



TEXTS ADOPTED

P9_TA(2023)0137

Discharge 2021: EU general budget - Commission and executive agencies

1. European Parliament decision of 10 May 2023 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission (2022/2081(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2021¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2021 (COM(2022)0323 – C9-0227/2022)²,
- having regard to the Commission’s report on the follow-up to the discharge for the 2020 financial year (COM(2022)0331), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s 2021 Annual Management and Performance Report for the EU Budget (COM(2022)0401),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2021 (COM(2022)0292), and to the accompanying Commission staff working document (SWD(2022)160),
- having regard to the Court of Auditors’ annual report on the implementation of the budget for the financial year 2021, together with the institutions’ replies³, the Court of Auditors’ report on the performance of the EU budget - Status at the end of 2021, together with the institutions’ replies⁴, and to the Court of Auditors’ special reports,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2021, pursuant to Article 287 of the Treaty on the Functioning of the European Union,

¹ OJ L 93, 17.3.2021.

² OJ C 399, 17.10.2022, p. 1.

³ OJ C 391, 12.10.2022 p. 6

⁴ OJ C 429, 11.11.2022, p. 8.

⁵ OJ C 399, 17.10.2022, p. 240.

- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2021 (06247/2023 – C9-0063/2023),
 - having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
 - having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
 - having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),
1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2021;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies;
 3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Council, the Commission and the Court of Auditors, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 193, 30.7.2018, p. 1.

2. European Parliament decision of 10 May 2023 on discharge in respect of the implementation of the budget of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2021 (2022/2081(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2021¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2021 (COM(2022)0323 – C9-0227/2022)²,
- having regard to the final annual accounts of the Consumers, Health, Agriculture and Food Executive Agency for the financial year 2021³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2020 financial year (COM(2022)0331), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2021 (COM(2022)0292), and to the accompanying Commission staff working document (SWD(2022)160),
- having regard to the Court of Auditors’ annual report on Union agencies for the financial year 2021, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2021, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2021 (06250/2023 – C9-0055/2023),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No

¹ OJ L 93, 17.3.2021.

² OJ C 399, 17.10.2022, p. 1.

³ OJ C 478, 16.12.2022, p. 21.

⁴ OJ C 412, 27.10.2022, p. 12.

⁵ OJ C 399, 17.10.2022, p. 240.

- 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,
- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/770/EU of 17 December 2013 establishing the Consumers, Health and Food Executive Agency and repealing Decision 2004/858/EC⁴,
 - having regard to Commission Implementing Decision 2014/927/EU of 17 December 2014 amending Implementing Decision 2013/770/EU in order to transform the Consumers, Health and Food Executive Agency into the Consumers, Health, Agriculture and Food Executive Agency⁵,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU⁶,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),

¹ OJ L 193, 30.7.2018, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 341, 18.12.2013, p. 69.

⁵ OJ L 363, 18.12.2014, p. 183.

⁶ OJ L 50, 15.2.2021, p. 9.

1. Grants the Interim Director of the Consumers, Health, Agriculture and Food Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2021;
2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies;
3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and the resolution forming an integral part of those decisions, to the Interim Director of the Consumers, Health, Agriculture and Food Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

3. European Parliament decision of 10 May 2023 on discharge in respect of the implementation of the budget of the European Climate, Infrastructure and Environment Executive Agency (before 1.4.2021 the Innovation and Networks Executive Agency) for the financial year 2021 (2022/2081(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2021¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2021 (COM(2022)0323 – C9-0227/2022)²,
- having regard to the final annual accounts of the European Climate, Infrastructure and Environment Executive Agency for the financial year 2021³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2020 financial year (COM(2022)0331), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2021 (COM(2022)0292), and to the accompanying Commission staff working document (SWD(2022)160),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2021, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2021, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2021 (06250/2023 – C9-0055/2023),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No

¹ OJ L 93, 17.3.2021.

² OJ C 399, 17.10.2022, p. 1.

³ OJ C 427, 09.11.2022, p. 10.

⁴ OJ C 412, 27.10.2022, p. 12.

⁵ OJ C 399, 17.10.2022, p. 240.

223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC⁴,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU⁵,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),
1. Grants the Director of the European Climate, Infrastructure and Environment Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2021;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies;

¹ OJ L 193, 30.7.2018, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 352, 24.12.2013, p. 65.

⁵ OJ L 50, 15.2.2021, p. 9.

