working Group for decision concerning possible closure. It was agreed that used-up lists will not be prolonged.

138. (§ 289 - 2013/PAR/0389) The Parliament asks that the Commission provide Parliament with information about the highest pension paid in 2013 for Commission officials.

Commission's response:

In line with the practice of the budgetary discharge process followed in previous years, information is available on the whole of the EU institutions and bodies, as there are no specific pensions associated with individual EU institutions or bodies. EU pension rights are acquired by staff in proportion to the service rendered throughout their whole career across all institutions and bodies. In addition, all pension payments are financed out of a single budget line, within the Commission's budget.

139. (§ 290 - 2013/PAR/0390) The Parliament calls on the Commission to fully apply the Staff Regulations (provisions for dealing with poorly performing staff).

Commission's response:

The Commission decided to apply as early as 2014 the possibility to block the salary of staff in case of unsatisfactory performance recorded in the appraisal report. Given the impact on the career of staff, it chose to do so only if factual evidence of unsatisfactory performance could be provided by the line manager. At the same time, DG HR intensified efforts to train and support line managers in order to improve performance management in the Commission and to better deal with poor performance.

140. (§ 291 - 2013/PAR/0391) The Parliament asks for information about staff outside the establishment plan and staff costs financed from headings other than "administration".

Commission's response:

A global picture of the staff situation in the Commission is transmitted to the Budget Authority every year in the framework of the annual budget procedure in a dedicated working document. For the year 2013, the information about Commission staff in place on 1 April 2012, with distinction of financing sources (heading 5, other headings, assigned revenue) can be found in Working Document II of DB2013 (tables pp. 8-10, 28-38). The Commission request for the draft budget 2013, including appropriations for the external staff, including former 'BA-lines', can be found in the same working document (pp. 52-53, 75-77). In addition, details on staff related expenditure with a split between establishment plan posts and external staff per policy area is presented in the annual Budget.

141. (§ 292 - 2013/PAR/0392) The Parliament calls on the Commission to update the 2011 report on career equivalence and report on the staff expenditure generated in 2013 by non-management AD13 and AD14 staff.

Commission's response:

Following the entry into force of Regulation No 1023/2013, there is no legal basis for the Commission to update the 2011 Report on career equivalence. The co-legislators explicitly removed from Article 6 of the Staff Rules all references to the requirement (and the periodic assessment) of equivalence of career between pre- and post-2004 career structures.

As concerns the introduction of the AD13 and AD14 grades for non-managers pursuant to Council Regulation No 723/2004, to which the EP issued a favourable opinion, we draw the Honourable Member's attention to the following

*1) staff at the then A4 (or A*12) grade would have been entitled to automatic salary steps every two years, resulting in a salary up to a level approximately equal to the third step in the AD13 grade (see Article 2 of Annex XIII to the Staff Rules), without any promotion being necessary. Therefore, calculating a reliable estimate of the actual additional staff expenditure generated in 2013 by the very introduction in 2004 of the possibility for non-managers to access the AD13 and AD14 grades as compared to the previous situation, might be complex as this would require some working assumptions to be made.*

2) this staff, even if not deemed to be managers pursuant to the definition of the Staff Rules, might be assigned to tasks of comparable level, such as Adviser, Senior Expert, Deputy Head of Unit, Head of Task Force, etc.

3) following to the entry into force of Regulation No 1023/2013, the possibility to access to AD13 and AD14 grades has been substantially reduced (see Annex IB).

142. (§ 293 - 2013/PAR/0393) The Parliament asks the Commission to provide information about the financing of all social, sports and cultural measures for its staff, including the benefits of those measures on the performance and the integration of expatriates and their families.

Commission's response:

Such information is provided each year in the framework of the Budget procedure. Detailed information on social measures is listed in the yearly Draft General Budget Working Document VI on administrative expenditure. This was issued in May 2013 for the Budget year 2013.

143. (§ 294 - 2013/PAR/0394) The Parliament asks the Commission to report on the use of flexitime in the follow-up to the 2013 Commission discharge.

Commission's response:

In 2014, following the entry into force of the new Staff Regulations and the Commission Decision on Working Time, flexitime became the default working regime. Thus all staff (with exclusions, e.g. managers) now use the flexitime scheme.

It is worth clarifying that the purpose of the flexitime scheme is to allow staff to manage their normal working time more efficiently and does not necessarily imply recuperation of extra working hours.

144. (§ 296 - 2013/PAR/0395) The Parliament calls on the Commission to carry out an in-depth study on the reasons for these differences (in pay levels for civil servants working for Union institutions and for those working for national administrations) and to develop a long-term strategy to reduce these differences, whilst paying particular attention to the different allowances (family, expatriation, installation and resettlement allowances), annual leave, holidays, travel days, and compensation for over-time.

Commission's response:

There have already been studies comparing salaries of EU officials and salaries in international companies and national diplomatic services.

Changes in the Staff Regulations in force since 2014 did not foresee any revision of the remuneration system of the EU officials.

145. (§ 297 - 2013/PAR/0396) The Parliament calls on the Commissioners to shoulder their political responsibility and stop allowing themselves to be limited by the Secretariat-General in their answers (20-line limit for answers to parliamentary questions).

Commission's response:

The Commission introduced the limitation in the light of an ever-increasing number of Parliamentary questions. The system of Parliamentary questions is not intended to explain EU policies in detail or to replace information that is publicly available but rather to give the Commission the possibility to reply to political questions of general interest and present the Commission's position. This has proved to be feasible within the space limit. Moreover, it is possible to attach to replies annexes with more detailed factual information such as reports, statistics, etc, where appropriate.

146. (§ 298 - 2013/PAR/0397) The Parliament is concerned about the protection afforded to whistle-blowers and calls on the Commission to ensure that their rights are fully upheld.

Commission's response:

Issued on 6 December 2012, Commission guidelines on whistleblowing provide for a solid protection offered to whistleblowers acting in good faith. Whistleblowers are protected and their identity must remain confidential if they so wish. Particular care is taken to ensure that the whistleblower suffers no adverse consequences during his/her career.

147. (§ 299 - 2013/PAR/0398) The Parliament asks the Commission to present to the Parliament the Union added value of the money channelled via these NGOs (NGOs having received in 2013 almost EUR 9 million from DG Environment, almost EUR 4 million from DG Health and Consumers and EUR 5,7 million from DG Employment, Social Affairs and Inclusion).

Commission's response:

The funding of NGOs by DG ENV is specified as a priority in Article 12 d of the Legal base of the LIFE programme (Regulation of the European Parliament and the Council on the establishment of a Programme for the Environment and Climate Action LIFE n° 1293/2013). This Article define as objective of this programme : "to promote better environmental governance by broadening stakeholder involvement, including NGOs, in consultation on and implementation of policy."

The added value of those actions have been evaluated in the final evaluation report of the previous legal base LIFE+, issued on 12 December 2012 (http://ec.europa.eu/environment/life/about/documents/121214_conclusions.pdf) and will again be evaluated in the Mid Term Evaluation of the 2014-2020 new LIFE programme that will be launch in 2016.

DG Health and Consumers co-funded NGOs through the programmes of EU action in the fields of both health policy (2008-2013) and consumer policy (2007-2013). The programmes were established by decisions of the European Parliament and the Council with the aim to complement, support and add value to the policies of the Member States and to contribute to the achievement of the policy objectives in public health and consumer affairs. In particular, the health programme supported operating costs of NGOs and networks that contribute to achieving at least one of its objectives concerning health security, health promotion and health information. The Commission evaluates the Health Programme and disseminates its results to the Council and the European Parliament on a regular basis, see for instance: The latest implementation report: http://ec.europa.eu/health/programme/docs/implementation_2013_en.pdf and The mid-term evaluation of the Health Programme 2008-2013: http://ec.europa.eu/health/programme/docs/mid-term_eval_hp2008-2013.pdf By the end of 2015, the Commission intends to submit to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an external and independent ex-post evaluation report covering the implementation and results of the Health Programme 2008-2013.)

DG Employment and Social Affairs is providing funding to EU level NGOs networks active in the promotion of social inclusion and poverty reduction as well as in the area of access to finance notably via the EU Programme PROGRESS

2007-2013 (Decision No 1672/2006/EC). The evaluation and the performance monitoring of PROGRESS demonstrate that civil society organisations were usually engaged in projects because of their specific expertise, having the capacity to reach out to certain groups or as organisations delivering a service that was the focus of the project. One of the key aspects for creating EU added value is the capacity of the key EU networks/NGOs to exercise influence on policymaking in relevant policy areas and make a difference on policy process. A survey showed that EU-level networks and NGOs were a source of useful and appropriate information, especially in informing on the conditions, needs and expectations of target groups and on the application of EU law in the MS.

148. (§ 300 - 2013/PAR/0399) The Parliament calls on the Commission to provide Commissioners who have been in office for less than two years with a transitional allowance for a period which does not exceed their term of office as a Commissioner.

Commission's response:

Emoluments of Commissioners are regulated by Council Regulation for which Commission has no power of initiative.

149. (§ 302 - 2013/PAR/0400) The Parliament calls on the Commission to launch an equal opportunities scheme designed to remedy this imbalance (lack of women in positions of responsibility at the Commission) as soon as possible, particularly at management level.

Commission's response:

Yes. Partially Implemented.

The Commission adopted in 2010 an equal opportunity strategy with clear targets for period 2010-2014 that have been reached or even exceeded.

The Commission is committed to reach a 40% female representation in management position by 2019 and will issue, in the course of 2015, a new strategy covering years 2015-2019.

Getting results from the Union budget

150. (§ 304 - 2013/PAR/0401) The Parliament requests that in order to reverse this incentive (focused first on the need to spend the Union money available) and to change towards a culture of good performance, an independent high-level working group (including academics) on the performance of the Union budget be convened in order to make recommendations to structurally shift the incentive from spending to good performance, based on an assessment of Union added value, while respecting compliance with the rules; is of the opinion that the findings of this high-level working group should be available in due time before the mid-term review of the current MFF and form the basis for the new MFF programming period.

Commission's response:

The Commission has initiated the setup of an Inter-Institutional Working Group on Performance Base-Budgeting to agree on a common understanding of the performance framework of the EU budget (please refer also to recommendation 2013/PAR/0255). Vice-President Kristalina Georgieva invited the European Parliament, the Council and the European Court of Auditors (Ref. Ares(2015)1855084 - 30/04/2015) to appoint members of the Working Group and provide comments on the proposed draft Terms of Reference elaborating on the scope, objectives and working methods. Inter-institutional discussions following this invitation are ongoing.

151. (§ 305 - 2013/PAR/0402) The Parliament reiterates its demand that the Directorates-General of the Commission define in their Management Plan a limited number of simple targets, meeting the Court of Auditors' requirements in terms of relevance, comparability and reliability and linked to the main goals of the Europe 2020 strategy that they report on their achievement in their annual activity report in a chapter entitled "Policy Achievements" and that the Commission adopts on that basis the evaluation report on the Union's finances as provided for in Article 318 TFEU.

Commission's response:

The 2013 and 2014 AARs of the Commission's Directorates-General reported on the 2013 and 2014 progress in achieving milestones and long-term targets defined in the 2013 and 2014 Management Plans of the Directorates-General on the basis of progress and performance indicators. The 2013 and 2014 AARs also included a summary of evaluations and performance audits carried out. The fourth (on the year 2013) and fifth (on the year 2014) editions of the evaluation report provided an overall assessment of the results and impacts of the EU financial programmes based on the performance information contained in the AARs.

152. (§ 306 - 2013/PAR/0403) The Parliament demands that the Commission includes in the next evaluation reports provided for in Article 318 TFEU an analysis of the efficiency, the effectiveness and the results achieved in terms of growth and jobs by the investment plan of EUR 315 billion announced by the President of the Commission, Jean-Claude Juncker, on 26 November 2014 in the plenary session of Parliament.

Commission's response:

The Commission proposal for a Regulation of the European Parliament and the Council on the European Fund for Strategic Investments (COM (2015)10 final) includes reporting and evaluation provisions, which foresee regular reporting to

the European Parliament, including outcomes and impacts of EIB financing, by the EIB and the European Commission.

153. (§ 307 - 2013/PAR/0404) The Parliament demands that in the next evaluation report provided for in Article 318 TFEU, the Commission includes an analysis made in cooperation with the European Investment Bank on the efficiency, the effectiveness and the results achieved by the Growth and Jobs plan of EUR 120 billion adopted by the European Council in its meeting of 28 and 29 June 2012.

Commission's response:

The evaluation report is reporting on the Growth and Jobs plan adopted by the European Council in June 2012 in as far as actions have been financed by the EU budget. For example, in the fourth edition of the evaluation report (on the year 2013) account has been given of the reprogramming of the Structural Funds/ Cohesion Fund, which was part of the Growth and Jobs plan. The fifth edition of the evaluation report (on the year 2014) includes information on the results achieved through the Project Bond Initiative, also part of the Growth and Jobs plan.

154. (§ 308 - 2013/PAR/0405) The Parliament insists that the internal organisation of the Commission, chaired by Jean-Claude Juncker, should take into consideration the fact that the Union growth and jobs strategy is not based on activities led by each individual DG but encompasses seven cross-cutting flagship initiatives which are implemented each time by several Directorates-General; insists that the coordination and cooperation therefore needed within the Commission should not create new forms of bureaucracy and red tape.

Commission's response:

The Commission's new working methods set out how the Commission is organised and ensure that work in the key areas of the Political Guidelines is co-ordinated across the Commission services.

155. (§ 309 - 2013/PAR/0406) The Parliament calls on the Commission to manage its budget in such a way that there are no thematic policy overlaps and duplications amongst its various DGs with similar or nearly identical competences.

Commission's response:

EU policies are managed and co-ordinated taking account of the cross cutting nature of the DGs activities. This co-ordination in the key areas of the Political Guidelines is ensured by the new working methods of the Commission.

156. (§ 311 - 2013/PAR/0407) The Parliament requests that the Commission submit a comprehensive report on its activities to Parliament's competent committee by September 2015 in order to encourage whistle-blowing by the wider public.

Commission's response:

The Commission rejects the request, which the Commission assumes refers to whistleblowing in the Member States in general, not only to cases affecting EU funds. As outlined below, the Commission does take action to encourage whistleblowing by the wider public but considers that a comprehensive report at this stage of implementation would be premature. Adequate protection of whistleblowers is important for detecting and preventing corruption, and the EU Anti-Corruption Report published in February 2014 covers whistleblowing in all EU Member States. The protection of whistleblowers is an important topic in the Commission's

bilateral discussions with Member States on the follow-up to the report. The Commission has organised an experience sharing workshop on whistleblowing on 2 July in The Netherlands, which brought together Member State experts to explore solutions to challenges identified in the EU Anti-Corruption Report. In addition, the Commission has funded research in this area, including an analysis by Transparency International on national legislation. The Horizon 2020 research programme supported with € 3 million the project DIGIWHIST – The Digital Whistleblower: Fiscal Transparency, Risk Assessment and Impact of Good Governance Policies Assessed. Following two conferences at the EP in June 2015, the Commission will continue to exchange views with Parliament on potential avenues at EU level for encouraging and protecting whistleblowers.

Tobacco smuggling

157. (§ 313 - 2013/PAR/0408) The Parliament recalls that Parliament asked in the resolution accompanying the 2012 Commission discharge for an assessment of the existing agreements with the four tobacco groups (Philip Morris International Corporation Inc. (PMI), Japan Tobacco International Corporation, British American Tobacco Corporation and Imperial Tobacco Corporation); notes that during the in camera hearing on this issue, the Commission committed to presenting, by May 2015, an assessment of the experiences made with respect to the agreement with PMI which expires soon.

Commission's response:

The Commission is working on the requested action. The Commission is currently assessing its experiences with the first decade of the 2004 Anti-Contraband and Anti-Counterfeit Agreement with Philip Morris International which is due to expire in July 2016. As contracting parties, Member States are being consulted and will also have to take a position on whether or not to renew the agreement and their feedback will feed into the assessment, which is being prepared.

As regards the anti-fraud agreements with other tobacco manufacturers, these are not due to expire till 2022 and 2030 respectively.

The Commission will keep the European Parliament informed of any relevant developments.

SR 11/2013 Getting the Gross National Income (GNI) data right: a more structured and better-focused approach would improve the effectiveness of the Commission's verification

158. (SR, Part I, § 1 - 2013/PAR/0409) The Parliament calls on the Commission to carry out a structured and formalised analysis that takes into consideration costs and benefits allowing it to plan and prioritise its verification on specific areas or compilation (sub-) processes; is of the opinion that such an analysis should consider the risks relating to the Member States' compilation of their national accounts and the relative size of the GNI components in the total economy; considers that this risk assessment should be based on all qualitative and quantitative information available in all departments of Eurostat and concentrate on the compilation procedures described in GNI inventories and recent GNI quality reports of Member States.

Commission's response:

Please see response to recommendation n°1 of the ECA's Special Report No 11/2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification.

159. (SR, Part I, § 2 - 2013/PAR/0410) The Parliament calls on the Commission to shorten the duration of its verification cycle in order to limit the use of general reservations; considers that such reservations should be limited to exceptional cases where there are significant risks that the Union's financial interests are not protected, for example when a Member State carries out a major revision during the verification cycle or at irregular intervals.

Commission's response:

Please see response to recommendations n°2 of the ECA's Special Report No 11/2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification, 2013/PAR/0270, 2013/PAR/0271

160. (SR, Part I, § 3 - 2013/PAR/0411) The Parliament calls on Eurostat to report clearly and in a timely manner to the GNI Committee on cases where the cost-benefit principle is considered to apply.

Commission's response:

Please see response to recommendation n°3 of the ECA's Special Report No 11/2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification.

161. (SR, Part I, § 5 - 2013/PAR/0412) The Parliament calls on the Commission to pay particular attention in its verifications to the exhaustiveness of Member States' GNI and the use of comparable estimation procedures to cover the underground economy in national accounts.

Commission's response:

Please see response to recommendation n° 5 of the ECA's Special Report No 11/2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification.

162. (SR, Part I, § 5 - 2013/PAR/0413) The Parliament calls on Eurostat to check whether the Commission's guidelines are followed by all Member States and to take appropriate actions to ensure a comparable treatment of this issue between Member States.

Commission's response:

Please see responses to recommendations n° 5 of the ECA's Special Report No 11/2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification, and 2013/PAR/0412.

163. (SR, Part I, § 6 - 2013/PAR/0414) The Parliament calls on the Commission to document its work including a complete set of information relating to Eurostat's verification carried out on the basis of desk checks and/or of visits in the national statistical institutes (NSIs); considers that Eurostat's control files should allow management to clearly identify the results of the checks carried out on the selected GNI components, in compliance with the internal control standards (ICS).

Commission's response:

Please see response to recommendation n° 6 of the ECA's Special Report No 11/2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification.

164. (SR, Part I, § 7 - 2013/PAR/0415) The Parliament calls on Eurostat to assess, where possible, the potential impact (for quantifiable observations) and/or the amount at risk (for non-quantifiable observations) of the action points, and set clear materiality criteria in order to set specific reservations; considers that these criteria should be either qualitative or quantitative; is of the opinion that as a general rule, reservations should be placed on specific GNI components relating to action points not addressed by the NSIs within the deadlines set and whose impact may be material.

Commission's response:

Please see response to recommendation n° 7 of the ECA's Special Report No 11/2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification. In October 2014 a quantitative criterion for materiality was adopted by the GNI Committee.

165. (SR, Part I, § 8 - 2013/PAR/0416) The Parliament calls on Eurostat to improve coordination between its department in charge of the verification of GNI for own resource purposes and its other departments, in particular those dealing with national accounts; considers that, where possible, actions undertaken by other Eurostat's departments may have an impact on the compilation of the gross domestic product (GDP) and/or GNI, the GNI Committee should be consulted and the final decision on these measures should be taken at an appropriate hierarchical level in Eurostat.

Commission's response:

Please see response to recommendation n° 8 of the ECA's Special Report No 11/2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification.

166. (SR, Part I, § 9 - 2013/PAR/0417) The Parliament calls on Eurostat to improve its assessment reports to provide a complete, transparent and consistent evaluation of the Member States' GNI data; considers that the annual opinions of the GNI Committee should include a clear assessment on whether Member States' GNI data are appropriate (or not) for own resource purposes, whether their contents comply with the requirements of Council Regulation (EC, Euratom) No 1287/2003 (GNI Regulation) and whether they are used appropriately in the budgetary procedure as provided for in Council Regulation (EC, Euratom) No 1150/2000 (the own resources' Regulation).

Commission's response:

Please see response to recommendation n° 9 of the ECA's Special Report No 11/2013 Getting the Gross National Income (GNI) data right A more structured and better-focussed approach would improve the effectiveness of the Commission's verification. . The Commission has always considered reporting to be adequate and compliant with the GNI Regulation and that the annual opinion of the GNI Committee is sufficient. The Court's recommendation on the annual opinion was put to the GNI Committee and taken into account in its opinion on the GNI OR data submitted in 2013. The Commission considers that the opinions of the GNI Committee have always been appropriately used for budgetary purposes.

167. (SR, Part I, § 10 - 2013/PAR/0418) The Parliament is of the opinion that the Annual Activity Reports (AARs) of DG Budget and Eurostat should provide a true and fair view of the verification of Member States' GNI data and of the management of GNI-based own resources; calls, therefore, on the Commission to establish requirements for Eurostat to report regularly on the results of its verification of GNI data, allowing DG Budget to draw the required assurance to be used in the context of its AARs.

Commission's response:

The improvement requested to the AARs was already inserted in the reports for 2012 and as the reply shows the Commission considers no changes need to be made concerning the use of GNI Committee opinions for own resource purposes.

Improvements in the Annual Activity Reports were made in 2013 and further improvements made in 2014.

In particular, the enhanced cooperation between DG Budget and Eurostat allowed making reference in the 2013 DG BUDG AAR to the controls performed by Eurostat.

In 2014 DG ESTAT revised the indicators by providing a clearer view on the legality and regularity indicators referring to the annual and multi-annual cycles of verification. In addition, their presentation has been improved by articulating them by input, output, outcome and impact. Furthermore, ESTAT developed an Internal Control template on GNI verifications which was included in DG BUDG AAR.

SR 13/2013 EU Development Assistance to Central Asia

168. (SR, Part II, § 18 - 2013/PAR/0419) The Parliament asks the Commission to concentrate all assistance provided on a small number of sectors.

Commission's response:

The requested action has been taken.

The Commission and the EEAS are already concentrating assistance for each country programme and the regional programmes under the DCI instrument. This is without prejudice to the specific nature of thematic instruments, which have been designed with specific objectives by the budgetary authority. These principles are applied for most programmes under the MIP 2007-2013 and integral part of the entire MIP 2014-2020 and related programmes.

169. (SR, Part II, § 21 - 2013/PAR/0420) The Parliament calls on the Commission to set up a system for calculating and reporting on the overall administrative cost involved in delivering its development assistance.

Commission's response:

The Commission will not be taking the requested action.

The reason for this is that the Commission and the EEAS consider that setting-up a new system for calculating and reporting on the overall administrative cost involved in delivering its development assistance is not necessary. Indeed, the Commission and the EEAS would refer to the existing ABB system, which already contains information about administrative costs. Any change to it should be tackled at an institutional level and agreed with the budgetary authority.

170. (SR, Part II, § 22 - 2013/PAR/0421) The Parliament requests that the Commission define and apply robust and objectively verifiable conditions for any continuing budget support programmes, in particular giving sufficient attention to support for anti corruption mechanisms.

Commission's response:

The requested action has been taken.

Its application took effect with the implementation of the 2012 Budget Support Guidelines which are valid for all ongoing and pipelined Budget Support operations. The creation of a dedicated team of professionals for Budget Support in various DEVCO Directorates guarantees the definition and application of objectively verifiable conditions for Budget Support programmes, while sufficient attention to support for anti-corruption mechanisms is given.

171. (SR, Part II, § 26 - 2013/PAR/0422) The Parliament calls for greater transparency in the allocation of funds by Union and Member States' embassies to support genuinely independent non-governmental partners so as to help them play an effective role in the development and consolidation of civil society.

Commission's response:

The requested action has been taken.

The EU Delegations follow the applicable rules and regulations as defined in the Financial Regulation and associated by laws. Publicity rules are clear, as are rules of transparency, equal treatment and non discrimination. The application of these rules is closely followed up and monitored.

172. (SR, Part II, § 27 - 2013/PAR/0423) The Parliament requests that the Commission improve the programme design and delivery in light of lessons learnt and changing circumstances.

Commission's response:

The requested action has been taken.

The Commission and the EEAS take into account experience to improve programme design and delivery on a continuing basis through the Quality Support Group reviews and on the basis of the feedback received from Monitoring and Evaluation results.

The request has been taken into account for both bilateral Annual Action Plan (AAP) 2013 projects and the Multiannual Indicative Programme (MIP) 2014-2020 currently under preparation.

173. (SR, Part II, § 28 - 2013/PAR/0424) The Parliament asks the Commission to report on results and impact in a way that allows comparison with plans and objectives.

Commission's response:

The Commission is taking the requested action.

The Commission and the EEAS are already devoting specific attention to the overall results and impact of development co-operation with more targeted and sustainable interventions, linked to the advancement of the policy dialogue and an effective transfer of relevant EU know-how and policy advice. However, the Commission and the EEAS consider that there is room for improvement and shall strive to enhance reporting on results and impact in the future, following the trend for the new DCI regulation.

The request will be taken into account for the Multiannual Indicative Programme 2014-2020 currently under preparation and its related programmes. A results framework with practical tools is currently being set up by DG DEVCO services. The state of completion of this request can be checked once the first programmes under the new MIP are being evaluated.

SR 15/2013 Has the Environment component of the LIFE programme been effective?

174. (SR, Part III, § 29 - 2013/PAR/0425) The Parliament stresses the need for the Commission to set clear, specific, measurable and achievable objectives for projects to be funded.

Commission's response:

This Recommendations is being implemented under the new LIFE Regulation as well as the first Multi-annual Work Programme (MAWP 2014-2017) which establishes specific

Project topics implementing the thematic priorities of the Programme. These project topics are setting clear, specific, measurable and achievable objectives for projects to be funded against which these projects will be assessed and evaluated in particular against their capacity to support EU environmental policies, to integrate environment into other policies and to lead to marketable solutions on the basis of their replication potential.

175. (SR, Part III, § 32 - 2013/PAR/0426) The Parliament calls on the Commission to set clear indicators assessing dissemination, sustainability and replication potential of assessed projects in order to achieve the programme's objectives.

Commission's response:

This Recommendations is being implemented under the new LIFE Regulation as well as the first Multi-annual Work Programme (MAWP 2014-2017) which foresee the establishment of performance indicators (Art. 3(3) of the LIFE Regulation), Programme indicators (MAWP/Art 24(2) (C) of the LIFE Regulation) based on project indicators reporting in particular on the of impact of projects on policies as well as on their replicability. The level of replicability of the environmental solutions funded under LIFE as well as the leverage towards the private sector will be an important element in assessing the impact and results of the new LIFE Programme for promoting environmental priorities of the Regulation. The Commission will report under the midterm review (2017) and final report (2020) to the budgetary authority about the efficiency of the LIFE Programme on the basis of these indicators.

176. (SR, Part III, § 33 - 2013/PAR/0427) The Parliament calls on the Commission to improve its programme management tools in order to avoid non-transparent selection procedures.

Commission's response:

Opportunity is being given to the Commission to improve the quality and the transparency of the selection process under the new LIFE Regulation. The eligibility criteria mentioned in the first Multi Annual Work Programme (MAWP) foresees specific and transparent criteria for assessing the innovative or demonstrative character as well as the replicability and transferability potential of each proposal. The content of the MAWP is binding for the forthcoming calls and has been translated into the application packages of the call as well as into the instructions for the external evaluators. In addition applicant are being requested to provide data concerning the performance of their project in terms of contribution to the improvement of the environment , replicability and dissemination potential as well as to continue to report their costs incurred on the basis of constantly updated standard templates.

SR 16/2013 Taking stock of 'single audit' and the Commission's reliance on the work of national audit authorities in cohesion

177. (SR, Part IV, § 43 - 2013/PAR/0428) The Parliament calls on the Court of Auditors and the Commission to develop an audit instrument which, on the one hand, records annually errors and irregularities while, on the other hand, also takes into consideration financial correction during the programming period.

Commission's response:

Under shared management, reporting on irregularities and errors is the responsibility of the Member States.

As regards irregularities, according to Article 122 of Reg. 1303/2013, Member States shall prevent, detect and correct irregularities and shall recover amounts unduly paid, together with any interest on late payments. They shall notify the Commission of irregularities that exceed EUR 10 000 in contribution from the Funds and shall keep it informed of significant progress in related administrative and legal proceedings. OLAF receives the irregularities reported by Member States on behalf of the Commission via the Irregularity Management System.

As regards errors, the annual control report will contain a section dedicated to audit of operations with an analysis of the principal results of the audits of operations, describing the number of sample items audited, the respective amount and types of error by operation, the nature of errors found.

Concerning the way to take into consideration financial correction during the programming period, the Commission has a methodology already available: since AAR 2011, the Directorates-General in charge of cohesion policy calculate a cumulative residual risk (CRR) for each programme, an indicator to assess whether the programme financial risk is manageable on a cumulative basis from the beginning of implementation. For operational programmes with validated error rates between 2% and 5%, a reservation is made if the calculated CRR is above the materiality threshold of 2%. The CRR is therefore a criterion for additional reservations compared to the situation before AAR 2011, to follow-up a 2010 Court observation to address the situation of programmes with an error rate between 2% and 5%. The CRR is the best estimate of the residual risk taking account of the corrective capacity of the programme over the period. It is calculated by for each programme by multiplying the validated error rates (or alternatively flat rates set by the Commission) by amounts paid for each year and by deducting the amounts of financial corrections formally reported by certifying authorities by 31 March each year, adjusted in some cases. For 2014-2020, the residual risk will be calculated annually in relation to the programme accounts.

In the area of agriculture, each paying agency shall keep accounts enabling all the operations for each programme and each measure to be identified, including the amounts to be recovered from beneficiaries for irregularities or negligence found (Reg. 908/2014). According to Article 48(3) of Reg. 1306/2013), Member States shall make available to the Commission information about irregularities and suspected fraud cases detected, as well as information about the steps taken pursuant to recover undue payments in connection with those irregularities and frauds. The reporting on irregularities is subject to annual financial clearance of accounts.

178. *(SR, Part IV, § 44 - 2013/PAR/0429)* The Parliament requests a copy of this document (updated roadmap for the implementation and monitoring of the correct implementation of the ‘single audit’ principle).

Commission's response:

The Commission agrees with the request and will provide a copy of the updated roadmap.

SR 17/2013 EU Climate Finance in the context of External Aid

179. (SR, Part V, § 49 - 2013/PAR/0430) The Parliament reiterates Parliament's position, of which the Court of Auditors took note in its special report, which insists that climate finance should be additional to the 0,7 % target.

Commission's response:

The Commission takes note of the Parliament's position. Referring to the findings of the Court of Auditors' special report and the need to use all EU funds effectively in addressing the three pillars of sustainable development in an integrated manner, the Commission reiterates its position that financing from all sources should be used in a way that allows reaching the multiple global policy objectives, including poverty eradication and fighting climate change, with the same resources and sometimes through the same programmes. In line with the existing definition of Official Development Assistance (ODA), significant part of public climate finance corresponds to the definition of ODA reflecting its concessional character and contribution to sustainable development. In light of the situation with regard to the lack of agreed definitions, as also described in the aforementioned report of the Court of Auditors, the EU will continue to participate actively in the international discussions on climate finance, including possible agreements on defining climate finance that currently evolve into the direction of 'co-benefits'.

180. (SR, Part V, § 53 - 2013/PAR/0431) The Parliament urges further improvements in reporting on the impact and results of development aid.

Commission's response:

The requested action has been taken.

The EU International Cooperation and Development Results Framework was launched with the Staff Working Document SWD(2015) 80, March 2015. The results framework is a tool to measure results achieved against strategic development objectives and will provide information on aggregated results of EU assistance, including in the areas of Natural Resources and Climate Change. The first results report is expected by the end of 2015.

181. (SR, Part V, § 54 - 2013/PAR/0432) The Parliament calls for more earmarking of funds to specific sectors, including climate finance when channelled via Budget Support, and more transparency over the use of funds overall.

Commission's response:

The requested action has been taken.

Budget Support must be accounted for in a transparent way as government resources and included in the budget of the beneficiary country. The Commission looks at the allocation of overall resources and the execution of the expenditures to ensure that these reflect the priorities agreed with the partner country. As it is stated in the new budget support policy, "the Commission will strengthen policy dialogue to ensure that major reforms are discussed and fully resourced", objectives are identified and results assessed. These are significant efforts that the Commission is making to make sure that European taxpayers' money is properly recorded in the budget accounts of the beneficiary country and contributes to achieving sustainable development results and poverty reduction. Budget support requires beneficiary countries to fulfill strict conditions to ensure positive reforms.

The notion of “traceability” amounts to the earmarking of donor resources for specific expenditure items, which can then be traced in budget execution reports. It is a sovereign decision to earmark revenue within a national budget and many countries prefer to follow the principle of single budgets. In addition, such an earmarking presupposes a sophisticated PFM system and advanced administrative capacities which few LICs possess.

182. (SR, Part V, § 56 - 2013/PAR/0433) The Parliament urges the Commission to step up its efforts in regards to working with development partners on anti-corruption issues.

Commission's response:

The requested action has been taken.

The Commission is already stepping up its efforts and strengthening programmes and capacity building to fight against corruption in partner countries. For the period 2014-2020, fight against corruption worldwide (together with public sector management and tax) will be supported by different EU geographic instruments (EDF, DCI and ENI) with a number of country and regional programmes as well as with budget support operations. In more detail, the Commission support to the fight against corruption through country-level external aid may entail the following:

- Support to the reform of public administration and to the management of public finances (in particular in the case of Budget Support to the partner country);*
- Support to the improvement of the business environment and customs reform;*
- Support to the fight against economic/financial crime (capacity-building for law enforcement and judicial authorities, as well as specialised bodies such as Anti-corruption Commissions) and to Justice and Security reforms (including police reform);*
- Support to civil society and the media as watchdogs, as well as Supreme Audit Institutions and Parliaments in exercising their oversight and control functions.*

Furthermore, the Commission developed specific toolkits and services for the EU staff in headquarters such as:

- The EC toolkit on 'Supporting anti-corruption reform in partner countries' (2011) introducing main concepts and practical tools on how to address, assess and monitor anti-corruption initiatives in development and cooperation programmes;*
- the EU funded the Anti-Corruption Helpdesk (since 2013), a knowledge service run by Transparency International that offers on-demand, fast turnaround research on corruption to the EU development practitioners and other stakeholders;*
- a training scheduled by end of 2015 on how to approach programming in the governance sector will be organized for officers in delegation, and will include a specific module on anti-corruption.*

183. (SR, Part V, § 57 - 2013/PAR/0434) The Parliament requests that the Commission propose a road map to the Council for the scaling-up of climate finance towards the Copenhagen Accord 2020 target, including a definition of private finance.

Commission's response:

The Commission takes this request for a Roadmap up in working groups with Member States regularly. Recently the topic was discussed on 25 February 2015 and 28 April 2015 in the ECC working group. For the latter meeting the Commission prepared a specific paper for the discussion on scaling up climate finance pre-2020 and on a respective roadmap. This discussion has shown that there is little support among MS to launch such a roadmap. The Commission proposes to close the action.

184. (SR, Part V, § 58 - 2013/PAR/0435) The Parliament requests that the Commission make an independent evaluation of the Global Climate Change Alliance, including an examination of why most Member States did not choose to co-finance it.

Commission's response:

The requested action has been taken.

The Commission received the final evaluation report of the Global Climate Change Alliance in April 2015. The report is available on the Capacity4Dev (CAP4DEV) website: <http://capacity4dev.ec.europa.eu/gcca-community/document/gcca-global-evaluation-report>.

185. (SR, Part V, § 59 - 2013/PAR/0436) The Parliament asks the Commission and the EEAS to report on the extent to which the target of spending 20 % of the Union budget and the EDF over 2014 to 2020 on climate related action is implemented in development aid, specifying what has been committed and disbursed.

Commission's response:

The requested action has been taken.

The Commission has put in place the necessary elements to ensure that the target of spending 20 % of the EU budget and the EDF on climate related actions is achieved by 2020. A basic system is already in place for reporting on commitments against the 20% target-based on the Rio Marker system. At present, the Commission tracks climate-related actions in all the instruments managed by DG DEVCO and DG NEAR, including the Development Cooperation Instrument (DCI), the European Development Fund (EDF), the European Neighbourhood Instrument (ENI) and the Instrument for Pre-accession (IPA). The vast majority of the climate relevant development assistance provided by the EU through the EU budget and the EDF is channelled through these instruments. Work is ongoing to extend this tracking to other relevant flows and instruments from other DGs and the EEAS as part of the efforts to improve the overall reporting to the OECD DAC CRS database. The 2014 Annual Report "The EU Budget" for the first contained a section that provides figures on climate relevant spending of DCI, ENPI and EDF for the 2007-2013 period. Up-dates have been provided with the report for 2015 and 2016. Gradual improvement will take place over the coming years, including steps to complement the reporting on commitments with disbursement data.

186. (SR, Part V, § 60 - 2013/PAR/0437) The Parliament calls on the Commission and Member States, in the framework of Regulation (EU) No 525/2013 of the European Parliament and of the Council (Monitoring Mechanism Regulation), to agree common standards for monitoring, reporting and verification, in particular with respect to the definition of 'new and additional', the application of the Rio Markers and reporting on the disbursement of climate finance.

Commission's response:

In order to improve the transparency and accountability of the EU's climate finance, the European Commission developed in consultation with Member States guidelines in the framework of the Monitoring Mechanism Regulation (MMR) in advance of the 2014 reporting. These included recommendations on format and definitions linked to e.g. financing source, financial instrument, core-general/ climate specific, Rio markers, private finance, level of detail etc. The guidelines were sent to Member States on 11 August 2014 and implemented in the 2014 reporting cycle.