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Climate, Infrastructure and Environment Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

4. European Parliament decision of 10 May 2023 on discharge in respect of the implementation of the budget of the European Education and Culture Executive Agency (before 1.4.2021 the Education, Audiovisual and Culture Executive Agency) for the financial year 2021 (2022/2081(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2021¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2021 (COM(2022)0323 – C9-0227/2022)²,
- having regard to the final annual accounts of the European Education and Culture Executive Agency for the financial year 2021³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2020 financial year (COM(2022)0331), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2021 (COM(2022)0292), and to the accompanying Commission staff working document (SWD(2022)160),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2021, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2021, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2021 (06250/2023 – C9-0055/2023),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No

¹ OJ L 93, 17.3.2021.

² OJ C 399, 17.10.2022, p. 1.

³ OJ C 427, 09.11.2022, p. 11.

⁴ OJ C 412, 27.10.2022, p. 12.

⁵ OJ C 399, 17.10.2022, p. 240.

223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/776/EU of 18 December 2013 establishing the Education, Audiovisual and Culture Executive Agency and repealing Decision 2009/336/EC⁴,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU⁵,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),
1. Grants the Director of the European Education and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2021;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year

¹ OJ L 193, 30.7.2018, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 343, 19.12.2013, p. 46.

⁵ OJ L 50, 15.2.2021, p. 9.

2021, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Education and Culture Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

5. European Parliament decision of 10 May 2023 on discharge in respect of the implementation of the budget of the European Innovation Council and SMEs Executive Agency (before 1.4.2021 the Executive Agency for Small and Medium-sized Enterprises) for the financial year 2021 (2022/2081(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2021¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2021 (COM(2022)0323 – C9-0227/2022)²,
- having regard to the final annual accounts of the European Innovation Council and SMEs Executive Agency for the financial year 2021³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2020 financial year (COM(2022)0331), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2021 (COM(2022)0292), and to the accompanying Commission staff working document (SWD(2022)160),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2021, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2021, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2021 (06250/2023 – C9-0055/2023),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No

¹ OJ L 93, 17.3.2021.

² OJ C 399, 17.10.2022, p. 1.

³ OJ C 427, 09.11.2022, p. 23.

⁴ OJ C 412, 27.10.2022, p. 12.

⁵ OJ C 399, 17.10.2022, p. 240.

- 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,
- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the Executive Agency for Small and Medium-sized Enterprises and repealing Decisions 2004/20/EC and 2007/372/EC⁴,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU⁵,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),
1. Grants the Director of the European Innovation Council and SMEs Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2021;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies;

¹ OJ L 193, 30.7.2018, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 341, 18.12.2013, p. 73.

⁵ OJ L 50, 15.2.2021, p. 9.

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Innovation Council and SMEs Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

6. European Parliament decision of 10 May 2023 on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2021 (2022/2081(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2021¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2021 (COM(2022)0323 – C9-0227/2022)²,
- having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2021³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2020 financial year (COM(2022)0331), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2021 (COM(2022)0292), and to the accompanying Commission staff working document (SWD(2022)160),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2021, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2021, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2021 (06250/2023 – C9-0055/2023),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No

¹ OJ L 93, 17.3.2021.

² OJ C 399, 17.10.2022, p. 1.

³ OJ C 427, 09.11.2022, p. 32.

⁴ OJ C 412, 27.10.2022, p. 12.

⁵ OJ C 399, 17.10.2022, p. 240.

223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC⁴,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU⁵,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),
1. Grants the Acting Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2021;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies;

¹ OJ L 193, 30.7.2018, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 346, 20.12.2013, p. 58.

⁵ OJ L 50, 15.2.2021, p. 9.

3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and the resolution forming an integral part of those decisions, to the Acting Director of the European Research Council Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

7. European Parliament decision of 10 May 2023 on discharge in respect of the implementation of the budget of the European Health and Digital Executive Agency for the financial year 2021 (2022/2081(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2021¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2021 (COM(2022)0323 – C9-0227/2022)²,
- having regard to the final annual accounts of the European Health and Digital Executive Agency for the financial year 2021³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2020 financial year (COM(2022)0331), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2021 (COM(2022)0292), and to the accompanying Commission staff working document (SWD(2022)160),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2021, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2021, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2021 (06250/2023 – C9-0055/2023),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No

¹ OJ L 93, 17.3.2021.