187. (SR, Part V, § 61 - 2013/PAR/0438) The Parliament invites the Commission and Member States to intensify their cooperation to implement the EU Code of Conduct on Division of Labour in the field of climate finance, notably with respect to the exchange of information on allocations by countries, joint programming and preventing and combatting corruption in climate finance.

Commission's response:

The Commission has proposed that the Expert Group on Means of Implementation (EGI) under WPIEI Climate should have, as part of its agenda, discussions on EU coordination of climate and development support. However, this is seen as laying outside the mandate of the group. The Commission will therefore relaunch the technical expert sub-group on climate change and development as a forum for exchange of information and coordination of climate relevant development support. The technical expert group is scheduled to have its first meeting in 2015 before COP 21 in Paris.

SR 18/2013 The reliability of the results of the Member States' checks of the agricultural expenditure

188. (SR, Part VI, § 65 - 2013/PAR/0439) The Parliament reiterates that Parliament asked, in particular, that permanent pasture should be properly recorded in the land parcel identification system (LPIS) and that it should be informed by the Commission on a six months basis on progress made.

Commission's response:

The Commission believes that whilst there are some problems with "pocket areas" of permanent pasture, these are being addressed via appropriate action both at the level of DG AGRI (via financial corrections and monitoring) and the Member States concerned.

The Integrated Administration and Control System (IACS) in general and the LPIS in particular are subject to a continuous rolling out of audits in order to detect deficiencies. An ineffective LPIS is taken very seriously by the Commission and Member States are required to implement urgent changes which are closely monitored by the Commission via follow-up audits.

A broader interpretation of the definition for 'permanent pasture' by several Member States triggered some systemic ineligibility problems by counting non-herbaceous pastures as eligible for CAP support. This problem was identified by DG AGRI in its first audits in 2006/2007 and Member States were then requested to take remedial action in order to regularise the situation with regard to the correct recording in the LPIS. Furthermore, guidance was provided to the Member States on how to find a workable solution to record those areas in the LPIS for which a clean delineation of what is eligible land is not always straightforward. Follow-up financial corrections have been applied for the years in which this led to irregular payments. Member States/regions mainly concerned were Austria, Sweden, Scotland, Northern Ireland, Portugal, Spain, Italy, Greece. For most of these MS/regions, the situation has been remedied (though in Austria and Northern Ireland it has to be confirmed in audit missions). Problems persisted for Portugal but have been addressed via their now implemented action plan. For Spain, the remedial actions instigated have already improved the situation though not yet to a fully satisfactory standard and this is being pursued by DG AGRI. The same applies to Greece which has implemented a plan which was found to be unsatisfactory and is now being tackled by further remedial action by Greece. For France, the issue is linked to certain regions and is to be addressed in the action plan.

In all these cases the risk for the fund has been and will continue to be via the conformity clearance procedure and resulting net financial corrections.

Within the framework of the CAP reform, the definition of permanent pasture/grassland has been broadened to allow for the presence of other species than grasses and herbaceous forage that can be grazed.

In the same time, it must be considered that the updating of the LPIS to correctly take into account the pasture areas is a laborious exercise which takes time.

The Commission reports extensively in its Annual Activity Report on the progress, and considers there is no need for additional reporting.

189. (SR, Part VI, § 66 - 2013/PAR/0440) The Parliament asks the Commission (and the Member States) to take immediate remedial action when administrative and control systems, and/or IACS databases, are found to be deficient or out of date.

Commission's response:

When Commission services identify deficiencies in the quality of the on-the-spot checks, these weaknesses are systematically followed up through conformity clearance procedures which ensure that the risk to the EU budget is adequately covered. Whenever necessary and appropriate, Member States are required to set up action plans to remedy the deficiencies and ensure that they set up and maintain up-dated and effective management and control systems.

Guidance provided to the Member States in the field of on-the-spot checks have also been adapted at the end of 2014 to accommodate for the new features of the direct payments for 2014-2020.

Persistent weaknesses established during DG AGRI's audits led to action plans being initiated in seven Member States (UK (England), Spain, Greece, Bulgaria, Romania, Portugal and France). Most of these action plans have been finalised and were generally successful. For those cases where the situation is not handled satisfactory or for new cases, further action plans have been required by DG AGRI and established by the Member States concerned.

For France, Spain and England, remedial action plan established by the national authorities continue to be monitored by DG AGRI. For Portugal the action plan has been implemented. For Greece, although the situation had significantly improved, the action plan was found not to have been fully implemented according to the set milestones and deadlines which led the Commission to adopt an Implementing decision to reduce the claim year 2014 monthly payments for expenditure concerned by the deficiencies. For France, more specific information on the implementation of the action plan is included in the following table.

In all cases, for the years prior to the finalisation of the plan, the risk for the Fund has been covered via the application of net financial corrections and net recoveries. In some cases the financial correction are accompanied by retro-active recovery from farmers and crediting of these amounts by the Paying Agency to the EU budget. Moreover, actions in terms of reductions or suspension of payments are also possible in cases where the remedial actions are not implemented correctly.

190. (SR, Part VI, § 67 - 2013/PAR/0441) The Parliament urges the Commission (and the Member States) to ensure that payments are based on inspection results and that those inspections are of the necessary quality to determine eligible areas in a reliable and consistent manner.

Commission's response:

The Commission shares the view of the Parliament that the risk of ineligible land being not detected prior to the payments shall be kept under control. is the main point of concerns.

The weaknesses found in the quality of the Land Parcel Identification System and of the on-the-spot checks are followed up through conformity clearance procedures and net financial corrections, which ensure that the risk to the EU budget is adequately covered. They also trigger action plans by the Member States that the Commission monitors carefully. Failure to remedy in due time may lead to

suspension or reduction of the payments to the Member States. The AAR of DG AGRI contains detailed information on all the actions.

191. (SR, Part VI, § 68 - 2013/PAR/0442) The Parliament urges the Commission to ensure that the design and quality of the work performed by the paying agencies and the certification bodies provide a reliable basis for the assessment of the legality and regularity of underlying transactions; maintains that in order to achieve this, the Commission should work towards the goal of a single audit strategy for the CAP control system.

Commission's response:

As from financial year 2015, pursuant to Article 9 of the Council Regulation No 1306/2012 the certification bodies will provide their own opinion on the legality and regularity of underlying transactions. The new approach for the certification bodies is outlined in specific guidelines. If the underlying work is correctly carried out, the opinion of the Certification Bodies on legality and regularity will reinforce the overall assurance that can be obtained by DG AGRI on the effectiveness and reliability of Paying Agencies' control systems, including the error rates measuring the level of undue payments in the population. This will build upon the road towards a single audit strategy.

DG AGRI has provided detailed guidelines for certification bodies, as well as guidelines for the assurance work to be carried out by the directors of paying agencies.

Certification bodies have already started their new task of checking the legality and regularity of expenditure. In 2015, the certification bodies were invited to join DG AGRI auditors in their audit missions for training purposes so that they can witness first-hand the standards that the Commission applies during its inspection procedures. DG AGRI has also included in its audit strategy the future work of the certification bodies. Thus, in 2015 and future years, DG AGRI will also audit the work of the Certification Bodies to ascertain the extent to which their work can be relied upon.

192. (SR, Part VI, § 69 - 2013/PAR/0443) The Parliament calls for this new approach to extend to all CAP expenditure in DG AGRI's Annual Activity Reports in the new funding period.

Commission's response:

In 2012 DG AGRI adjusted its method to estimate a more comprehensive residual error rate (RER) by taking into account all available information (its own audit reports, those of the ECA and certification bodies). This assessment was carried out in respect of decoupled direct aids in the AAR of 2012 and extended, after further fine-tuning in the 2013 AAR, to all CAP expenditure.

193. (SR, Part VI, § 72 - 2013/PAR/0444) The Parliament calls on the Commission (and Member States) to focus on the cost-efficiency of controls as an area of importance, specifically by further developing the use of risk-based controls.

Commission's response:

Section 2.1.2 in DG AGRI AAR 2014 outlines the indicators used to monitor the efficiency of the control systems, including an overall assessment of the costs and benefits of controls (in the wider sense of the definition of control as set out in Article 2(R) of the Financial Regulation⁹³).

The costs at the level of the Member States related to control are estimated to be around 7.0% of the EU-funding. DG AGRI's information on Member State costs relates to the broad definition of "control" and encompasses the cost of management and control of the CAP funds. The total cost benefit ratio for the Member States' efficiency when detecting and correcting undue amounts prior to payments based on the information reported by Member States is 7.5 : 1.

When adding the Commission and the Member States cost of control, the total estimated cost for the management and control corresponds to 7.09% of the total expenditure.

The quantifiable benefits mainly relate to the corrections implemented by DG AGRI's audit work. Overall, the controls carried out by DG AGRI in relation with the management of the funds compared to the net financial corrections shows that the quantifiable benefits exceeded the costs in a proportion of 13 : 1, confirming the cost efficiency of these controls.

Pursuant to Art 32(5) of the Financial Regulation (R. 966/2012), the Commission shall continue to identify the weaknesses in the control systems, analyse the costs and benefits of possible corrective measures and shall take or propose appropriate action, such as simplification of the applicable provisions, improvement of the control systems and re-design of the programme or delivery systems. Given the limited available resources, DG AGRI will continue to carry out risk-based audits and thus focus on the area most prone to risks.

194. (SR, Part VI, § 73 - 2013/PAR/0445) The Parliament calls on the Commission to ensure in the area of rural development that uniform standards and procedures are being equally applied and observed.

Commission's response:

The Commission has systematically asked those Paying Agencies concerned by reservations to put in place action plans to remedy the shortcomings behind the reservations. In the area of rural development, 4 seminars have been already organised on the identification of cause roots of errors. The seminars are organised directly after a process of submission of action plans by Member States, with the main goal of taking stock of the overall situation, informing about new findings from audits, verifying and validating the achieved results and proposing reflection and good practices on certain topics.

Moreover, the new CAP legal framework gives more powers to the Commission to reduce or suspend payments in the area of agriculture when measures to correct deficiencies are not undertaken by the national authorities in a satisfactory or timely manner. For EAFRD, the interruption procedure is another new preventive instrument. In 2014, interruptions and suspension of EAFRD payments concerned 6 out of 92 RD programmes (for details see section 2.1.1.7.2 in DG AGRI AAR 2014).

In addition, the Commission discusses measures to improve the quality of administration and control systems with the Member States in meetings with the learning network, in DG AGRI's simplification working groups, the Farm Advisory System (FAS), annual screening of LPIS quality and also in the conferences with the Directors of the PAs.

Guidelines on On-the-spot checks have been presented to Member States (DSCG/2014/33 FINAL) in the joint sessions of the Funds Agricultural Committee and Rural Development Committee. Furthermore, specific guidelines for controls

and penalties under rural development measures is currently being discussed in the RDC, including comprehensive sections on On-the-spot checks for both area and animal related measures, as well as for investment measures.

195. (SR, Part VII, § 78 - 2013/PAR/0446) The Parliament calls on the Commission and authorities in Member States, taking note of the negative impact of the financial crisis on the usage of transport systems, to pay more attention to the objectives, targets and indicators, in particular those in the project application forms, in order to identify potential risks and guard against any optimism bias in future projects and to avoid the kind of over-runs in time and cost mentioned in the special report.

Commission's response:

The Commission accepts the request and is taking the requested action.

The Commission underlines that the appraisal and adoption procedure for major projects for the 2014–20 programming period will allow for an early, upstream review of the projects by experts specialising in project management, CBA analysis and technical/ engineering issues. The Commission is preparing delegated and implementing acts that will define various quality elements that need to be respected by all major projects. In addition, CBA guidance was issued in 2014 that includes practical recommendations for specific sectors and case studies to allow the beneficiaries to orientate their projects towards the best EU added value.

All the projects subject to the approval of the Commission have to go through a quality review, which will be carried out on the basis of a set of criteria, either by the Commission or by independent experts (Jaspers paid from the technical assistance of the Commission or other entities nominated by Member States and agreed by the Commission).

The new cohesion policy framework is geared towards result orientation, and this also has an impact on the way major projects are appraised by the Commission. In the application form (which will be issued in the form of a Commission implementing act), there will be a separate section where the projects need to present expected contributions to results and output indicators in the priority axis.

The Commission will propose, in the delegated act for quality review, conditions that Member States have to fulfil and confirm in the quality review report. This also includes feasibility and reliability of the demand analysis, justifying the need for the project and the overall capacity of the project facilities.

In line with the regulatory framework for the new programming period, all projects will include, where relevant, common output indicators. Result indicators will be agreed during the negotiation process of the programmes and will be set at the priority axis level, and then subsequently monitored during the implementation period. However, the specific modalities of the evaluation and monitoring system, and in particular the contracting arrangements between the managing authorities and the operators, will be among the competences of the managing authority, as stated in Article 125(3)(c) of Regulation (EU) No 1303/2013. Where appropriate, the Commission will recommend that major projects have a minimum set of indicators and performance-based remuneration for the operator.

Where relevant to the project objectives, the Commission will recommend that project promoters carry out user satisfaction surveys.

Through the quality review of the projects the Commission will ensure that projects subject to its approval will clearly present their contribution to the result indicators for monitoring progress.

The utilisation rate is not part of the common indicators requested to be monitored by Member States. However, the Commission will insist during the negotiations on the programmes on the inclusion, where relevant, of ‘utilisation rate of public transport’ in the operational programmes dealing with public transport and consequently in their monitoring system done by Member States.

The Commission agrees with the Court that monitoring of the contribution of projects is essential for verifying the correct implementation of the programme. The managing authorities need to undertake evaluation (in line with evaluation plans) of the impact of the EU-funded projects on the achievement of targets of the priority axis, but not in the grant agreement. Subsequently, the results achieved will be included and assessed in the annual and final implementation reports due to be submitted by Member States for each operational programme, when these elements are included as result indicators for the operational programme.

The Commission will ensure through the quality review of the proposals that the main alternatives have been analysed and the best option was selected for the implementation, including justification of the option chosen.

It will also ensure that the demand analysis (or business plan in case of productive investment), was based on reliable estimates and in line with the main demographic trends and developments in the respective sector to justify the need for the project and the overall capacity of the project facilities.

All major projects will have to demonstrate their contribution to objectives set at programme level to promote sustainable multimodal urban mobility as set out in Article 5(4)(e) of Regulation (EU) No 1301/2013 (the ERDF regulation) and Article 4(a)(v) of Regulation (EU) No 1300/2013 (the Cohesion Fund regulation).

The Commission agrees that these aspects should be addressed by the managing authorities and will promote this practice.

196. (SR, Part VII, § 79 - 2013/PAR/0447) The Parliament urges the Commission to perform more thorough cost-benefit analyses of indicative budgets of urban transport projects and to share best practices with the Member States, as well as encourage such exchanges among them, thus supporting authorities in successfully developing projects that are not subject to the Commission's approval.

Commission's response:

See reply to 2013/PAR/0446

197. (SR, Part VII, § 80 - 2013/PAR/0448) The Parliament insists that the Commission encourages the use of Jaspers (Joint Assistance to Support Projects in European Regions) by Member States and that it fully exploits its potential for assisting in the development and assessment of the quality of urban transport projects financed by ESI funds.

Commission's response:

The use of JASPERS in the preparation of major projects and in the assessment of the applications for financing is substantially developed under the 2014-2020 programming period. As part of the new decision procedure under Article 102(1) of Regulation (EU) No 1303/2013, Member States will use JASPERS as the “independent expert” to appraise major projects before the applications are sent to the Commission. Although Member States may use other independent experts for this purpose, the Commission always recommended Member States to call for JASPERS, considering its expertise and experience, and also taking into account

the requirements applicable to independent experts set out in Article 22 of Commission Delegated Regulation (EU) No 480/2014.

See also reply to 2013/PAR/0446.

198. (SR, Part VII, § 83 - 2013/PAR/0449) The Parliament asks the Commission to quickly adopt the relevant implementing and delegated acts in order to prevent potential delays, recognising that transport projects usually require considerable time for elaboration and implementation.

Commission's response:

The legislative package relating to major projects 2014-2020 has been fully adopted:

- *The Delegated regulation No 480/2014 on provisions supplementing Part Two, Three and Four of CPR was adopted on 3 March 2014.*
- *The Implementing regulation No 1011/2014 on the format for the notification of major projects was adopted on 22 September 2014.*
- *The implementing regulation No 2015/207 on the application form for major projects and on the methodology for carrying out the cost-benefit was adopted on 20 January 2015.*

See also reply to 2013/PAR/0446.

199. (SR, Part VII, § 84 - 2013/PAR/0450) The Parliament insists that the elements set out in the Annex to the abovementioned Commission communication of 17 December 2013 be implemented, including:

- (a) comprehensive status analysis and baseline through an “urban mobility performance audit”, against which future performance can be measured;
- (b) the identification of “hotspots” within the urban areas where performance of the present transport system is particularly poor;
- (c) suitable performance indicators which can then be properly monitored;
- (d) specific performance objectives which are realistically ambitious with regard to the objectives of a SUMP;
- (e) measurable targets, based on a realistic assessment of the baseline and available resources, to reflect the specific SUMP objectives.

Commission's response:

The Commission accepts the request. The Commission will:

- *Improve the dissemination and uptake of urban logistics best practice (2015);*
- *Prepare, with experts, guidance documents that provide practical assistance on how to improve urban logistics performance, e.g. by developing delivery and servicing plans, city logistics in access regulation schemes etc. (2015-2016);*
- *Facilitate procurement of clean vehicles used for urban logistics by reviewing the scope of the Clean Vehicle Portal (2015-2016).*

The proposed approach is set out in detail in the accompanying Commission Staff Working Document “A call to action on urban logistics”([http://ec.europa.eu/transport/themes/urban/doc/ump/swd\(2013\)524-communication.pdf](http://ec.europa.eu/transport/themes/urban/doc/ump/swd(2013)524-communication.pdf))

The Member States are invited to use Cohesion policy support for the development and implementation of sustainable urban mobility plans as outlined in Annex I of COM (2013) 913.

([http://ec.europa.eu/transport/themes/urban/doc/ump/com\(2013\)913_en.pdf](http://ec.europa.eu/transport/themes/urban/doc/ump/com(2013)913_en.pdf))

200. (SR, Part VII, § 85 - 2013/PAR/0451) The Parliament insists that the Commission includes in the implementing and delegated acts relating to these kinds of projects (urban transport projects listed in Regulation (EU) No 1301/2013) more appropriate indicators taking into consideration the indicators recommended by the Court of Auditors.

Commission's response:

For the 2014-2020 programming period the Commission requires Member States to include specific information on the utilisation rate of the projects co-financed. Annex II to Commission Implementing Regulation (EU) No 2015/207 (application for financing of major projects) requires Member States to explain under Section B.4.4 "what measures have been planned / taken by the beneficiary to ensure optimal utilisation of the infrastructure in the operation phase". Also, detailed questions were added on how the Member States have carried out the demand analysis (Section D.1), including the methodology for projections, the assumptions and baselines, network effects, etc. Moreover, Annex III to the same Regulation ("methodology for carrying out the cost-benefit analysis") includes a Table on risk assessment per sector (Section 2.4) that Member States are required to use. In particular concerning projects in the transport sector, Member States should take account of the risk that "traffic forecasts [may be] different than predicted".