² OJ C 399, 17.10.2022, p. 1.

³ OJ C 427, 09.11.2022, p. 47.

⁴ OJ C 412, 27.10.2022, p. 12.

⁵ OJ C 399, 17.10.2022, p. 240.

223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU⁴,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),
1. Grants the Director of the European Health and Digital Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2021;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and the resolution forming an integral part of those decisions, to the Director of the European Health and Digital Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 193, 30.7.2018, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 50, 15.2.2021, p. 9.

8. European Parliament decision of 10 May 2023 on discharge in respect of the implementation of the budget of the European Research Executive Agency (before 1.4.2021 the Research Executive Agency) for the financial year 2021 (2022/2081(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2021¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2021 (COM(2022)0323 – C9-0227/2022)²,
- having regard to the final annual accounts of the European Research Executive Agency for the financial year 2021³,
- having regard to the Commission’s report on the follow-up to the discharge for the 2020 financial year (COM(2022)0331), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2021 (COM(2022)0292), and to the accompanying Commission staff working document (SWD(2022)160),
- having regard to the Court of Auditors’ annual report on EU agencies for the financial year 2021, together with the agencies’ replies⁴,
- having regard to the statement of assurance⁵ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2021, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2021 (06250/2023 – C9-0055/2023),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No

¹ OJ L 93, 17.3.2021.

² OJ C 399, 17.10.2022, p. 1.

³ OJ C 427, 09.11.2022, p. 50.

⁴ OJ C 412, 27.10.2022, p. 12.

⁵ OJ C 399, 17.10.2022, p. 240.

223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(3) thereof,
 - having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes³, and in particular the first and second paragraphs of Article 66 thereof,
 - having regard to Commission Implementing Decision 2013/778/EU of 13 December 2013 establishing the Research Executive Agency and repealing Decision 2008/46/EC⁴,
 - having regard to Commission Implementing Decision (EU) 2021/173 of 12 February 2021 establishing the European Climate, Infrastructure and Environment Executive Agency, the European Health and Digital Executive Agency, the European Research Executive Agency, the European Innovation Council and SMEs Executive Agency, the European Research Council Executive Agency, and the European Education and Culture Executive Agency and repealing Implementing Decisions 2013/801/EU, 2013/771/EU, 2013/778/EU, 2013/779/EU, 2013/776/EU and 2013/770/EU⁵,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),
1. Grants the Director of the European Research Executive Agency discharge in relation to the implementation of the Agency's budget for the financial year 2021;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies;
 3. Instructs its President to forward this decision, the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and the resolution forming an integral part of those

¹ OJ L 193, 30.7.2018, p. 1.

² OJ L 11, 16.1.2003, p. 1.

³ OJ L 297, 22.9.2004, p. 6.

⁴ OJ L 346, 20.12.2013, p. 54.

⁵ OJ L 50, 15.2.2021, p. 9.

decisions, to the Director of the European Research Executive Agency, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

9. European Parliament decision of 10 May 2023 on the closure of the accounts of the general budget of the European Union for the financial year 2021, Section III – Commission (2022/2081(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2021¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2021 (COM(2022)0323 – C9-0227/2022)²,
- having regard to the Commission’s report on the follow-up to the discharge for the 2020 financial year (COM(2022)0331), and to the detailed replies to the specific requests made by the European Parliament,
- having regard to the Commission’s 2021 Annual Management and Performance Report for the EU Budget (COM(2022)0401),
- having regard to the Commission’s annual report to the discharge authority on internal audits carried out in 2021 (COM(2022)0292), and to the accompanying Commission staff working document (SWD(2022)160),
- having regard to the Court of Auditors’ annual report on the implementation of the budget for the financial year 2021, together with the institutions’ replies³, and to the Court of Auditors’ special reports,
- having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2021, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2021 (06247/2023 – C9-0063/2023),
- having regard to the Council’s recommendation of 28 February 2023 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2021 (06250/2023 – C9-0055/2023),
- having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of

¹ OJ L 93, 17.3.2021.

² OJ C 399, 17.10.2022, p. 1.

³ OJ C 391, 12.10.2022 p. 6

⁴ OJ C 399, 17.10.2022, p. 240.

the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 69, 260, 261 and 262 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14(2) and (3) thereof,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the letter from the Committee on Agriculture and Rural Development,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),
1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2021;
 2. Sets out its observations in the resolution forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies;
 3. Instructs its President to forward this decision to the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors and the European Investment Bank, and to the national parliaments and the national and regional audit institutions of the Member States, and to arrange for its publication in the *Official Journal of the European Union* (L series).