Through the quality review of the projects the Commission will ensure that projects subject to its approval will clearly present their contribution to the result indicators for monitoring progress.

The utilisation rate is not part of the common indicators requested to be monitored by Member States. However, the Commission will insist during the negotiations on the programmes on the inclusion, where relevant, of 'utilisation rate of public transport' in the operational programmes dealing with public transport and consequently in their monitoring system done by Member States.

The Commission agrees with the Court that monitoring of contribution of projects is essential for verifying the correct implementation of the programme. The managing authorities need to undertake evaluation (in line with evaluation plans) of the impact of the EU-funded projects on the achievement of targets of the priority axis, but not in the grant agreement. Subsequently, the results achieved will be included and assessed in the annual and final implementation reports due to be submitted by Member States for each operational programme, when these elements are included as result indicators for the operational programme.

SR 2/2014 Are Preferential Trade Arrangements appropriately managed?

201. (SR, Part VIII, § 90 - 2013/PAR/0452) The Parliament insists that before signing any new agreement, the underlying SIA study should be finalised and made public.

Commission's response:

The Commission has already taken action. All SIA related inception, interim and final reports are made public, both in their draft and final forms. In fact, transparency is key in the conduct of an SIA and constitutes one of the main pillars on which SIAs rest.

202. (SR, Part VIII, § 92 - 2013/PAR/0453) The Parliament would like to be informed of measures taken by the Commission on the basis of the recommendations and observations by Parliament and the Court of Auditors by October 2015.

Commission's response:

The Commission would like to reaffirm its commitment to adequately address the Court's recommendations and that doing better and more will contribute to successfully achieve the ambitious trade agenda.

203. (SR, Part VIII, § 93(a) - 2013/PAR/0454) The Parliament is of the opinion that in order to improve the assessment of the economic effects of PTAs, the Commission should carry out an impact assessment (IA) and a SIA for each PTA, providing an in depth, comprehensive and quantified analysis of the expected economic effects, including an accurate estimate of revenue foregone.

Commission's response:

Although impact assessments (IAs) and sustainability impact assessments (SIAs) are not carried out for each trade agreement, the Commission would like to point out that they are conducted for all significant trade agreements.

204. (SR, Part VIII, § 93(b) - 2013/PAR/0455) The Parliament is of the opinion that in order to improve the assessment of the economic effects of PTAs, the Commission should involve Eurostat routinely in the quality assessment of the statistical data sources used in SIAs and ensure the timeliness of the analysis carried out for negotiators.

Commission's response:

The Commission has already taken action. Eurostat is routinely invited to be a member of the steering groups monitoring IAs and SIAs and since 2014 is actively participating in them. Furthermore, The Commission has taken steps to intensify cooperation on the quality of statistical data sources. In this respect, a memorandum of understanding between Eurostat and DG Trade in the area of statistics was concluded in August 2014.

To ensure the timeliness of the analysis, the commitment to launch SIAs no more than 6 months after the adoption of the negotiating directives, which is already applied in practice, will also be spelled out in the revised SIA Handbook.

205. (SR, Part VIII, § 93(c) - 2013/PAR/0456) The Parliament is of the opinion that in order to improve the assessment of the economic effects of PTAs, the Commission should carry out interim and ex post evaluations on all PTAs in order to assess the extent to which PTAs with a significant impact meet their policy objectives and how their performance can be improved in key sectors and including an estimate of revenue foregone.

Commission's response:

The Commission has already taken action. In line with its commitment to carry out ex post evaluations on a more systematic basis, over the last three years a number of ex post evaluations were carried out or are still ongoing. All evaluations planned for 2014 were launched and conducted in line with agreed methodologies, except for two ex post evaluations cancelled due to the political circumstances. Work is underway to launch an interim evaluation of the EU-Korea FTA in 2015.

206. (SR, Part VIII, § 94(a) - 2013/PAR/0457) The Parliament calls on the Commission, in order to improve the protection of the Union's financial interests, to create Union risk profiles on PTAs so that Member States have a common approach to risk analysis in order to reduce losses to the Union budget.

Commission's response:

The Commission created a total of 10 EU-wide risk profiles for certain sensitive products at importation. The risk profiles are included in the Common Customs Risk Management System. The Commission will continue creating risk profiles on PTA's to be implemented by EU Member States whenever a special risk related to origin is identified.

207. (SR, Part VIII, § 94(b) - 2013/PAR/0458) The Parliament calls on the Commission, in order to improve the protection of the Union's financial interests, to verify that Member States improve the effectiveness of their risk management systems and control strategy to reduce losses to the Union budget.

Commission's response:

In the course of its inspections in recent years the Commission has placed a special focus on the effectiveness of the Member States' risk management systems and control strategies. It has produced thematic reports on its inspections of customs control strategy(2009), local clearance(2011), Transit(2012), and Entry in the EU (2013) and has presented these reports to the Member States in the Advisory Committee on Own Resources, and in the Customs Policy Group. It will continue to verify that Member States improve the effectiveness of their risk management systems and control strategies.

208. (SR, Part VIII, § 94(c) - 2013/PAR/0459) The Parliament calls on the Commission, in order to improve the protection of the Union's financial interests, to encourage Member States to adopt appropriate precautionary measures upon receipt of a mutual assistance (MA) communication.

Commission's response:

The Commission (OLAF) will continue to encourage Member States to take all appropriate precautionary measures upon receipt of MA communications. This is done by including in the MA communications a specific reference to the need to take precautionary measures, where appropriate.

209. (SR, Part VIII, § 94(d) - 2013/PAR/0460) The Parliament calls on the Commission, in order to improve the protection of the Union's financial interests, to evaluate and carry out monitoring visits on a risk basis to countries benefiting from preferential treatment in particular regarding the rules of origin and cumulation.

Commission's response:

The Commission is taking action. An assessment will be included in the formal scoping exercises preceding new negotiations and a further detailed analysis /

assessment in the corresponding Sustainable Impact Assessments (SIAs). For on-going negotiations (not yet in force), when still possible, an evaluation will be included in the SIAs or ex post evaluations.

210. (SR, Part VIII, § 94(e) - 2013/PAR/0461) The Parliament calls on the Commission, in order to improve the protection of the Union's financial interests, to oblige the Member States to improve the quality of the information they provide concerning administrative cooperation.

Commission's response:

While under the current legal framework there is no obligation for the Member States to provide information on administrative cooperation, the Member States are providing that type of information on a voluntary basis and under Commission requests. In this line, the Commission asked Member States in May 2014 to provide details/statistics for the year 2012 in an improved new format which allowed a better sorting and evaluation of the data and will continue to do so. In addition, the Commission regularly – i.e. upon receipt of statistics from MS – evaluates the raw data in order to improve the quality of the information concerning administrative cooperation provided by the Member States.

211. (SR, Part VIII, § 94(f) - 2013/PAR/0462) The Parliament calls on the Commission, in order to improve the protection of the Union's financial interests, to improve the financial follow up of European Anti-Fraud Office (OLAF) investigations in order to prevent losses to the Union budget due to time barring.

Commission's response:

The recovery action following OLAF investigations in customs cases is the task of national authorities. The Commission systematically follows up all identified cases of Member States' financial liability resulting from delays in recovery procedures and will continue to do so. The amount of duty shown in the financial recommendation by OLAF is the amount recommended for recovery. The actual amount that can be recovered can only be definitively determined when followed up.

212. (SR, Part VIII, § 94(g) - 2013/PAR/0463) The Parliament calls on the Commission, in order to improve the protection of the Union's financial interests, to reinforce the Union's position in reciprocal PTAs and make more use of precautionary and safeguard measures including them in all future trade agreements.

Commission's response:

Since 2001, the Commission has proposed that all EU preferential trade regimes, whether autonomous or conventional, include the possibility of temporary withdrawal of preferences in the event of particular problems with the management of the preferences and/or other significant breaches of customs legislation or non cooperation. The Commission considers that these safeguards have proved to be sufficient and will continue to propose their inclusion in all future preferential trade arrangements.

At the end of 2013, the possibility of temporary withdrawal of preferences was already included in four autonomous arrangements (including GSP) covering almost 200 countries, and preferential agreements with more than 30 countries.

Currently the Commission is negotiating the inclusion of provisions for the temporary with-drawal of preferences in PTAs with a number of partners, such as

Japan, Vietnam and Morocco. It was also included in the recently concluded negotiations with Canada and Singapore.

The Commission will continue to propose the inclusion of the MAE clause in all future trade agreements where no self certification is agreed.

213. (SR, Part VIII, § 94(h) - 2013/PAR/0464) The Parliament calls on the Commission, in order to improve the protection of the Union's financial interests, to provide an overview of recoveries made over the period 2010 till 2014 without delay.

Commission's response:

The Commission follows up with the Member States the recovery of amounts of traditional own resources (TOR) which are found to be due arising from its own inspections or those found to be due by the Court of Auditors resulting from its audits. The recovery of TOR for the period 2010 to 2014 arising from the findings of the Court in its audit of Preferential Trade Arrangements amounts to €1,019,844.26 (This amount is the net amount following the deduction of 25% for collection charges). Of this amount €1,019,040.26 was recovered from the UK and €804.00 from France. An amount of €968,653.48 in interest was also recovered from the UK. The follow-up of the ECA audit has not been completed yet, but no major changes to the figures indicated are expected. There could be additional recoveries made directly by Member States resulting from their own controls as they are ultimately responsible for the recovery of traditional own resources.

214. (SR, Part VIII, § 94(i) - 2013/PAR/0465) The Parliament calls on the Commission, in order to improve the protection of the Union's financial interests, to inform Parliament of the results of the Compact initiative in Bangladesh.

Commission's response:

The Commission has been regularly debriefing the INTA Committee of the European Parliament and will continue to do so in the future. In response to the Rana Plaza tragedy, the EU – together with the Government of Bangladesh and the International Labour Organisation (ILO) – took action through a launched the Sustainability Compact for improving labour, health and safety conditions in the Bangladeshi garment factories to promote better labour rights and more responsible supply chain management in garment manufacturing in Bangladesh. The US also associated itself to the Compact soon after its launch.

The Commission published two technical reports in July 2014 and April 2015, for reviewing progress and outlining steps that still need to be taken in the Compact's implementation in the first and second years since ne years on from its the launch of the Compact which reviews progress made and outline steps that still need to be taken in its implementation. They will be used as a basis for discussions on the implementation of the Compact in a follow-up stocktaking exercise in 2014, to which key stakeholders will be invited.

SR 3/2014 Lessons from the European Commission's development of the second generation Schengen Information System (SIS II)

215. (SR, Part IX, § 97 - 2013/PAR/0466) The Parliament recommends the integration of every major IT project in the IT-governance procedure and to include not only experts from the Commission's Directorate-General for Informatics but also experts from other Directorates-General as well as external experts, in order to benefit better from internal expert knowledge.

Commission's response:

The newly created IT Board is reviewing all major IT projects. Chaired by the Secretariat-General, the members are representatives of Central Services and major operational Directorates-General at Director's level. However, the Commission cannot commit itself to the systematic use of external experts.

216. (SR, Part IX, § 98 - 2013/PAR/0467) The Parliament recommends that the Commission should benefit from the Member States' expertise right from the start of every major project and to set up a panel of experts consisting of representatives of the Member States in charge of the project; considers that the panel's mission and competencies of its members should be clearly defined.

Commission's response:

The Commission cannot commit itself to the systematic use of Member States' expertise for each major IT project but already uses the expertise on a case by case basis where appropriate. In the specific case of SIS II development, a SIS II Committee composed of Member States experts was created in January 2002 to provide technical expertise to the Commission and a SIS II Global Programme Management Board was settled by the Commission gathering eight Member States experts to enhance cooperation and provide direct Member States support to the central SIS II project.

217. (SR, Part IX, § 102 - 2013/PAR/0468) The Parliament recommends that the Commission should establish a realistic business plan and timetable for future IT projects, based on clearly defined requirements in form and content and a clear analysis of costs and time planning taking into account the risks and complexity of the project.

Commission's response:

Such detailed planning is already undertaken and a part of internal IT governance practice.

218. (SR, Part IX, § 104 - 2013/PAR/0469) The Parliament requests the highest possible transparency in future IT projects in terms of a continuous information cycle vis-à-vis Parliament's respective competent committee, especially when it comes to vital decisions triggering consecutive project's phases or unforeseen changes of costs, time planning or alternative solutions.

Commission's response:

The Commission cannot accept this additional reporting requirement. Moreover, it points out that the EP is already involved in underlying legislative acts as well as corresponding programs requiring the development of major IT systems.

SR 4/2014 Integration of EU water policy objectives with the CAP: a partial success

219. (SR, Part X, § 114 - 2013/PAR/0470) The Parliament calls on the Commission to propose to the Union legislator the necessary modifications to the current instruments (cross compliance and rural development).

Commission's response:

The Commission has proposed for the CAP post 2014 that the Water Framework Directive (WFD) as well as the Sustainable Use of pesticides Directive (SUD) will be part of cross-compliance when these directives will have been implemented in all Member States and the obligations directly applicable to farmers have been identified. The European Parliament and the Council have agreed to this approach and made a joint statement in this respect at the occasion of the adoption of the CAP reform.

In 2012, the European Water Directors (<https://circabc.europa.eu/w/browse/25d8b24a-c247-4275-9a56-9676a75a90f6>) took note of the recommendations from the Strategic Coordination Group and the Commission. Water Directors recognised that the list of basic measures proposed should be considered for inclusion in cross-compliance if a decision to add WFD provisions in cross compliance is reached in the European Parliament and the Council in the CAP discussions.

Pending this introduction into cross-compliance, co-legislators have also agreed that these two directives will be part of the compulsory scope of the Farm Advisory System so that all farmers concerned have access to the relevant advice. The main elements of EU water policy could therefore be included into the CAP in due course.

As for the rural development policy, the necessary tools and mechanisms are provided for the period 2014-2020 through the new Rural Development Regulation (RDR) – Regulation (EU) No 1305/2013 of the European Parliament and of the Council – and through related legislation.

Within the RDR (i.e. within the key legislation itself), ‘improving water management’ and ‘increasing efficiency in water use by agriculture’ are explicit elements of the ‘priorities’ against which Member States / regions must programme spending within their RDPs.

A range of measures is available to help fulfil these priorities – support for training, use of advice, investments, multi-annual land management practices and experimental development (including within the European Innovation Partnership for Agricultural Productivity and Sustainability).

Finally, it should be borne in mind that rural development policy must address a range of priorities and financial resources are limited.

220. (SR, Part X, § 116 - 2013/PAR/0471) The Parliament expects the Commission to propose appropriate mechanisms that can effectively exercise a strong positive influence on the quality of Member States’ WFD programming documents and avoid departing from the timeframe set by the WFD.

Commission's response:

The Commission considers that this request, which is based on the Court of Auditors' report, has been partially implemented as most of the mentioned mechanisms are in place and are being used.

On the basis of the Water Blueprint adopted in 2012, the Commission will continue the well regarded WFD Common Implementation Strategy (CIS) process that has produced around 30 guidance documents detailing how the WFD should be implemented. The mandate of the CIS working groups is firmly focussed on improving the quality of River Basin Management Plans (RBMPs) and improving the status of EU waters by delivering on the proposals listed in the Blueprint. The Commission has already provided updated guidance to the Member States on how to report for the 2nd RBMPs. A new CIS mandate for the period 2016-2018 should be agreed by December 2015.

The Commission has followed up on significant gaps in the measures needed to implement the WFD with Member States bilaterally with the aim to resolve the issues in time for the second RBMPs in December 2015. In this respect, the Commission has addressed new recommendations to Member States in the 4th WFD Implementation Report in March 2015. The Commission has launched pilot investigations and in some cases opened infringement procedures.

In 2016, Member States will report to the Commission their updated RBMPs. The Commission will assess them and, inter alia on that basis, will accomplish a review of the WFD and propose the necessary course of action by 2019 at the latest.

221. (SR, Part X, § 118 - 2013/PAR/0472) The Parliament calls on the Commission to strengthen its knowledge of the link between water quality/quantity and agricultural practices by improving its existing monitoring systems and by ensuring that they are at the very least capable of measuring the evolution of the pressures placed on water by agricultural practices.

Commission's response:

The Commission considers that this request is implemented.

For the new programming period 2014-2020, a new system for monitoring and evaluating the CAP as a whole against its objectives was introduced in Regulation 1306/2013. This system also contains information on quantity of water used and water quality. However, linking water quality and quantity with agricultural practices is very complex, given the wide variety of agricultural practices and agronomic circumstances across the EU. Therefore, the costs and administrative burden related to the monitoring and evaluation systems need to be carefully balanced against the benefits related to improved management and policy making.

For multi-annual programmes such as the Rural Development Programmes, certain results, such as impacts on water quality can only be properly assessed well into the programming period, and afterwards. Such effects can only be measured after sufficient time since implementation has passed.

Lessons learnt from the 2007-2013 CMEF showed that it was very difficult to set accurate targets for impact indicators such as water quality due to the numerous external factors involved. Guidance documents have been provided to Member States to support them in the measurement of these impact indicators which are expected in the ex-post evaluations.

As regards the result indicators, it is acknowledged that there were some difficulties in correctly recording data for result indicator regarding 'area under successful land management'.

Under the WFD, Member States have to identify significant pressures and report these in the RBMPs and into the WISE system. The Commission recognises that the level at which information was being reported was not useful for analysis and

so, through the WFD CIS process, changes to be made to reporting requirements have been discussed, that allow for better tracking of pressures and the degree to which measures being implemented are having effect.

SR 6/2014 Cohesion policy funds support to renewable energy generation — has it achieved good results?

222. (SR, Part XII, § 135 - 2013/PAR/0473) The Parliament invites the Commission to carry out an in-depth screening of the legislation and to correct existing inconsistencies (between the Union regulatory framework of RES and the European Regional Development Fund and the Cohesion Fund).

Commission's response:

The Commission will not be taking the requested action. The reason for this is that the Commission has not noted any inconsistencies between the EU legal framework on the promotion of renewable energy use and that of EU Cohesion Policy. EU Cohesion Policy supports the objectives of the Renewable Energy Directive, in particular by providing funding for renewable energy investments in Member States, thus helping them to achieve the overall EU legally binding target for 2020 of 20% for renewable energy and the binding national renewable energy targets laid down in Part B of Annex I of the Renewable Energy Directive. Support for renewable energy is among the investment priorities under Thematic Objective 4, Supporting the shift towards a low-carbon economy in all sectors, laid down in the European Regional Development Fund (ERDF) and Cohesion Fund (CF) regulations. The ex-ante conditionality 4.3 of the Common Provisions Regulation, applicable for ERDF and CF investments in production and distribution of energy derived from renewable sources and referring to relevant parts of the Renewable Energy Directive, ensures that the necessary prerequisites for effective and efficient use of the support are in place. The regulatory framework also requires that output and result indicators and corresponding targets are included in the operational programmes, including a common output indicator related to renewable energy production capacity, permitting the monitoring of the direct investment outputs. The programme monitoring committee shall meet at least once a year and shall review implementation of the programme and progress made towards achieving its objectives.

223. (SR, Part XII, § 138 - 2013/PAR/0474) The Parliament invites the Commission to carry out an up-to-date screening of regulatory and technical barriers at Member State level in order to allow better access for both small and large scale RES projects to the electricity grid.

Commission's response:

The requested action is already being taken on regular basis through the regular monitoring and analysis of administrative barriers to the RES development at Member State level. The results of these assessments are included in the Commission's biennial renewable energy progress reports. The requirement to improve RES electricity access to the grid is a legal requirement under the Renewable Energy Directive and the Commission is exercising its legal duty in obliging Member States to transpose and implement those rules adequately. The 2015 Renewable energy progress report under the Renewable Energy Directive provides an analysis of most recent progress achieved in this area, and it also includes the results of mid-term evaluation of the regulatory fitness of the Renewable Energy Directive. Noting the slow progress at Member State level in removal of such administrative barriers, the Commission intends to carry out a comprehensive study on the practical implementation of administrative procedures for renewable energy projects in Member States. Furthermore, the implementation and further development of Projects of Common Interest (PCIs)

are of key importance to the EU. Completing the Internal Energy Market will also enable us to integrate renewables in a more cost-effective way. In order to make the Internal Energy Market work seamlessly, the Commission, in cooperation with ENTSO-E is working on detailed rules (network code harmonisation) for European electricity connections, operations and markets in Europe. Common rules will allow creating a level playing field across Europe and will enable network operators, generators (including renewables), suppliers and consumers to operate more effectively in the market.

224. (SR, Part XII, § 141 - 2013/PAR/0475) The Parliament notes that the very detailed selection criteria of RES can become a way of excluding competitors and asks the Commission to reinforce guidance in that matter and to monitor carefully those cases.

Commission's response:

The Commission will not be taking the requested action. The reason for this is that, under the principle of shared management applying to Cohesion Policy, Member States' managing authorities, intermediate bodies and certifying authorities are in charge of managing the implementation of the operational programmes. As for the specific projects, Member States themselves are in charge of the selection. For the 2014–20 period, the Common Provisions Regulation provides that selection procedures and criteria need to ensure the contribution of operations to the achievement of the specific objectives and results of the relevant priority of the operational programme. More generally, all applicable requirements of public procurement legislation obviously need to be respected. The Commission's 2013 guidance for the design of renewables support schemes should be taken into consideration by Member States. The Guidelines on State aid for environmental protection and energy 2014-2020 also contribute to increasing the cost-effectiveness of Member States' support schemes for renewable energy. The Commission services will continue to further support programme implementation, including support for capacity building in the Member States where needed.

SR 8/2014 Has the Commission effectively managed the integration of coupled support into the single payment scheme?

225. (SR, Part XIV, § 162 - 2013/PAR/0476) The Parliament calls on the Commission to adequately supervise the calculation of payment entitlements of farmers by Member States, including respect for the ceilings available for allocating such entitlements.

Commission's response:

Within the reformed CAP, the following measures have been put in place to ensure the correct implementation of the rules by the Member States:

- *Notification requirements regarding Member States decisions on the implementation of the reformed direct payments system have been strengthened in the Commission Delegated Regulation 639/2014*
- *Among others, Member States have to notify to the European Commission, [via the ISAMM system], the modalities of calculation of payment entitlements (including, internal convergence);*
- *Based on the notifications, the European Commission has bilaterally highlighted to Member States possible risks of non-compliance with EU Regulations and has also provided further explanations and guidance regarding legal provisions (in some cases Member States have corrected the notified modalities to ensure coherence with the legislation);*
- *The European Commission has also provided guidance documents and interpretations of the legal provisions which are made available to all member States [via CircaBc], so as to maintain the consistency of the new system and to minimize risk of any possible errors in the implementation of the reformed direct payments system;*
- *In addition, at the request of certain Member States, the Commission services are visiting them or will be visiting them with a specific focus on the first allocation of payment entitlements. These visits are however not ex-ante audits but rather monitoring and assistance to Member States on how rules regarding payments entitlement are implemented in 2015.*
- *Besides, since 2014 a specific unit in DG AGRI of the European Commission is in particular dedicated to the implementation, support and monitoring of direct payments;*
- *Financial ceilings are fixed for each Member State and specific ceilings have been adopted by the European Commission for each measure; monitoring on whether the financial ceilings are respected is carried out by the unit responsible for financial management of the EAGF within DG AGRI.*

226. (SR, Part XIV, § 164 - 2013/PAR/0477) The Parliament calls on the Commission to improve timely supervision and to pay more attention to risks linked with entitlements.

Commission's response:

See reply to Recommendation 2013/PAR/0476

227. (SR, Part XIV, § 168 - 2013/PAR/0478) The Parliament asks the Commission to reassure Parliament and its Committee on Budgetary Control that the appropriate measures to achieve this objective (avoiding unjustified discrepancies in payment entitlement calculations in the different Member States and also the unequal

treatment of farmers, irrespective of any level of discretion the regulation may offer) are in place.

Commission's response:

The legislator in Regulation 1307/2013 provided significant discretion to Member States, including discretion regarding the allocation of payment entitlements with different modalities available for establishing the number of payment entitlements and their value. Accordingly out of 18 Member States implementing the basic payment scheme, 10 opted for a partial convergence towards the flat rate in 2019 and 7 of them decided to limit the extent of the reduction in the value of high-value entitlements due to internal convergence. The other (8) Member States decided to have a regional or national flat rate value of payment entitlements either from 2015 or by 2019 (by 2020 for Sweden).

In this context, the Commission has provided assistance to Member States at bilateral level (including visits to Member States) and by way of interpretations and guidance provided to all Member States via CircaBc and during the relevant committee or expert group meetings.

The CAP is implemented according to the shared management principle and it is for Member States to implement the relevant rules. Nevertheless, the Commission closely follows the implementation of the reformed direct payments system and provides assistance to Member States whenever necessary. In particular, at the request of certain Member States, the Commission services are visiting them or will be visiting them with a specific focus on the first allocation of payment entitlements. These visits are however not ex-ante audits but rather monitoring and assistance to Member States on how rules regarding payments entitlement are implemented in 2015. This comes on top of the fact that, since 2014 a specific unit in DG AGRI of the European Commission is in particular dedicated to the implementation, support and monitoring of direct payments.

SR 9/2014 Is the EU investment and promotion support to the wine sector well managed and are its results on the competitiveness of EU wines demonstrated?

228. (SR, Part XV, § 179 - 2013/PAR/0479) The Parliament invites the Commission to consider whether there is a need for extra financial tool for the wine sector compared to other agricultural sectors.

Commission's response:

In December 2013, the Council and Parliament have confirmed the utility of the wine reform by retaining its guiding principles in Regulation (EU) No 1308/2013 on the new common market organisation (CMO) for the period 2014–2020. They have thus demonstrated their willingness to allow the wine reform tools time to take full effect, while at the same time expanding the range of sub-measures of the aid programmes (new innovation measure, opening up of promotion to information actions targeted at the domestic market, extension of restructuring to replanting for plant-health reasons).

Nevertheless, in accordance with Article 110 of the horizontal Regulation (EU) No 1306/2013, the Commission will ensure that the combined impact of all CAP instruments is measured and assessed in relation to the common objectives of the CAP. This includes an evaluation of the coherence of the CAP instruments by 2018 (first results). In this context, the Commission will examine how to include an assessment of the added value of having an extra financial tool for the wine sector with respect to measures such as investments which are financed both under the wine CMO and rural development. It should be noted that information on the impact of a policy can only be obtained after a sufficiently long period of time has elapsed after its inception.

SR 10/2014 The effectiveness of European Fisheries Fund support for aquaculture

229. (SR, Part XVI, § 185 - 2013/PAR/0480) The Parliament urges the Commission to improve programme design in order to strengthen measures supporting aquaculture.

Commission's response:

The establishment of quantified targets, common indicators and milestones and procedures for monitoring and evaluation will improve programme design. In particular, the new monitoring system under the EMFF (European Maritime and Fisheries Fund) will be composed of 1) a database at Member State level (INFOSYS) in which information on each operation is stored; 2) a report sent to the Commission presenting key information in an aggregated form. This information should be cumulative in order to reflect the evolution of the implementation. This will be completed with the adoption of the Member States' EMFF operational programme although the Commission will have to monitor their actual implementation over the 2014-2020 programming period.

230. (SR, Part XVI, § 185 - 2013/PAR/0481) The Parliament calls on Commission to ensure better implementation (measures supporting aquaculture).

Commission's response:

During the adoption process of operational programmes, the Commission pays particular attention to the establishment of the performance framework and the setting of challenging but realistic milestones and targets for common output and result indicators. As regards the Union priority on the development of sustainable aquaculture, in line with the recommendations of the European Court of Auditors, the Commission puts emphasis on supporting economically viable operations. This is reflected in the formal observations sent by the Commission to the Member States during the bilateral negotiations. As an observer in the meetings of the EMFF Monitoring Committees in the Member States, the Commission will continue emphasising the importance of economic viability as a selection criteria for aquaculture operations. This will be completed with the adoption of the Member States' EMFF operational programme although the Commission will have to monitor their actual implementation over the 2014-2020 programming period.

231. (SR, Part XVI, § 187 - 2013/PAR/0482) The Parliament urges the Commission to re-shape its financial management and to change its approach from spending all available sources into concentrating on whether the spending is in line with the rules, whether it delivers value for money and whether it provides effective support to achieving main objectives.

Commission's response:

Implementation of that part of the EMFF (European Maritime and Fisheries Fund) under shared management focuses on results. Several measures have been put in place during the programming exercise (eg. ex-ante conditionalities, performance framework with common indicators with challenging but realistic targets) to ensure better performance of programme implementation in the Member States. The Commission will continuously monitor the fulfilment of ex-ante conditionalities and the achievement of milestones and targets of the indicators through the annual reporting obligation of Member States, knowing that (according to the Common Provisions Regulation), payments may be suspended if a Member State does not fulfill its reporting obligation.

232. (SR, Part XVI, § 188 - 2013/PAR/0483) The Parliament stresses that the Commission should support the Member States in doing so (address the poor selection of projects instead of granting funds to all projects and ensure that the selection procedure is subject to detailed evaluation rules that will assess the potential of the projects to deliver results and value for money) and that it should encourage follow-up monitoring on the project deliverables and should establish more complex post-project evaluation that would be used as lessons learned.

Commission's response:

The EMFF (European Maritime and Fisheries Fund) includes a number of new elements designed to help focus EMFF funding on those projects which best contribute to the sustainable development of aquaculture and provide value for money. These elements include:

- 1) reinforced monitoring system with annual reporting on the measures being financed;*
- 2) a more complete annual implementation report;*
- 3) reinforced result -orientation including the new performance framework, and*
- 4) ex ante conditionalities to ensure that measures to be financed under aquaculture are coherent with the multiannual national strategic plan on aquaculture.*

233. (SR, Part XVI, § 189 (a) - 2013/PAR/0484) The Parliament recommends to the Commission to (a) develop stronger means of pressure on the Member States to deliver reliable data, especially in the case when there are obvious discrepancies.

Commission's response:

In the EMFF (European Maritime and Fisheries Fund), the Member States have two main reporting obligations annually: 1) data provision at the level of operations in March each year (the so-called Infosys), and 2) the Annual Implementation Report (AIR) by the end of May each year. If the Member States do not comply with their reporting obligation as regards the AIR, payments of funds are to be suspended for the whole of the operational programme. As regards the Data Collection Framework, failures to provide full, reliable data in time and of required quality is included into the list of "cases of non-compliance with the CFP rules by the Member States", and such cases may trigger interruption of the payment deadline, suspension of payments and in the end when no other measure proved to be effective, a financial correction by the Commission. Furthermore, the ongoing revision of the Data Collection Framework will ensure the collection of even more relevant data for the monitoring of aquaculture development.

234. (SR, Part XVI, § 189 (b) - 2013/PAR/0485) The Parliament recommends to the Commission to (b) consider penalising Member States suspected of intentionally delivering incorrect data.

Commission's response:

Failure to provide full, reliable data in time and of required quality is included in the list of "cases of non-compliance with the CFP rules by the Member States", which may trigger interruption of the payment deadline, suspension of payments and in the end, when no other measure has proven effective, financial correction by the Commission.

Moreover, whether the non-fulfilment of the EMFF (European Maritime and Fisheries Fund) ex ante conditionality (EAC) on administrative capacity for data collection would give rise to significant prejudice, the Commission may suspend interim payments at the time of adoption of the operational programme. The suspension would target only the part of the interim payments which is related to the Union priority/(ies) affected by the non-fulfilled EAC for which there is significant prejudice. The Commission also has the possibility to suspend interim payments if by the end of 2016 an action plan for fulfilling an EAC agreed in the operational programme has not been carried out and that EAC remains unfulfilled.

This will be completed with the adoption of the Member States' EMFF operational programme although the Commission will have to monitor their actual implementation over the 2014-2020 programming period.

235. (SR, Part XVI, § 191 - 2013/PAR/0486) The Parliament calls on the Commission to ensure that the Member States clarify their own strategies and implement them in a manner that will complement the objectives of the EMFF.

Commission's response:

Following the adoption of the EU Strategic Guidelines on aquaculture on 29 April 2013 (COM(2013)229), Member States set up their multiannual national strategic plans for the promotion of sustainable aquaculture. The Commission is monitoring the implementation of these plans which include Member States' objectives and the measures to achieve them. In particular, this includes compliance with the ex ante conditionality on the multiannual national strategic plan on aquaculture, without which the Commission is not be able to approve the EMFF (European Maritime and Fisheries Fund) operational programme. The Commission is also carefully analysing the coherence between the measures of the operational programme and the measures announced in the multiannual national strategic plan for aquaculture. This will be completed with the adoption of the Member States' EMFF operational programme although the Commission will have to monitor their actual implementation over the 2014-2020 programming period.

236. (SR, Part XVI, § 191 - 2013/PAR/0487) The Parliament requests that the Commission oversees that the Member States bring extra effort into project evaluation and free themselves from lack of strategic thinking about projects.

Commission's response:

The adoption under the EMFF (European Maritime and Fisheries Fund) of multiannual national plans by the Member States will facilitate project submission for aquaculture development by setting up a supportive administrative framework within which to conceive, to get financial support and to implement projects (e.g. more project evaluation and strategic thinking about projects).

This will be completed with the adoption of the Member States' EMFF operational programme although the Commission will have to monitor their actual implementation over the 2014-2020 programming period.

237. (SR, Part XVI, § 192 - 2013/PAR/0488) The Parliament recommends that the funding of projects that have already commenced is reconsidered as it has no additional impact.

Commission's response:

Projects whose implementation has already started may be financed from the EMFF (European Maritime and Fisheries Fund) on condition that they fully fit into the strategic framework established by the EMFF operational programme (that should be in line with the Multiannual national strategic plan for aquaculture) and that they are formally selected by the Managing Authority. Projects that are physically completed or fully implemented at the moment of applying for funds, may not be selected for financing from the EMFF in accordance with Article 65(6) of the Common Provisions Regulation.

This will be completed with the adoption of the Member States' EMFF operational programme although the Commission will have to monitor their actual implementation over the 2014-2020 programming period.

SR 13/2014 EU support for rehabilitation following the earthquake in Haiti

238. (SR, Part XIX, § 220 - 2013/PAR/0489) The Parliament calls for a better articulation of the humanitarian aid and development aid with a stronger link between relief, rehabilitation and development by means of a permanent LRRD (linking of relief, rehabilitation and development) framework.

Commission's response:

The Commission is taking the requested action.

It is already implementing a LRRD strategy and will continue to do so in the framework of the resilience agenda. We are currently stepping up the integration of resilience-building into our programmes.

In order to improve coherence and in view of a gradual reduction of humanitarian aid, DEVCO and ECHO are developing a joint approach of integrating resilience in all activities (Joint Humanitarian Development Framework) so as to ensure a smooth eventual exiting of humanitarian aid. The Joint Humanitarian Development Framework is expected to be ready by the second semester 2015. This process is expected to lead to operational priorities for coordinated humanitarian and development interventions.

These measures are taken in addition to a donor-led Transition Appeal for Haiti 2015-2016 (UN chef de file), which DEVCO is following closely.

239. (SR, Part XIX, § 220 - 2013/PAR/0490) The Parliament calls furthermore on the Commission's services to improve the transition from short-term humanitarian activities to long-term development interventions and to develop a coherent coordination, not only among different Union actors but also with national priorities through a common strategy by means of a joint humanitarian and development framework.

Commission's response:

The Commission is taking the requested action.

It is already implementing a LRRD strategy and will continue to do so in the framework of the resilience agenda. We are currently stepping up the integration of resilience-building into our programmes. Collaboration between ECHO offices and the DEL in Haiti have been stepped up considerably since, and cooperation is ensured through daily contact.

In order to improve coherence and in view of a gradual reduction of humanitarian aid, DEVCO and ECHO are developing a joint approach of integrating resilience in all activities (Joint Humanitarian Development Framework) so as to ensure a smooth eventual exiting of humanitarian aid. This process involves consultation with the Haitian national authorities and EU member states, and is expected to be ready by the second semester 2015.

These measures are taken in addition to a donor-led Transition Appeal for Haiti 2015-2016 (UN chef de file), which DEVCO is following closely.

240. (SR, Part XIX, § 220 - 2013/PAR/0491) The Parliament invites the Commission to enter into a dialogue with Parliament if an effective coordination among the various financial instruments in humanitarian and development aid is hindered by the existing legal framework.

Commission's response:

The Commission takes note of this request and will inform the Parliament accordingly as necessary.

241. (SR, Part XIX, § 221 - 2013/PAR/0492) The Parliament reiterates its call for putting more emphasis on the fight against endemic corruption; points out that humanitarian aid should be based on an exit strategy and stresses that funds should be channelled through the Haitian institutions whenever possible, within the framework of the Cotonou Agreement, in order to ensure ownership and to support the strengthening of the national organs, including the Procurement Agency, which should act as a control filter; invites the Commission and the European External Action Service (EEAS) to emphasise the conditionality matrix for sectorial budget support.

Commission's response:

The Commission is taking the requested action.

In order to foster coherence between humanitarian and development aid, and in view of a gradual reduction of humanitarian aid, DEVCO and ECHO are developing a joint framework of integrating resilience in all activities (Joint Humanitarian Development Framework) so as to ensure a smooth eventual exiting of humanitarian aid. The Joint Humanitarian Development Framework is expected to be ready by the second semester 2015.

As mandated through the Cotonou Agreement, the EU provides support through and to the Government of the beneficiary country. The EU also supports the strengthening of the Haitian national institutions through the 112M€ State Building Contract (FED/2013/024614), using national structures and institutions to ensure ownership and capacity development. This programme's aims are increasing the financial capacity of the state in promoting tax reform; improving public finance management and national procurement; targeting priority spending to the implementation of the national policy in the field of primary education; and supporting the strengthening of the governance, through support to the Framework Programme of the State Reform (PCRE) and modernisation of the public service.