¹ OJ L 193, 30.7.2018, p. 1.

² OJ L 11, 16.1.2003, p. 1.

10. European Parliament resolution of 10 May 2023 with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission and executive agencies (2022/2081(DEC))

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2021, Section III – Commission,
 - having regard to its decisions on discharge in respect of the implementation of the budgets of the executive agencies for the financial year 2021,
 - having regard to Rule 99 of and Annex V to its Rules of Procedure,
 - having regard to the opinion of the Committee on Foreign Affairs, the Committee on Development, the Committee on Employment and Social Affairs, the Committee on the Environment, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Agriculture and Rural Development, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Women's Rights and Gender Equality,
 - having regard to the report of the Committee on Budgetary Control (A9-0101/2023),
- A. whereas the Union budget is a significant instrument for achieving common policy objectives, and on average represents 1,3 % of Union gross national income or 2,4 % of the Member States' general government expenditure and total public spending in the Union;
- B. whereas, when the Parliament grants discharge to the Commission, it verifies and evaluates whether or not funds have been used correctly and policy goals have been achieved after internal and external audits, thus confirming the regularity and the performance of the Commission's spending in terms of value for money;

Political priorities

1. Recalls its strong commitment to the fundamental principles and values enshrined in the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU), including sound financial management as set out in Article 317 and the combating of fraud and protecting the financial interests of the Union as set out in Article 325;
2. Stresses that transparency, accountability, and integrity are essential ethics principles within the Union institutions; recalls the Court of Auditors' (the 'Court') conclusions and recommendations in its Special Report 13/2019 on the ethical frameworks of Union institutions, as well as Parliament's resolution of 16 September 2021 on strengthening transparency and integrity in the Union institutions by setting up an independent Union ethics body with, on the one hand, a preventive role via awareness-raising and ethical guidance, and, on the other hand, a compliance and advisory role with the ability to issue recommendations on ethical matters, including conflicts of interest;

3. Emphasises the role of the EPPO, the European Union Agency for Criminal Justice Cooperation (Eurojust), Europol and OLAF in the fight against corruption; calls for the capacities of the EPPO and OLAF, as well as cooperation between them, to be strengthened further ; calls for common anti-corruption rules applicable to all staff of Union bodies;
4. Highlights the importance of the Union budget for achieving the Union's political priorities, as well as its role in assisting Member States in unforeseen situations such as the COVID-19 pandemic and its consequences; stresses that the sound and timely implementation of the budget contributes to addressing more efficiently and effectively the needs and challenges in different policy areas; warns that the implementation of the budget under time pressure may lead to an increase in errors and irregularities;
5. Recalls the importance of an ex post evaluation including for financial programmes created to respond to a crisis; the evaluation of the performance of the programme in relation to effectiveness, efficiency, relevance, coherence and Union added value would be in line with the Financial Regulation, the Interinstitutional Agreement on Better Law-Making and the Better Regulation Guidelines;
6. Underlines the relevance of reporting on the performance of the Union budget's programmes for the discharge procedure; draws attention to the fact that the added value of the invested resources is closely linked to the results achieved and their contribution to improving the daily life of Union citizens and the economic impact within the Union;
7. Reiterates its deep concerns regarding the situation concerning the rule of law in a number of Member States, which is deeply worrying in its own right and leads to serious losses for the Union budget; underlines that Union funds must not be used for anti-democratic activities or for strengthening authoritarianism; recalls that the Union introduced a legal conditionality mechanism to withhold funding from Member States that subvert the rule of law and welcomes the first application of this mechanism in the case of Hungary, that procedure was launched in November 2021 and concluded in December 2022 with the freezing of 55% of three cohesion policy programmes (around EUR 6,35 billion); although the facts would have justified the freezing of 100 %, notes that Hungary's and Poland's Recovery and Resilience Plans (RRPs) have been approved; emphasises that both plans contain several so-called rule of law super milestones; demands the Commission to continuously monitor the situation and withhold funding as long as the rule of law violations threaten the sound financial management of the Union budget; reiterates in this context its strong conviction that Member States must respect democracy and the rule of law in order to receive Union funds and draws attention to the Commission that the rule of law situation has also been deteriorating in other Member States; calls therefore on the Commission to trigger without delay the application of the conditionality mechanism whenever breaches of the principles of the rule of law are identified to be affecting or are in serious risk of affecting the sound financial management of the Union budget or the protection of the financial interests of the Union in a sufficiently direct way; moreover stresses the need for a strong cooperation between Parliament, Council and the Commission while reinforcing the institutional checks and balances; underlines its strong and repeated requests to the Commission and executive agencies to ensure the protection of the Union budget by making global and systematic use of digital and automated systems for reporting, monitoring and audit and by making common anticorruption rules and by

making the interinstitutional Transparency register¹ mandatory for all Union institutions, even agencies;

8. Recalls that economic development in Hungary has been largely linked to foreign capital investments; therefore deplores the anti-multinational rhetoric of the Hungarian government and deplores that the institutionalisation of corruption and the opaque public procurement system, which should be addressed through the reforms requested in the context of the application of the conditionality mechanism, allowed the government to increase, in recent years, its ownership in energy, banking, telecom and media spheres; deplores the selective and biased denial of permits and imposition of arbitrarily rigid conditions and restrictions with the goal of economically weakening and bleeding out certain foreign companies until they are forced to accept a hostile takeover in full or in part by the Hungarian government or oligarchs close to the government at prices well below the real value of the company; criticises the Commission for not fulfilling its responsibility with regard to defending the internal market and fair competition by not intervening in these broad breaches of the rule of law and internal market rules;
9. Notes with concern the findings of the Court regarding the protection of the Union budget; takes note of the Court's Special Report 11/2022 'Protecting the EU budget' where the Court found that although the Commission's exclusion system has some strengths, shortcomings limit its effectiveness; notes with concern that the implementation of the Early Detection and Exclusion System (EDES) has taken longer than planned; is worried that differences in the approaches undermine the overall effectiveness of exclusion; calls on the Commission to work hand-in-hand with Parliament on recast of the Financial Regulation to further improve the EDES and make it an efficient and effective tool;
10. Stresses the need to enlarge the areas where the EDES is used beyond direct management and requests the Commission to use it for all Union funds including funds under shared management: notes that the EDES has to be used systematically to ensure that companies and beneficial owners who have been convicted in relation to fraud, corruption or other serious economic criminal activities cannot benefit from Union funds; stresses the need to harmonise the indicators in ARACHNE with the exclusion grounds of EDES to ensure that excluded economic operators are also visible in ARACHNE; calls for maximum interoperability between ARACHNE, EDES and other IT tools to reduce the need to insert information items into various IT systems multiple times and keep the administrative burden as low as possible; believes that not more but better targeted control systems are needed, including the use of new technologies in order to fight fraud, corruption or other serious economic criminal activities that cannot benefit from Union funds;
11. Reiterates the imperative need of a single mandatory integrated and interoperable information and monitoring system provided by the Commission, allowing for the electronic recording and storage of data on the recipients of Union funding, including their beneficial owners and allowing for the availability of this information for data-mining and risk-scoring purposes; underlines that it is essential to get a clear and transparent overview of the distribution and potential concentration of Union funds

¹ Interinstitutional Agreement of 20 May 2021 between the European Parliament, the Council of the European Union and the European Commission on a mandatory transparency register (OJ L 207, 11.6.2021, p. 1).

disbursed, including through a functionality that allows for the aggregation of these funds; underlines that this would reduce the bureaucratic burden on the financial actors, on controllers and auditors, as well as on the recipients of Union funds, and should facilitate risk assessment for the purposes of selection, award, financial management, monitoring, investigation, control and audit and would also contribute to effective prevention, detection, correction and follow-up of fraud, corruption, conflicts of interest, double funding and other irregularities, which have to be seriously tackled at both Member State and Union levels, through effective and efficient preventive and deterrent measures, including clear sanctions; notes that this digitalisation is overdue and indispensable given the cross-border nature of misuse of funds, fraud, misappropriations, conflicts of interest, double-funding and other systemic problems; underlines that this single data mining tool should be easily searchable and available for OLAF, the EPPO and the Commission, in order to enhance the protection of the Union budget and Next Generation EU against irregularities, fraud and conflicts of interest;