The fight against corruption and fraud is a key concern in the Commission's budget support. The Commission assesses the partner government's efforts to improve public financial management and fight corruption. A risk management framework is used to monitor risks and mitigating measures in a structured way, including on corruption and fraud. In the event of serious problems, or if there is no satisfactory progress, EU budget support is not disbursed. The combination of funding with targeted support for accountability (Parliament, CSOs etc) has created more transparency. The fact that the fight against corruption, was systematically discussed in the budget support dialogue has also pushed continued progress.

In the fight against corruption, the EU, jointly with other donors of budget support (ES, FR, WB, IDB), is exerting influence that results in concrete results in public finance management. For example, by including the adoption of a comprehensive Public Finance Management strategy as a precondition to any payment under the EU programme, the EU influenced the Haitian Government to adopt such strategy and action plan.

In addition, the EU thoroughly analyses and monitors adherence to the budget support eligibility criteria and only authorizes disbursements upon strict fulfilment of these criteria.

242. (SR, Part XIX, § 223 - 2013/PAR/0493) The Parliament calls for the definition of a good policy mix in the logic of the Union intervention through a comprehensive approach to state and non-state/non-governmental stakeholders and to the sectors support to be provided through rapid sectorial needs assessment and this, to the benefit of the viability, complementarity and sustainability of projects.

Commission's response:

The requested action has been taken.

In Haiti, budget support, complementary to capacity building activities, is an efficient implementation modality to leverage sensitive reforms. Nevertheless, the Commission attaches equal importance to supporting civil society organisations and local authorities and believes that both set of actors have a crucial role to play in the development of Haiti. The EU supports civil society and local actors in their work on human rights (500.000€ in 2015 through the EIDHR), advocacy, service provision and reconstruction activities (housing). The 11th EDF also includes an important allocation of 10 M€ for support to civil society.

In addition, a dialogue with civil society in the framework of the SBC is about to start and will further strengthen the capacity of civil society in Haiti.

243. (SR, Part XIX, § 225 - 2013/PAR/0494) The Parliament calls for a flexible approach in order to allow the Commission to adapt its measures and instruments for assistance adequately and rapidly to a crisis and post-crisis situation.

Commission's response:

The requested action has been taken.

The Commission is already implementing a LRRD strategy and will continue to do so in the framework of the resilience agenda. We are currently stepping up the integration of resilience-building into our programmes, in order to improve our response to a crisis and post-crisis situation. This resilience approach builds on flexibility of the different instruments in a coordinated way. In addition, the 11th EDF allows for ad hoc reviews of the programming should the situation in the country changes.

244. (SR, Part XIX, § 226 - 2013/PAR/0495) The Parliament calls on the Commission and the EEAS to inform Parliament about the developments in particular with regard to risk management and the preparedness to implement and achieve programme objectives in a post-disaster context.

Commission's response:

The Commission will duly inform Parliament on important new developments concerning risk management. The Commission believes that the implementation of an LRRD strategy will enhance risk management of cooperation programmes considerably. We are currently stepping up the integration of resilience-building into our programmes. In order to improve coherence between Humanitarian and Development programmes, and in view of a gradual reduction of humanitarian aid, DEVCO and ECHO are developing a joint framework of integrating resilience in all activities (Joint Humanitarian Development Framework) so as to ensure a smooth eventual exiting of humanitarian aid. The Joint Humanitarian

Development Framework will include an analysis of the most relevant risks and propose measures on how to respond and manage them. The Joint Humanitarian Development Framework is expected to be ready by the second semester 2015.

SR 15/2014 The External Borders Fund has fostered financial solidarity but requires better measurement of results and needs to provide further EU added value

245. (SR, Part XXI, § 240 - 2013/PAR/0496) The Parliament requests that the Commission examine whether it may be useful to divide the border controls and visas part of the ISF into several earmarked segments: one for solidarity, one for the fulfilment of consular cooperation, Frontex operations and emergency and specific actions, and one for actions that are particularly relevant from a national perspective.

Commission's response:

This recommendation has been implemented in the ISF borders and visa legal base. The ISF borders and Visa instrument is divided between the different components mentioned by the rapporteur. Under national programmes, the solidarity objective is translated into basic amounts which are allocated with a distribution key reflecting the workload in relation to external borders management. In addition to basic amounts, specific actions will finance purchase of equipment to be put at the disposal of Frontex for joint operations and consular cooperation projects. Finally under direct management, a specific funding component will be earmarked each year to finance actions linked to emergency situations.

246. (SR, Part XXI, § 243 - 2013/PAR/0497) The Parliament recommends the streamlining of the procurement procedures to ensure the timely implementation of the funding.

Commission's response:

The commission implemented the recommendation. The procurement procedures applied in Member States must comply with the procurement Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014. Under the External Borders Fund, which finances large purchase of equipment, the Commission pays great attention to the compliance of Member states procurement procedures with the Procurement directive. Therefore the Commission supports the streamlining of procurement procedures provided this is done in full compliance with the procurement directive.

247. (SR, Part XXI, § 244 - 2013/PAR/0498) The Parliament commends the Commission for having taken corrective financial measures in the case of a project that was found in breach of fundamental freedoms and human rights, but calls upon the Commission to identify, as far as possible, ex ante any possible risks in this regard, especially when it comes to the manner in which border controls are carried out in respect of the right to seek asylum.

Commission's response:

The Commission implemented the recommendation, financial corrections have been applied. The Commission is paying particular attention to compliance of Member States with the fundamental rights when implementing actions financed by the Fund in accordance with Article 3.4 of the Internal Security Fund Border and visa legal basis. If necessary, the Commission will follow-up on these issues with appropriate means in particular through the application of financial corrections.

248. (SR, Part XXI, § 245 - 2013/PAR/0499) The Parliament emphasises the need to improve the standard of data collection on the funded projects at a national level in order to increase the degree of transparency.

Commission's response:

This recommendation has been implemented in the ISF borders and visa legal base. The ISF Borders and Visa legal base provides for the set up of a common evaluation and monitoring framework, with common compulsory indicators for all Member States for which targets will have to be set in the national programmes. Data exchange between the Commission and Member States will be supported by an IT comprehensive system (SCF) also used for structural Funds management. Annual reporting on targets set in the national programme will therefore be facilitated under the ISF borders and Visa.

SR 16/2014 The effectiveness of blending regional investment facility grants with financial institution loans to support EU external policies

249. (SR, Part XXII, § 250 - 2013/PAR/0500) The Parliament demands, as a core constant principle, the avoidance of the risk of financial incentives outweighing development principles and demands the respect of sustainable development principles such as social and environmental standards and access to basic public goods.

Commission's response:

The requested action has been taken.

These aspects have been duly taken into account in the new application form and its accompanying guidelines.

250. (SR, Part XXII, § 251 - 2013/PAR/0501) The Parliament invites the Commission and the EEAS to continue a structured/strategic dialogue on, in particular, the issue of how transparency and accountability would be steadily ensured and enhanced.

Commission's response:

The requested action has been taken.

This has already been ensured by the work carried out by the Platform for Blending in External Cooperation (EUBEC) where the EU Member States participate (in the Policy Group meetings) together with the Commission and the EEAS. The European Parliament is always invited to these meetings. At multiple occasions blending has also been subject for discussion in the EP and the Council (notably in relation to the European Court of Auditors' Special Report 16/2014).

251. (SR, Part XXII, § 253 - 2013/PAR/0502) The Parliament demands, as a core principle, the concentration of Union funds on the projects which wouldn't be implemented without the Union money, such as projects with a low profitability, but which can result to an improvement of the social, environment, human rights fields.

Commission's response:

The requested action has been taken.

These aspects are assessed and duly taken into account in the new application form and its accompanying guidelines.

252. (SR, Part XXII, § 254 - 2013/PAR/0503) The Parliament demands, as a core principle, the monitoring and follow-up of the results and mid-term/long-term effects of the projects implemented on the social, environment, human rights fields.

Commission's response:

The Commission is taking the requested action.

The monitoring of the results is mainly carried out by the Lead Finance Institution. The EU Delegations also follow up the projects in their countries/regions under their responsibility. The annual progress reports produced by the Lead Finance Institution include reporting on results achieved so far. An evaluation on blending is currently being carried out where project results will be examined. The draft final report is expected by mid-2016.

253. (SR, Part XXII, § 255 - 2013/PAR/0504) The Parliament demands that the political role of the Commission, as a politically responsible body in this field, be strengthened.

Commission's response:

The requested action has been taken.

In the context of the Platform for Blending in External Cooperation (EUBEC), the new governance for the blending facilities has been endorsed by the EU Member States (MS). The latter are voting members of the boards of the blending frameworks created according to the different financing instruments (DCI, EDF, ENI and IPA). The EU MS formulate opinions on each individual operation proposed to be financed under the blending facilities. The creation of blending frameworks directly related to the financing instruments increases the policy leverage and the effective use of blending operations for policy dialogue. The financial institutions have been requested to systematically consult with the EU Delegations and the relevant authority at an early stage of the project preparation which should take the form of trilateral meetings.

The early consultation will be documented in the application form. The new governance also requires that the application form is supported by a letter from the Head of Delegation clearing the political/governance issues related to the project. In addition, for public sector projects, a letter from the relevant national/regional/local authority is required before the Commission contracts the project.

254. (SR, Part XXII, § 256 - 2013/PAR/0505) The Parliament demands the introduction of common standards of governance for such financial activities, as well as the definition of best practices and well-defined eligibility and evaluation criteria for the use of those financial tools.

Commission's response:

The Commission is taking the requested action.

The work carried out by the Platform for Blending in External Cooperation (EUBEC) - in which the Commission, the EEAS and the financial institutions participate - consisted of the creation of a harmonised governance for all the blending facilities as well as the elaboration and establishment of a new application form and accompanying guidelines. The application form and its guidelines include eligibility criteria as well as best practices for the preparation and implementation of projects. The Commission will soon adopt a manual on blending operations which will be used by the staff in EU delegations and at Headquarters. As regards evaluation (ex-post) on individual projects, this is first and foremost done by the Lead Financial Institution according to its own rules and procedures. However, specific monitoring criteria for blending projects are under preparation.

255. (SR, Part XXII, § 257 - 2013/PAR/0506) The Parliament calls on an enhanced involvement of Union Delegations in the decision process making in particular in the identification phase of projects through contributions to ex ante evaluation or impact assessment and more generally for ensuring the Union weight in the policy dialogue with partner countries and also as an interface with local civil society.

Commission's response:

The requested action has been taken.

The enhanced application form includes a reference to the consultation of the EU Delegation. The accompanying guidelines give recommendations to ensure a more frequent cooperation with EU Delegations at both the preparation and the implementation phases. Instructions have also been given to Financial Institutions to systematically consult and inform the EU Delegations when preparing projects. Project proposals have now to be supported by a letter of the Head of Delegation specifying the EU Delegation's involvement in blending from the start of the project. With the above measures taken, the objective is to get the EU Delegations involved in each step of the project cycle of the blended projects.

256. (SR, Part XXII, § 258 - 2013/PAR/0507) The Parliament insists on the necessity to achieve the highest level of transparency and accountability by accessing to exhaustive and sound budgetary information and financial data relating to projects funded by these investment facilities to allow Parliament power of scrutiny and consent.

Commission's response:

The Commission is taking the requested action.

Article 140 of the Financial Regulation requests the Commission to report to the European Parliament and to the Council on financial instruments. The first reporting exercise was undertaken and finalised in 2014. Furthermore, DG DEVCO is updating its website on blending under which dedicated pages for individual facilities will be set up. It will also include a project database with information on the funded projects.

257. (SR, Part XXII, § 258 - 2013/PAR/0508) The Parliament calls for regular reporting to Parliament on the use of these financial instruments and results, in particular on the assessment of the financial and non-financial leveraging and additionality while recalling complying with the provisions of Article 140 of the Financial Regulation.

Commission's response:

The requested action has been taken.

Article 140 of the Financial Regulation requests the Commission to report to the European Parliament and to the Council on financial instruments. The first reporting exercise was undertaken and finalised in 2014.

SR 19/2014 EU Pre-accession Assistance to Serbia

258. (SR, Part XXIV, § 273 - 2013/PAR/0509) The Parliament (invites the Serbian authorities to improve the quality of, and to further rationalise, their national strategies and action plans, and to adequately address the various political and socio-economic issues;) invites the Commission, if necessary, to make itself available to provide the required technical support in this regard.

Commission's response:

The Commission is of the opinion that this request is already addressed in the action plan for Recommendation § 80(a) of the European Court of Auditors' Special Report 19/2014 and considers it as implemented. In the lifetime of IPA I and for IPA II measures were included in line with the newly developed methodology and the move to a sectoral approach, which increases the links between policy priorities and assistance programming. The key policy priorities for programming are reflected in the new country strategy paper. Following the opening of accession negotiations, in each sector, programming is directly linked to priorities identified in the relevant chapters, first in the screening reports and subsequently in the opening or closing benchmarks, wherever applicable. The programming guide includes sector planning documents which are an obligatory tool for prioritisation in each sector and the EC stands ready to assist Serbia through its financial assistance to further strengthen its strategies and action plans.

259. (SR, Part XXIV, § 275 - 2013/PAR/0510) The Parliament urges the Commission and the Union Delegation in Serbia to prevent the problems which occurred in the first part of the 2007–2013 programming period, namely the selection of underdeveloped or problematic projects.

Commission's response:

The Commission is of the opinion that this request is already addressed in the action plan for Recommendation § 80(b), (c) and (d) of the European Court of Auditors' Special Report 19/2014 and will take action in order to take into account lessons learned from past projects, strengthen the needs assessment underlying the expected outputs and reinforce the principle of conditionality. The target date for implementation is 31/12/2015.

260. (SR, Part XXIV, § 278 - 2013/PAR/0511) The Parliament insists on the necessity to strengthen the current protection for whistle-blowers which is outlined in the 2013–2018 national anti-corruption strategy.

Commission's response:

The Commission is of the opinion that this request is already addressed and implemented. The whistle-blower protection law was adopted in December 2014 and entered into force in June 2015. The implementation of the law (e.g. effectiveness of whistle-blowing protection mechanism) is monitored closely and remains to be assessed on the ground.

261. (SR, Part XXIV, § 279 - 2013/PAR/0512) The Parliament demands that the Commission pay adequate attention to define the objectives, to assess the needs and to learn lessons from past projects, as well as to avoid delays and inefficient or ineffective procurement procedures.

Commission's response:

The Commission is of the opinion that this request is already addressed in the action plan for Recommendation § 80(b), (c) and (d) of the European Court of Auditors' Special Report 19/2014 and will take action in order to take into account lessons learned from past projects, strengthen the needs assessment underlying the expected outputs and reinforce the principle of conditionality. The target date for implementation is 31/12/2015.

SR 21/2014 EU-funded airport infrastructures: poor value for money

262. (SR, Part XXVI, § 291 - 2013/PAR/0513) The Parliament proposes that the Commission should report back to Parliament's Committee on Budgetary Control within a year from the adoption of this resolution with progress against these recommendations (SR 21/2014).

Commission's response:

The Commission agrees and will take the requested action.

263. (SR, Part XXVI, § 293 - 2013/PAR/0514) The Parliament recommends that funding only be granted to financially viable airports.

Commission's response:

The Commission accepts partially this recommendation. The Commission notes in fact that Member States may wish to maintain in function regional airports serving specific regional connectivity needs (for example, poorly connected regions or isolated or island areas).

264. (SR, Part XXVI, § 294 - 2013/PAR/0515) The Parliament recommends that the Commission examine all new projects in light of a catchment area analysis to ensure viability, taking into account in each case the importance of regional airports for accessibility and mobility in the Union.

Commission's response:

The Commission accepts The Commission accepts the recommendation and will examine all major projects under the quality review process. However, under the shared management and also taking into account the vast number of the projects, the selection of the other projects is the responsibility of the Member States and Commission is responsible for the monitoring on programme, not project level. The Commission agrees that regional airports play a vital role in ensuring the connectivity.

265. (SR, Part XXVI, § 295 - 2013/PAR/0516) The Parliament considers that the Commission should closely monitor, as a priority, Member States that the report identifies as having particularly problematic projects in the past.

Commission's response:

The Commission accepts the recommendation, but notes that problems identified in the past by the report have little chances of repeating in the period 2014-2020. Investments in airport infrastructure in the Member States where most problems were identified by the report will be very limited in 2014-2020 they will not include new greenfield airports or capacity expansion (except in limited and fully justified cases) and will focus mostly on SESAR (air traffic management systems).

Eighth, ninth and tenth European Development Funds

266. (EDF, § 12 - 2013/PAR/0517) The Parliament urges the Commission to intensify its efforts in these specific areas of cooperation by refining the existing corrective action plan which was set up, especially when quantifiable errors point to shortcomings in the checks by international organisations on compliance with contractual provisions as a part of the general effort to improve the risk management methods and overall controlling and management systems.

Commission's response:

The requested action has been taken.

The Commission (DG DEVCO) has already drafted a new Action Plan, that replaces the previous one, addressing the main areas for action in the light of identified risk areas and causes of errors. The plan includes specific actions aimed at coping with high risk control areas (International Organisations and Direct Management grants), general actions regarding the control system and actions regarding the modulation of the control system in view of the risks identified and the cost-effectiveness of controls.

267. (EDF, § 15 - 2013/PAR/0518) The Parliament calls on the Commission to pay regular attention to the quality and adequacy of the ex ante controls performed by all the actors (Commission staff and external auditors) before projects payments are made and especially given the high political and operational risk environment.

Commission's response:

The Commission is taking the requested action.

DG DEVCO is currently completing the work for the development and immediate implementation of a quality assessment of ex ante verifications. This quality assessment will be applied as well to internal audits in due time. Moreover, the new Action Plan (to address the weaknesses in the implementation of the control system) includes a specific action intended to reinforce the ex ante controls in case of insufficient assurance provided by the work carried out by auditors.

268. (EDF, § 18 - 2013/PAR/0519) The Parliament urges the Commission's Directorate-General for Development and Cooperation (DG DEVCO) to act upon the recommendation of the Court in 2011 to strengthen the capacity of its Internal Audit Capacity as soon as possible so that it could perform its tasks more effectively.

Commission's response:

The Commission will not be taking the requested action.

The reason for this is that the Commission endorsed the decision on 5 November 2014 to re-organise the internal audit function within the European Commission and Executive Agencies by centralising this task into the Internal Audit Service (IAS) as from 1 January 2015 onwards.

As a consequence, the internal audit activity within the DGs was gradually phased out and the IACs' core business files handed over to the IAS beginning of March 2015.

269. (EDF, § 21 - 2013/PAR/0520) The Parliament calls on the Commission to take the Post-2015 Development Agenda and the negotiations on the Sustainable Developments Goals (SDG) once adopted into account as a basis for the CoA performance audit.

Commission's response:

The Commission will not be taking the requested action since it does not apply to the 8th, 9th and 10th EDFs, which actually expired. Adoption of the post-2015 agenda is expected as of September 2015. Due consideration will be taken in the framework of the ongoing 11th EDF, entered into force only in March 2015.