12. Regrets that not all Member States make use of the Commission's data-mining and risk-scoring tool for identifying projects, beneficiaries and contractors at risk of fraud, conflicts of interest and irregularities under the Recovery and Resilience Facility (RRF); notes that five of the Member States in the Court's audit sample (Greece, Spain, France, Croatia and Italy) will use the Commission's data-mining and risk-scoring tool; recalls that a common data-mining and risk-scoring tool is a key element in protecting the Union's financial interests and, more specifically, in preventing fraud, conflicts of interest and double funding, and in increasing transparency and accountability;
13. Appreciates the utility of the Kohesio website and the Open Data Platform put in place by the Commission as transparency and accountability tools for cohesion policy and shared management related investments for the 2014 -2020 and 2021 – 2027 programming periods, bringing together the national lists of Union supported projects and offering a mapping of operations (Kohesio) and providing up to date data on adopted programmes, regular monitoring of finances and Union commitments and payments (Open Data Platform); notes the ongoing adaptations performed to adequately cover the 2021-2027 programming period, but stresses the imperative need of coordination and interoperability with the ARACHNE risk-scoring tool; calls, therefore, on the Commission to ensure effective interoperability between the different tools;
14. Reiterates the need to better balance the further simplification of rules and procedures with better controls over the most repeated areas of irregular spending, develop mandatory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders;
15. Stresses the increased use and importance of performance indicators, including the selection of indicators, definition of targets and milestones and monitoring and reporting in light of the new delivery models for the Recovery and Resilience Facility (RRF) and the reformed Common Agricultural Policy; in this regard calls on the Commission to further improve monitoring and reporting on performance of the Union budget with more streamlined and qualitative indicators such as indicators on climate-related spending, on gender mainstreaming and indicators on biodiversity, as reflected in the adopted basic acts of the 2021-2027 spending programmes; notes that milestones and targets as well as output indicators are different in nature; notes that the RRF further differentiates between investments and reforms; reiterates its call on the Commission to

provide an overview of the complete audit cycle within the Member States, the Commission as well as an overview of the cooperation with the respective audit authorities including the Court, as well as OLAF and the EPPO;

16. Is concerned about the increasing number and complexity of the Commission's quasi-legal instruments such as opinions, recommendations, communications, non-legislative resolutions, notices, guidance documents and statements of administrative priorities; calls on the Commission to simplify and streamline these instruments and use them with the intention of further simplifying the procedures and reducing the bureaucratic burden; recalls the REFIT programme to simplify Union rules and reduce unnecessary burdens, while achieving the benefits of legislation and by introducing the 'one in, one out' approach; asks for the systematic application by the Commission of the principle that means that newly introduced burdens are offset by removing equivalent burdens in the same policy area;
17. Reiterates the need to step up the efforts in the fight against fraud both at Union and Member State level, in close cooperation with the EPPO and OLAF; appreciates the remarkable efforts and stresses the role of the EPPO in the investigation and prosecution of fraud and other criminal offences affecting the financial interests of the Union; highlights the importance of the EPPO's full independence and impartiality for the effective exercise of its functions; stresses the fact that the EPPO and OLAF's independence, impartiality and their effectiveness demands sufficient financial and human resources, especially in light of the new tasks related to the NextGenerationEU(NGEU); invites the Commission to urgently take action on the requests made by the EPPO on its budgetary implementation, so that the EPPO can become a fully effective prosecution office;
18. Notes that the Commission presents its annual report on the protection of the Union's financial interests (PIF report) in the autumn of the following year making it impossible for Parliament to adopt the report sooner than 2 years after the concerned period in the report (n+2); stresses that in order to achieve better efficiency in adopting Union policies and counter-measures to the fraud, tax evasion and other financial irregularities presented in the report, Parliament should be able to process and adopt the PIF report no later than next year (n+1); calls on OLAF and the Commission to adopt their reporting on PIF accordingly;
19. Underlines the importance of transparent operations of NGOs and intermediaries as regards their funding and ownership, as they are important actors in the implementation of the Union budget under the different management methods and especially in the area of external action; is deeply concerned by the funding of projects carried out by or involving NGOs with links to radical religious and political organisations; calls on the Commission to guarantee that Union funds only finance organisations that strictly respect all Union values; urges the Commission to set up ex ante mechanisms clearly identifying NGOs operating on Union territory and abroad that have acknowledged ties to religious fundamentalist networks and push forward an agenda that is undermining Union values; calls, in this context, for the creation of a public black list of NGOs, that have engaged in activities such as hate speech, incitement to terrorism, religious extremism supporting or glorifying violence, or have misused or misappropriated Union funds and are listed in the EDES database, in order to ensure they are blocked from access to Union institutions and Union funding programmes; reiterates that no funds can be allocated or linked to any cause or form of terrorism and/or religious or political