270. (EDF, § 24 - 2013/PAR/0521) The Parliament urges the Commission to pursue its efforts to develop and set up new functions in the audit module of its CRIS management system, and in particular, the follow-up of all audit reports and all types of evaluation.

Commission's response:

The requested action has been taken.

Work has been actively pursued by DG DEVCO on the completion of the new IT audit tool replacing the current CRIS audit module and including important new functionalities. It is expected to be launched and to be fully operational by September 2015 at the latest.

271. (EDF, § 25 - 2013/PAR/0522) The Parliament invites DG DEVCO's Headquarters to consistently support them in the management of their portfolio according to respective risk components through CRIS.

Commission's response:

The Commission will not be taking the requested action.

The reason for this is that the recommendation cannot be accepted as its formulation does not meet the necessary (SMART) criteria for its acceptance by the Commission, for the following reasons: it is not specific enough as it does not clearly describe the types of actions recommended and it is also vague on the manner in which the recommendation should be implemented; it is not measurable as it does not allow to assess the situation at any time in terms of progress towards completion; it is not time-framed: there is no indication of time allowing to set an appropriate time-frame for the timely implantation of the recommendation. Unless further clarified, the Commission shall reject this recommendation.

272. (EDF, § 28 - 2013/PAR/0523) The Parliament calls on DG DEVCO to indicate in the annual activity report progress achieved or specific difficulties encountered in the implementation of the action plan.

Commission's response:

The requested action has been taken.

The follow-up of the reservations issued by DG DEVCO in the 2012 and 2013 Annual Activity Reports and the progress in the implementation of the related Action Plan to address weaknesses in its internal control system was reported in an adequate manner in the AAR for the year 2014 (section 3: "Assessment of the effectiveness of the internal control systems").

273. (EDF, § 36 - 2013/PAR/0524) The Parliament requests a strong support of anti-corruption mechanisms as corruption seems to be one of the key issues which reduces the effectiveness of the support programmes and thus leads to lack of effectiveness of European development cooperation.

Commission's response:

The requested action has been taken.

The fight against corruption and fraud is a key concern in the Commission's Budget Support. The Commission assesses the partner government's efforts to improve public financial management and fight corruption. A risk management framework is used to monitor risks and mitigating measures in a structured way, including on corruption and fraud. In the event of serious problems, or if there is no satisfactory progress, EU Budget Support is not disbursed. The combination of funding with targeted support for accountability (Parliament, CSOs...) has created more transparency. The fact that the fight against corruption, was systematically discussed in the Budget Support dialogue has also pushed continued progress.

274. (EDF, § 37 - 2013/PAR/0525) The Parliament calls for detailed reports to be published on the way funds are used in order to increase transparency and to ensure that the funds made available by the Union are more readily traceable.

Commission's response:

The requested action has been taken.

Union funds are being traced by the Commission. A formal verification of the transfer of funds in the partner country's treasury account takes place following disbursements. Subsequently, union funds can be traced in government accounts as part of revenues. The fungibility of funds refers to treasury management. Budget execution, however, is governed by the budget law. Budget allocations and execution are verified by the Union to ensure that they comply with the agreed policies and priorities, and are reported on in disbursement files. A risk management framework for Budget Support operations furthermore identifies, mitigates, and reports on public financial management risks. Periodic evaluations report on the financial contribution of EU Budget Support to results.

275. (EDF, § 39 - 2013/PAR/0526) The Parliament demands, as regards sectorial budget support, that the sectorial conditionality matrix be systematically used and reinforced and that adequate benchmarks for Union intervention be defined.

Commission's response:

The requested action has been taken.

The Commission's new guidelines on Budget Support issued in 2012 contain explicit instructions on conditionalities and performance indicators designed for Budget Support operations. These are verified through the control chain during the preparation of the operations as well as before each disbursement. Conditionalities and performance indicators, as well as the expected results, are systematically taken up in policy and political dialogue as well, as appropriate.

276. (EDF, § 41 - 2013/PAR/0527) The Parliament calls on the Commission to strongly support the development of parliamentary control and oversight bodies, competence and capabilities in beneficiary countries, also by continuously providing technical assistance.

Commission's response:

The requested action has been taken.

The approval of EU Budget Support programmes as well as disbursements are subject to eligibility, including in terms of "Public Finance Management (PFM)" and "transparency and oversight of the budget" (the latter for programmes approved in and after 2013). Both criteria support public audits of recipient countries' public finances and scrutiny by the national Parliament, as well as information to the public. Finally, the EU's risk management framework for Budget Support (BS) programmes assesses the external audit dimension within the PFM risk category (and has a separate category for corruption and fraud risks). Consequently, the EU finances systematically capacity development programmes supporting national legislative and oversight bodies. The fact that the oversight and domestic accountability is systematically covered in the Budget Support dialogue has also pushed continued progress. The Commission is working closely with the International Organisation of Supreme Audit Institutions (INTOSAI) and has recently decided the financing of the "Pan African programme on good financial governance" covering, inter alia, the African Organisation of Supreme Audit Institutions (AFROSAI) and AFROPAC.

277. (EDF, § 42 - 2013/PAR/0528) The Parliament calls on the Commission to block the transfer of funds in countries that have a high rate of corruption and that have not undertaken targeted policies to combat the phenomenon.

Commission's response:

The requested action has been taken.

The fight against corruption and fraud is a key concern in the Commission's Budget Support. The Commission assesses the partner government's efforts to improve public financial management and fight corruption. A risk management framework is used to monitor risks and mitigating measures in a structured way, including on corruption and fraud. In the event of serious problems, or if there is no satisfactory progress, EU Budget Support is not disbursed. When the Commission receives concrete evidence of corruption, the EC suspends funding until appropriate measures have been taken. The combination of funding with targeted support for accountability (Parliaments, CSOs...) has created more transparency. The fact that the fight against corruption, was systematically discussed in the Budget Support dialogue has also pushed continued progress.

278. (EDF, § 47 - 2013/PAR/0529) The Parliament calls for the visibility of Union funding to be strongly respected in multi-donor initiatives, particularly when Union funding is disbursed in a risky environment.

Commission's response:

The requested action has been taken.

The EU's visibility in multi-donor initiatives in which it partakes (trust funds, joint financing, delegated cooperation, grants...) is legally guaranteed through pertinent provisions in the funding agreements between the EU and its implementing partners. PAGODA, the new template for Pillar Assessed Grants or Delegation Agreements, has several provisions to ensure visibility of the EU contribution; primarily, Article 8, that details the obligations of the implementing partner on Communication and visibility. Within this Article, section 8.8 foresees redress measures in case of problems arising during implementation. Visibility obligations are transferred to sub-delegatees, contractors and grantees, affiliated entities, co-beneficiaries and partners receiving financial support. Reports by

implementing partners must inform on the implementation of the visibility Annex and additional measures to identify the EU as source of financing.

Furthermore, Communication and Visibility Plans, contractual annexes in which due and proper visibility for the project and the EU as funding partner are determined and contractually agreed, are now an intrinsic part of the EU's financial agreements with its implementation partners. Evaluations, results-oriented monitoring, and audits (esp. value for money audits) of EU funded actions most of the time take visibility into account in their respective methodologies.

279. (EDF, § 49 - 2013/PAR/0530) The Parliament calls on the Commission to apply strict subcontracting conditions and recalls that those entrusted entities shall guarantee a strong level of protection of the financial interests of the Union for this mode of implementation.

Commission's response:

The requested action has been taken.

Indirect management entrusted to ACP Partner countries who can in turn further entrust budget implementation tasks to entities governed by private law under a service contract, in the framework of programme estimates. A programme estimate lays down the agreed activities together with the resources, technical and administrative provisions for the implementation of contracts of small amounts. A competitive tender takes place to select the entity which will manage the programme estimates and to appoint the imprest administrator and the accounting officer. The protection of the EU financial interests is guaranteed through the checks made in the tender phase, but also through the financial guarantees to be issued by the private company prior to the signature of the service contract and the endorsement of any programme estimate. The service providers assume full financial responsibility for the use of the EU funds. In case of ineligible expenditure, funds are recovered from them. Following the entry into force of the 2012 Financial Regulation the Commission has developed new templates and updated the existing ones. The possibility of using such program estimates existed already under the previous EDFs and is currently laid down in article 17(3)(last paragraph) of the 11th EDF Financial Regulation (COUNCIL REGULATION (EU) 2015/323 of 2 March 2015).

280. (EDF, § 50 - 2013/PAR/0531) The Parliament requests that further clarification be swiftly provided on funds pooling (including trust funds) and related risks regarding the regularity of transactions, namely when the Commission's financial contributions to multi-donor projects are pooled with funds from other donors, without being earmarked for a specific identifiable items of eligible expenditure.

Commission's response:

The requested action has been taken.

As the same topic is covered by recommendation 2013/PAR/0342, the Commission groups its comments into an extended single text, which provides further clarification on risks regarding the regularity of transactions in multi-donor actions, including trust funds.

281. (EDF, § 51 - 2013/PAR/0532) The Parliament requests to be informed about the preliminary survey of controls and management systems performed by the Commission on other associated international organisations.

Commission's response:

The Commission will provide information on the results of the pillar assessments of international organisations. The objective of these assessments is to provide reasonable assurance to the European Commission as to whether the international organisations fulfil the requirements set out in points (a) to (d) of the first subparagraph of Article 60.2 of the Financial Regulation applicable to the General Budget of the European Commission and Article 29.1 of the Financial Regulation applicable to the European Development Fund (EDF).

282. (EDF, § 51 - 2013/PAR/0533) The Parliament requests information on the level of comparability and consistency of the already existing systems.

Commission's response:

The Commission will not be taking the requested action.

The reason for this is that new legal requirements were introduced by the 2012 Financial Regulation, and the Commission is not in the position and does not have the authority to judge the comparability and consistency between new and old legal requirements.

283. (EDF, § 52 - 2013/PAR/0534) The Parliament asks to be informed about the preventive, mitigating or other measures that could be activated in case of a divergent view on the level of assurance to be attained and the correlative risk involved for the entire spending.

Commission's response:

The Commission will not be taking the requested action.

The reason for this is that the request of the Parliament is formulated in an unclear and too complex manner so that it does not allow for a proper understanding and therefore for the identification of appropriate actions to address it. Unless further clarified or re-formulated, the Commission shall reject the request.

284. (EDF, § 68 - 2013/PAR/0535) The Parliament demands the introduction of common standards of implementation for such financial activities, as well as the definition of best practices and eligibility and evaluation criteria; believes that coherent management rules such as structured reporting, clear monitoring frameworks and oversight conditions will reduce transaction costs and possible duplication of payments due to the higher level of transparency and accountability.

Commission's response:

The Commission is taking the requested action.

This has been partly fulfilled through the elaboration and establishment of a new enhanced application form and accompanying guidelines. The application form and its guidelines include eligibility criteria as well as best practices for the preparation and implementation of projects. The Commission will soon adopt a manual on blending operations which will be used by the staff in EU delegations and at Headquarters. As regards evaluation (ex-post) on individual projects, this is first and foremost done by the Lead Financial Institution according to its own rules and procedures. However, specific monitoring criteria for blending projects is under preparation.

285. (EDF, § 69 - 2013/PAR/0536) The Parliament calls for regular reporting to Parliament on the use of these financial instruments and results to allow Parliament to have the power of scrutiny and consent, namely on the assessment of the financial and non-financial leveraging and additionality.

Commission's response:

The requested action has been taken.

Article 140 of the Financial Regulation requests the Commission to report to the European Parliament and to the Council on financial instruments. The first reporting exercise was undertaken and finalised in 2014. Furthermore, DG DEVCO is updating its website on blending under which dedicated pages for individual facilities will be set up. It will also include a project database with information on the funded projects.

286. (EDF, § 73 - 2013/PAR/0537) The Parliament asks the Commission and the EEAS to provide the most recent list of priorities for European development aid in the DRC as a follow-up from last year's discharge report, which suggested a more limited number of priorities to allow for a better and more focused development aid strategy.

Commission's response:

The 11th EDF National Indicative Programme (NIP) for the DRC was signed in June 2014. In line with the Agenda for Change, four sectors of concentration were selected:

1/ Health;

2/Environment and sustainable agriculture;

3/ Strengthening good governance and the rule of law;

4/ Rehabilitation of 150 km of the RN1.

All the sectors have been chosen after a thorough consultation with the government, civil society and other donors.

287. (EDF, § 75 - 2013/PAR/0538) The Parliament calls for a continuous articulation of humanitarian aid and development aid, with a stronger link between relief, rehabilitation and development by means of a permanent Linking Relief, Rehabilitation and Development (LRRD) interservices platform; invites the Commission to enter into a dialogue with Parliament; believes also that the involvement of local civil society can strengthen the use of the local knowledge base.

Commission's response:

The Commission is taking the requested action.

In view of a gradual reduction of humanitarian aid, the Commission's DG DEVCO and DG ECHO are developing a joint approach of integrating resilience in all activities (Joint Humanitarian Development Framework) so as to ensure a smooth eventual exiting of humanitarian aid. The Joint Humanitarian Development Framework is expected to be ready by the second semester 2015. The Humanitarian Implementation Plan that represents the ECHO strategy in Haiti is based on the resilience and LRRD approach and is developed with Civil Society Organisations as key stakeholders. The Commission also channels important resources for LRRD actions implemented by Civil Society Organisations, among them in the areas of food security, WASH, environment and climate change.

The EU supports civil society and local actors in their work on human rights (500.000€ engaged in 2015 through the EIDHR instrument), advocacy, service provision and reconstruction activities (housing). The 11th EDF also includes an important allocation of 10 M€ for support to civil society.

288. (EDF, § 76 - 2013/PAR/0539) The Parliament invites the Commission and the EEAS to emphasise the conditionality matrix for sectorial budget support.

Commission's response:

The requested action has been taken.

The new guidelines on Budget Support (2012) contain explicit instructions on conditionalities and performance indicators design for Budget Support operations. These are verified throughout the control chain during the preparation of the operations as well as before each disbursement. Conditionalities and performance indicators, as well as the expected results, are systematically taken up in policy and political dialogue as well, as appropriate.

289. (EDF, § 79 - 2013/PAR/0540) The Parliament calls on the Commission and the EEAS to inform Parliament about the developments, in particular with regard to risk management and preparations to implement and achieve programme objectives in a post-disaster context.

Commission's response:

See reply to recommendation 2013/PAR/0495.

Disaster risk reduction is considered important in a context like Haiti, where the population is highly vulnerable and there is a high risk of natural hazards. Therefore, apart from mainstreaming Disaster Risk Reduction in humanitarian projects to the largest extent possible, also specific support to Disaster Risk Reduction continues. Thereby linkage is sought with the strategy of the national Civil Protection authorities as appropriate in order to foster institutionalization.

290. (EDF, § 85 - 2013/PAR/0541) The Parliament asks the Commission again to duly consider the financial impact of the inclusion of the EDFs for Member States in the coming assessment and a possible binding Member State contribution key.

Commission's response:

The Commission will not be taking the requested action.

Even though applying the own resource rules for the financing of the EDFs would obviously have an impact on EU MS' contributions, with some of them increasing their contribution and others reducing it, the Commission considers that the discussions and the decision as regards their inclusion in the general budget should remain mainly at a political level and should not be bound by financial considerations.

Besides, the European Parliament and the Council of the European Union have already noted, in the inter-institutional agreement of 2 December 2013, that the Commission, with a view to, inter alia, enhancing the democratic scrutiny of development policy, intends to propose the EDF's budgetisation as of 2021.

Performance, financial management and control of EU agencies

291. (Agencies, § 1 - 2013/PAR/0542) The Parliament calls on the Commission and the Union Agencies Network (the "Network") to improve their communication policies to ensure agencies communicate effectively with citizens, in order to raise awareness of productivity and achievements.

Commission's response:

The Commission notes that in accordance with the Common approach, the content and implementation of an agency's communication strategy should be coherent, relevant and coordinated with the strategies and activities of the Commission and the other institutions in order to take into consideration the broader EU image.

292. (Agencies, § 14 - 2013/PAR/0543) The Parliament considers it necessary to carry out a serious assessment to evaluate the possibility of merging agencies that perform similar tasks, not only to avoid wasting resources but also to create a critical mass that makes the agencies truly effective.

Commission's response:

In accordance with the Common Approach on EU Decentralised agencies, the Commission may, on a case-by-case basis, consider the possibilities for merging agencies. This is done in accordance with the Better regulation guidelines.

293. (Agencies, § 31 - 2013/PAR/0544) The Parliament calls on the Commission to review its plan regarding the additional staff reductions and to adapt it according to the workload and resource demands of each agency.

Commission's response:

In the preparation of the annual Draft Budget, the Commission makes an in-depth assessment of the resources needs of each agency to properly carry out their tasks, taking into account their requests and compatibility with the overall budgetary framework, including the achievement of the 5% staff reduction target laid down in the Inter-Institutional Agreement of 2 December 2013.

294. (Agencies, § 37 - 2013/PAR/0545) The Parliament notes that the Guidelines are not legally binding on the agencies and calls upon the Commission to examine how more binding agreements with the agencies can be concluded to promote transparency and to avoid conflicts of interest.

Commission's response:

The Commission provided in 2013 guidelines for conflict of interest policies in EU decentralised agencies. While these Guidelines aim to provide a common set of principles and tools, agencies are legally independent entities and they alone are responsible for developing and implementing their own framework on conflicts of interest and for reporting on it.

Furthermore, before adoption by agencies, implementing rules on conflict of interest regarding agencies staff covered by the Staff Regulations are submitted for the Commission's formal agreement pursuant to Article 110(2) of the Staff Regulations. At that occasion, the Commission verifies their content and compliance with the Guidelines.

295. (Agencies, § 44 - 2013/PAR/0546) The Parliament encourages the Commission to conduct regular evaluation of transparency and integrity of the agencies and to make the results of such evaluation publicly available.

Commission's response:

The Commission does not envisage conducting a regular evaluation of the transparency and integrity (sound operations) of the agencies as many aspects of the agencies' own evaluations should already cover these aspects.

The Commission will indicate to the agencies the interest in their evaluations, which are published, including clear references to considerations of transparency and integrity.

296. (Agencies (European Aviation Safety Agency), § 9 - 2013/PAR/0547) The Parliament recalls Parliament's position in the budgetary procedure that staff financed by fees paid by the industry and consequently not financed by the Union budget should not be affected by the 2 % yearly cut applied by the Union; considers that the Commission should treat agencies financed primarily by the Union budget as a separate case and put forward a specific framework for agencies financed mainly by operators fees, which should be in proportion to the services provided by the agency concerned.

Commission's response:

The 5% staff reduction in the IIA makes no distinction between different types of agencies: the staff reduction is to be applied to all EU institutions and bodies, without exceptions. Nonetheless, the Commission intends to look further into the issue of better measuring workload, performance and efficiency of fee-financed agencies, so as to ensure the adequate services to industry.

297. (Agencies (European Aviation Safety Agency), § 15 - 2013/PAR/0548) The Parliament calls on the Commission to take the opportunity available this year to amend the act establishing the (European Aviation Safety) Agency with a view to securing a headquarters agreement, allowing the Agency to operate unimpeded; calls, therefore, to be notified of the final decision on the Agency's headquarters.