radicalisation; stresses the need for a thorough pre-check in the registration in the transparency register to disclose all funding sources; notes that funding from Union funds must be traceable from the direct recipient to the final beneficiary when funds are passed on in a chain; recalls that as regards public funding, Union basic acts regulate how transparency and visibility in this regard need to be handled, therefore reminds the Commission about the responsibility it has to check compliance with rules and procedures, especially rules and procedures on sub-granting to NGOs and intermediaries of financial institutions; moreover, demands that the Commission provides the discharge authority with an overview of the total amount of Union's NGOs related expenditure;

20. In the interests of clarity, legal certainty and the rule of law, calls on the Commission to put forward a proposal for an NGO Regulation including a clear definition and categorisation of the fields of activity and size of NGOs; the legislation should provide for a clear overview of the conditions for receiving Union funds by NGOs, covering the following obligations:
 - a. report amounts and sources of funding received as well as log all their activities performed on behalf of the foreign principals;
 - b. label material that is disseminated with the requisite information;
 - c. disclose their financial and non-financial inflows and outflows, including payments or non-financial donations that are passed on from one NGO to another other within an umbrella organisation to its members;
 - d. disclosure of the financing of political advertising or political campaigns by NGOs;
 - e. compliance with democratic accountability and respect for Union values;
 - f. for very large NGOs with corporate structures similar to private companies, reporting obligations on corporate social responsibility, compliance with employee protection provisions, provision for the promotion of gender equality, sustainability reporting obligations, the taxonomy for investments and supply chain links in purchasing;
21. Stresses that the proposal should also cover transparency obligations on behalf of the Commission, including as regards the disclosure of financial, administrative or cooperation agreements with NGOs;
22. Reminds the Commission that all legislative proposals, that have a significant economic, social and environmental impact have to be accompanied by solid and thorough impact assessments; stresses that this is part of the Commission's better regulation agenda and underlines that the discharge authority will closely monitor that these impact assessments are conducted in a completely neutral and impartial way and that they systematically analyse the impacts of the options considered, the costs and benefits of the preferred option, including by taking into account the stakeholders' views, through open public consultations;
23. Points to the Court Special Report 17/2022 "External consultants at the European Commission" which emphasises that the European Commission spends about EUR 1

billion each year contracting external consultants' services, using them to support a wide range of consultancy, study, evaluation and research activities and concluded that Commission's management of the use of external consultants did not ensure that it maximises value for money, nor fully safeguards its interests; stresses furthermore that there are significant gaps in the framework governing the use of these services, with potential risks related to the concentration of service providers, overdependence and conflicts of interest which are not sufficiently monitored; demands in this context the Commission to further develop its framework governing the use of external consultants, make better use of the results of external consultants' services, enhance monitoring to mitigate the risks arising from using external consultants' services and improve its reporting on the use of external consultants' services, providing accurate and complete data on the volume and types of acquired services. Moreover stresses the unused potential of Union Agencies in providing for specific, relevant information and the same quality products as external consultants, if their mandates would allow for it; invites the Commission to look into this possibility in the future for consultancy and research purposes in specific areas;

24. Welcomes the RRF's initial contribution and its further potential with regard to preventing a strong economic downturn following the COVID-19 pandemic; notes that the RRF has been instrumental in making progress with the implementation of the Country Specific Recommendations (CSRs) stemming from the European Semester in almost all Member States; notes however that several CSRs remain unaddressed, further notes the contribution of the RRF to making Union economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions;
25. Notes the findings and conclusions of the Court in its first annual assessment of the RRF; understands that the implementation of the RRF takes place under time pressure, in order to provide timely support to recover from the COVID-19 crisis, with, however, a much more straight forward delivery model that puts much lighter requirements on both the Commission and the Member States, and reduces the control burden on the Commission and transfers it towards the Member States, in particular in comparison with the financing, reporting and control structure of cohesion or agricultural policy; highlights that any fast delivery model is to be accompanied by a robust control system of which the Commission has to be in charge; calls on the Commission to make sure that when proposing new Union programmes and policies with a performance-based delivery model as used in the implementation of the RRF, to fully integrate the lessons learned from the implementation of the RRF, as well as findings and recommendations on the RRF from audits and assessments made by the Court; recalls the importance of knowing whether the absorption of funds is on course, as 2023 is the mid-point of the RRF; acknowledges progress made by the Commission in addressing concerns of the discharge authority regarding transparency and accountability through the set-up of a platform similar to the Kohesio platform for Cohesion policy;
26. Welcomes the agreement reached in the interinstitutional negotiations on RePowerEU on the bi-annual publication of the 100 biggest final beneficiaries per Member State on the RRF Scoreboard; reiterates its call for the list of all final beneficiaries in all Union policies and projects to be made available in the framework of the discharge procedure to the relevant Union institutions and to the discharge authority;