Commission's response:

While the Commission deplores the absence of a headquarters' agreement with EASA, it is not appropriate for the Commission at this stage to make commitments concerning forthcoming proposals going beyond what has already been announced in the Commission work programme and related roadmaps. The Commission notes that according to the Common Approach on EU decentralised agencies, "all agencies should have headquarters agreements, which should be concluded before the agency starts its operational phase. Agencies still lacking headquarters agreement and the host country in question should reach an agreement in accordance with the legal order of the relevant Member State.

298. (Agencies (European Banking Authority), § 26 - 2013/PAR/0549) The Parliament calls on the Commission, if it considers it appropriate according to its assessment, to propose by 2017 a financing system for the (European Banking) Authority solely based on the introduction of fees by market participants, or based on combining fees by market participants with basic funding from a separate budget line of the general budget of the Union.

Commission's response:

The Commission accepts the request. As part of the Commission's 2014 review of the ESAs (and previous reviews by others such as IMF, EP), evidence has emerged of the difficulties that some Member States face in meeting their funding commitments to the ESAs. Public funding has also proved a difficult tool to equate

with the tasks being given to the ESAs. Currently, the ESAs are 60% funded by national competent authorities, and 40% funded from the EU Budget. Consequently, President Juncker set out in his mission letter to Commissioner Hill that the ESAs should be transformed into privately-funded EU agencies by the financial sector. Moving to industry funded ESAs will require amendments to the current legal framework. Preparatory work is ongoing, which could possibly lead to a proposal in 2017.

299. *(Agencies (European Insurance and Occupational Pensions Authority), § 18 - 2013/PAR/0550)* The Parliament calls on the Commission, if proven by the Commission's assessment, to propose by 2017 a financing system for the (European Insurance and Occupational Pensions) Authority solely based on the introduction of fees by market participants, or based on combining fees by market participants with basic funding from a separate budget line of the general budget of the Union.

Commission's response:

The Commission accepts the request. As part of the Commission's 2014 review of the ESAs (and previous reviews by others such as IMF, EP), evidence has emerged of the difficulties that some Member States face in meeting their funding commitments to the ESAs. Public funding has also proved a difficult tool to equate with the tasks being given to the ESAs. Currently, the ESAs are 60% funded by national competent authorities, and 40% funded from the EU Budget. Consequently, President Juncker set out in his mission letter to Commissioner Hill that the ESAs should be transformed into privately-funded EU agencies by the financial sector. Moving to industry funded ESAs will require amendments to the current legal framework. Preparatory work is ongoing, which could possibly lead to a proposal in 2017.

300. *(Agencies (European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice), § 15 - 2013/PAR/0551)* The Parliament calls on the Commission to include the advantages and disadvantages of having three different locations in its evaluation report to be prepared in accordance to Article 31 of the Agency's founding Regulation, in particular expected budget savings, reflections on practical arrangements and costs with regard to a potential centralisation of its activities.

Commission's response:

The Commission intends indeed to assess in the ongoing evaluation, under the efficiency criterion, the impacts (operational, HR, communication etc.) of the geographical dispersal and the way it is handled by the Agency. As per the terms of reference adopted by the Management Board of eu-LISA in November 2014, the evaluation will assess to what extent have the eu-LISA's governance, organisational structure, locations and operations as created by the establishing Regulation been conducive to its efficiency and to achieving economies of scale.

Bodies set up under the TFEU and the Euratom Treaty

301. (*ARTEMIS Joint Undertaking, § 10 - 2013/PAR/0552*) The Parliament is concerned that there is poor information regarding the evaluation of the Member States' and Research and Development organisations' contributions corresponding to the actual level of Union's payments; in line with the information received, the contribution of the Member States is under the level of 1,8 as requested by the Joint Undertaking's statute; calls on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission, including the application of the evaluation rules, together with an assessment by the Commission.

Commission's response:

The ATREMIS and ENIAC JUs already provided the CONT Committee with reports on socio-economic impact of completed projects and contributions of Member states and industry. The Commission assessment of the reports is undergoing. The EC will provide CONT with its assessment on the reports done by the JU. Also, the EC will report to the EP on the final evaluation of the ARTEMIS and ENIAC as foreseen in the Council Regulation by end of 2017.

302. (*ARTEMIS Joint Undertaking, § 24 - 2013/PAR/0553*) The Parliament (calls on the ARTEMIS Joint Undertaking to submit a report to the discharge authority on the social-economic benefits of the already completed projects;) calls for that report to be submitted to the discharge authority together with an assessment by the Commission.

Commission's response:

The ATREMIS and ENIAC JUs already provided the CONT Committee with reports on socio-economic impact of completed projects and contributions of Member states and industry. The Commission assessment of the reports is undergoing. The EC will provide CONT with its assessment on the reports done by the JU. Also, the EC will report to the EP on the final evaluation of the ARTEMIS and ENIAC as foreseen in the Council Regulation by end of 2017.

303. (*ENIAC Joint Undertaking, § 8 - 2013/PAR/0554*) The Parliament is concerned that there is limited information available regarding the evaluation of the Member States' and AENEAS' contributions corresponding to the actual level of Union payments; in line with the information received, the contribution of the Member States is under the level of 1,8 as requested by the Joint Undertaking's statute; calls on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission, including the application of the evaluation rules, together with an assessment by the Commission.

Commission's response:

The ATREMIS and ENIAC JUs already provided the CONT Committee with reports on socio-economic impact of completed projects and contributions of Member states and industry. The Commission assessment of the reports is undergoing. The EC will provide CONT with its assessment on the reports done by the JU. Also, the EC will report to the EP on the final evaluation of the ARTEMIS and ENIAC as foreseen in the Council Regulation by end of 2017.

304. (*ENIAC Joint Undertaking, § 9 - 2013/PAR/0555*) The Parliament (calls on the Joint Undertaking to submit a report to the discharge authority on the social-

economic benefits of the already completed projects;) calls for that report to be submitted to the discharge authority together with an assessment by the Commission.

Commission's response:

The ATREMIS and ENIAC JUs already provided the CONT Committee with reports on socio-economic impact of completed projects and contributions of Member states and industry. The Commission assessment of the reports is undergoing. The EC will provide CONT with its assessment on the reports done by the JU. Also, the EC will report to the EP on the final evaluation of the ARTEMIS and ENIAC as foreseen in the Council Regulation by end of 2017.

305. *(Clean Sky Joint Undertaking, § 5 - 2013/PAR/0556)* The Parliament acknowledges from the Court's report that in accordance with the Joint Undertaking's establishing regulation, the members of the Joint Undertaking other than the Commission shall contribute resources of at least EUR 600 000 000, including their contributions to cover running costs; points out that at the time of the Court's audit, the contribution committed by the Union amounted to EUR 713 000 000 while the resources from the members amounted to EUR 409 000 000; calls on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members, other than the Commission, including the application of the evaluation rules, together with an assessment by the Commission.

Commission's response:

A detailed report on the contributions of all members is currently under preparation by the Clean Sky 2 JU. It will be submitted to the discharge authority after the assessment of the Commission.

306. *(Clean Sky Joint Undertaking, § 23 - 2013/PAR/0557)* The Parliament (calls on the Clean Sky Joint Undertaking to submit a report to the discharge authority on the social-economic benefits of the already completed projects;) calls for that report to be submitted to the discharge authority together with an assessment by the Commission.

Commission's response:

A report will be prepared by the Clean Sky 2 JU and will be assessed by the Commission before submitting it to the Parliament in autumn.

This report will be based on the results of the Technology Evaluator work package of Clean Sky, which is an unique tool to assess the achievements of the Clean Sky objectives throughout the programme

307. *(Clean Sky Joint Undertaking, § 28 - 2013/PAR/0558)* The Parliament invites the Commission to work with both joint undertakings (Clean Sky and SESAR) in order to improve the communication and reinforce synergies and complementarities, ensuring at the same time that there is no risk of overlapping between the activities of the two joint undertakings in question.

Commission's response:

Council Regulation No 558/2014 establishing the Clean Sky 2 Joint Undertaking defines the liaising with SESAR as one of the tasks of the Joint Undertaking. The Commission is closely supporting this task and coordinating the relevant services to avoid duplication and enhance complementarities. An interface between both Joint Undertakings has been set up in order to regularly identify and monitor the activities with potential overlaps and improve the communication. A Memorandum

of Understanding between both JUs is under preparation proposing a reinforced cooperation in several areas of activities of the two JUs to achieve ensure synergies.

308. *(Fuel Cells and Hydrogen Joint Undertaking, § 5 - 2013/PAR/0559)* The Parliament calls on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission, including the application of the methodology for assessing, together with an assessment by the Commission.

Commission's response:

The report related to an Independent Assessment of the In-Kind Contributions, covering all non-Commission contributions, is publicly available at http://www.fch.europa.eu/sites/default/files/FCH%2520assessment%2520%2520in%2520kind_final%2520report_signed%252012032015_full%2520set.pdf

The document also contains a description of the methodology applied.

The Commission has co-adopted the Analysis and assessment of the FCH 2 JU Annual Activity Report 2014 by the Governing Board.

A detailed report will be made available to the Parliament in due course as part of the follow up to the discharge 2013.

309. *(Fuel Cells and Hydrogen Joint Undertaking, § 15 - 2013/PAR/0560)* The Parliament (calls on the Fuel Cells and Hydrogen Joint Undertaking to submit a report to the discharge authority on the social-economic benefits of the already completed projects;) calls for that report to be submitted to the discharge authority together with an assessment by the Commission.

Commission's response:

A detailed report will be made available to the Parliament in due course as part of the follow up to the discharge 2013.

310. *(Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicine, § 10 - 2013/PAR/0561)* The Parliament calls on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission including the application of the methodology for evaluating in-kind contributions, together with an assessment by the Commission.

Commission's response:

A detailed report will be prepared by the Innovative Medicines Initiative Joint Undertaking, assessed by the Commission, and provided to the discharge authority.

311. *(Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines, § 23 - 2013/PAR/0562)* The Parliament (calls on the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines to submit a report to the discharge authority on the social-economic benefits of the already completed projects;) calls for that report to be submitted to the discharge authority together with an assessment by the Commission.

Commission's response:

A report will be prepared by the Innovative Medicines Initiative Joint Undertaking, assessed by the Commission, and provided to the discharge authority.

312. *(Joint Undertaking for ITER and the Development of Fusion Energy, § 9 - 2013/PAR/0563)* The Parliament asks the Commission and the Director of the Joint Undertaking for ITER to present a report to the discharge authority on the official position of all stakeholders concerning their future commitments on the ITER project.

Commission's response:

All Parties have always assumed their financial commitments to the budget of the ITER Organization, showing their commitment to the project.

At political level, a Ministerial level meeting of the ITER Council took place in September 2013. At this meeting, all the ITER Parties confirmed their commitment and support to the project at high political level.

The support of all ITER Parties has been reiterated during these last years, in particular as from 2013, when following an Independent Assessment of the ITER Organization (IO) several actions have been taken to redress the project path. In this respect, the Commission has no indications that any ITER Party considers withdrawing from the project.

313. *(Joint Undertaking for ITER and the development of fusion energy, § 12 - 2013/PAR/0564)* The Parliament calls on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission, including the application of the evaluation rules for in-kind contributions, together with an assessment by the Commission.

Commission's response:

The Commission will take the requested action and will assess the information provided by the Joint Undertaking in the annual Progress report that Fusion for Energy has to submit to the Council of the EU and the EP at the end of the year, in accordance with the 2010 conclusion of the Council.

The Members of the Joint Undertaking of Fusion for Energy are the EU Member States, Switzerland and Euratom. There are no members from the industry.

The percentage of the Euratom contribution to Fusion for Energy revenue is 81.3%. The other members contributes as follows:

- *The ITER Host State contribution for 18% of the revenue (France)*
- *The Membership contribution for 0.7% of the revenue, from all members of the Joint Undertaking except Euratom.*

There are no in-kind contributions to Fusion for Energy, except the premises hosting the Joint Undertaking which is provided by the Host Country (Spain). This contribution is not evaluated.

314. *(Joint Undertaking for ITER and the development of fusion energy, § 14 - 2013/PAR/0565)* The Parliament calls on the Joint Undertaking to submit in a due term a report to the discharge authority concerning the actual level of project implementation, potential risks and future development of the project, together with an assessment by the Commission.

Commission's response:

The Commission will take the requested action and will assess the actual level of project implementation, potential risks and future development of the project, on the basis of the information provided by the Joint Undertaking in the annual

Progress report that Fusion for Energy has to submit to the Council of the EU and the EP at the end of the year, in accordance with the 2010 conclusion of the Council.

In its conclusion of 2010, the Council of the EU requested Fusion for Energy to submit to the Council an annual progress report, together with an assessment of the progress of the project and of the activities of the Joint Undertaking prepared by independent experts. These two reports that are submitted to the Council and to the European Parliament at the end of every year, give information on the actual level of the project implementation, the progress on the execution of the project and its cost, potential risks and future developments.

Fusion for Energy will address this request of the Parliament's Resolution of the 2013 discharge in the progress report that it will submit to the Council of the EU and the Parliament at the end of this year.

315. *(Joint Undertaking for ITER and the Development of Fusion Energy, § 17 - 2013/PAR/0566)* The Parliament asks the Commission and the Director of the Joint Undertaking to present a report to the discharge authority detailing the reasons of the delay on the implementation of the staff regulations and on the situation concerning the working conditions.

Commission's response:

The Commission will take the requested action and address this question from the Parliament on the basis of the report that Fusion for Energy has to submit to the discharge authority as follow-up report to the 2013 Discharge.

SITUATION CONCERNING WORKING CONDITIONS

In March 2015, the Spanish Government offered new premises to F4E in a building to be shared with the Comisión Nacional de los Mercados y la Competencia (CNMC). This offer was welcomed by F4E and a detailed inspection and expert analysis was performed. The result of this analysis showed that there are still critical concerns that need to be addressed by the Host State before the proposal can fully suit F4E needs.

DELAY IN THE IMPLEMENTATION OF THE STAFF REGULATIONS

On the side of Fusion for Energy, the necessary steps enabling the adoption of implementing rules have been taken, in line with Article 110 of the Staff Regulations and the Commission Guidelines on the implementation of Article 110(2) of the Staff Regulations.

For a limited number of rules, there are several scenarios explaining the delay, which are not attributable to Fusion for Energy:

a) The Fusion for energy rules cannot be completed until the model decisions applying to agencies has been adopted by the European Commission.

b) The Commission feedback is awaited on implementing rules for which an opt-out or a partial opt-out was requested. Without the position of the European Commission, the Governing Board of Fusion for Energy cannot proceed further (this would be contrary to Article 110 of the Staff Regulations).

316. *(Joint Undertaking for ITER and the Development of Fusion Energy, § 29 - 2013/PAR/0567)* The Parliament notes that the Joint Undertaking has not amended its financial rules in order to reflect the changes brought by the new Financial Regulation and the framework financial regulation for the bodies referred to in

Article 208 of the new Financial Regulation; acknowledges from the Joint Undertaking that it assessed the changes and proposed the amendments to its Governing Board; notes that in accordance with Article 5 of Council Decision 2007/198/Euratom, the Commission is to issue an opinion prior to submission of the final version of the financial rules to the Joint Undertaking's Governing Board; calls on the Commission and the Joint Undertaking to remedy this issue without delay.

Commission's response:

The Commission will take the requested action together with Fusion for Energy to address this issue.

The F4E financial rules (F4E FR) have to be amended to reflect the changes introduced by the revised Framework financial regulation (FFR) of 30 September 2013 and the General financial regulation (GFR) of 25 October 2012, in accordance with the observations made by the Court of Auditors.

The F4E FR and its Implementing Rules (IR) were submitted to the Commission by F4E on 25/07/2014 and since then, discussions are on-going. The Commission can only provide a global opinion on the F4E FR and the IR once the provisions of the procurement rules of the new Directive 2014/24/EU of 26 February 2014 are transposed to the GFR and its IR and to the FFR and its IR.

In order not to further delay the amendment of the F4E FR/IR, the Governing Board of F4E (GB), agreed to follow a two-step procedure in this file at its last meeting of June 2015:

a) F4E and the Commission should aim to finalise the discussions on F4E FR as soon as possible (without the procurement chapter).

b) Once the new Commission procurement rules are available, F4E and the Commission should start discussions with the aim of presenting a new procurement chapter in spring 2016.

317. (SESAR Joint Undertaking, § 7 - 2013/PAR/0568) The Parliament calls on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission, including the application of the evaluation rules for in-kind contributions, together with an assessment by the Commission.

Commission's response:

The SESAR Joint Undertaking will prepare an overview detailing the contributions of all members other than the Commission. This overview will also explain how the in-kind contributions are evaluated. The Commission will assess the Joint Undertaking's report. The report with the Commission's assessment will be provided to the Discharge Authority by 31 December 2015.

318. (SESAR Joint Undertaking, § 16 - 2013/PAR/0569) The Parliament believes, where appropriate, that links between the SESAR Joint Undertaking and the Clean Sky Joint Undertaking should be strengthened; invites the Commission to work with both joint undertakings in order to improve the communication and reinforce synergies and complementarities, ensuring at the same time that there is no risk of overlapping between the activities of the two joint undertakings in question.

Commission's response:

1. Presently, SESAR and Clean Sky 2 Joint Undertakings have a continuous working relation consisting of fruitful exchanges on the approaches between the

two Joint Undertakings regarding the legal and financial aspects of SESAR 2020 (SESAR Joint Undertaking's work programme for 2014-2020). In the technical domain, there have already been initial exchanges established. An interface between both Joint Undertakings has been set up in order to regularly identify and monitor the activities with potential overlaps and improve the communication.

2. As a further step, a Memorandum of Understanding between both JUs is under preparation proposing a reinforced cooperation in several areas of activities of the two JUs to achieve ensure synergies. The SESAR Joint Undertaking and the Commission will work together to strengthen even more this relationship. This topic has, in fact, been included in the SESAR 2020 multi-annual work programme and therefore will be followed-up by the Commission.

319. (SESAR Joint Undertaking, § 18 - 2013/PAR/0570) The Parliament (calls on the SESAR Joint Undertaking to submit a report to the discharge authority on the social-economic benefits of the already completed projects;) calls for that report to be submitted to the discharge authority together with an assessment by the Commission.

Commission's response:

In March 2015, the SESAR Joint Undertaking has tasked the Boston Consulting Group to perform a study regarding the value of SESAR Research and Development. The objectives were to assess the return on investment made in R&D by connecting it to the first deployment of SESAR Solutions in the framework of the Pilot Common Project. This study started from all Operational Improvement steps related to the Pilot Common Projects which were part of SESAR 1 R&D and provided an overview of the return on investment of the Pilot Common Project. The result of the study provides valuable inputs on the value of SESAR Research and Development from a public Return on Investment perspective which could be used in the elaboration of the report on social-economic benefits required by the European Parliament.

The Commission will assess the Joint Undertaking's report. The report with the Commission's assessment will be provided to the Discharge Authority by December 2015.