27. Notes the successful efforts of the Commission to raise funds on the financial markets to provide the financial means for the RRF, as an important instrument in a time of severe crisis; nevertheless expresses concerns about the rising interest rates and the resulting uncertain capacity to repay the loans and the risk this poses for the agreed Union budget and Union policies; calls on the Commission to mitigate the risk and keep Parliament fully informed on the annual status of these loans;
28. Expresses concern about the limited number of cross-border projects under the RRF; acknowledges at the same time that one of the objectives of the RRF is to support economic recovery in the Union Member States after the COVID-19 pandemic; stresses that the alignment of the national RRFs with Union policy objectives, including cross border projects, generates Union added value;
29. Is concerned that the late adoption of a number of regulations governing different Union policies has, similarly as at the beginning of the 2014-2020 programming period, implied a significant delay in the start of implementation for the 2021-2027 programming period; urges the Commission to take all the necessary measures to speed up the implementation of the policies on the ground, while keeping a high focus on quality and the need to step up the fight against fraud and protect the financial interests of the Union; draws attention to the fact that especially under shared management a significant part the 2021 budgetary allocation has to be reprogrammed to the following years; highlights in this context the risk that outstanding commitments bear on the Union budget, possibly generating significant decommitments which in turn would decrease the impact of the Union budget; demands that the Commission indicates to the discharge authority the measures it intends to take to avoid this situation and draws the necessary conclusions and experience to ensure that a similar situation is prevented from occurring at the start of the 2028-2034 MFF;
30. Encourages the Commission, the Court and the Council to work towards accelerating the discharge process to n+1;
31. Notes that Protocol No 7 of the TFEU (Privileges and immunities of the European Union) provides for the so-called Laissez-Passers to be issued to members of Union institutions, and to Members of the European Parliament in particular, for use as travel documents; is concerned by the fact that the Commission's central service for Laissez-Passers is opposed to recording the "function" of Member of the European Parliament on the document, meaning that members are not able to prove their status when travelling, contrary to EEAS diplomatic staff for example; calls on the Commission to take urgent action to rectify this inconsistency so that members of the institutions can adequately prove their office when travelling;
32. Regrets that, again, the Court issued an adverse opinion on the legality and regularity of expenditure, and found that the control mechanisms of the Commission and Member States are simply not reliable enough; underlines the importance of reinforcing the control mechanisms of the Commission and Member States which are considered not reliable by the Court, therefore compromising the reliability of the AMPR;
33. Recalls that the Commission should follow up in detail on all of Parliament's observations, including all of the political priorities;

CHAPTER I - Multiannual Financial Framework (MFF)

The Court's statement of assurance and budgetary and financial management

Reliability of the accounts

34. Welcomes that the Court, for the year 2021, finds that the accounts of the European Union are reliable, in accordance with the Financial Regulation and that the revenue side of the budget is free from material error;
35. Notes that at 31 December 2021, total liabilities amounted to EUR 496,4 billion, compared with EUR 414,1 billion of total assets; highlights that the difference of EUR 82,3 billion represented (negative) net assets, comprising reserves and the portion of expenses already incurred by the Union up to 31 December that must be funded by future budgets;
36. Notes that at the end of 2021, the estimated value of incurred eligible expenses due to beneficiaries but not yet claimed was EUR 129,9 billion (2020: EUR 107,8 billion), recorded as accrued expenses; notes that the increase in that estimate relates mainly to the RRF, the centrepiece of the NGEU programme set up to address the immediate economic and social damage brought about by the COVID-19 pandemic; highlights that payments to Member States under the RRF follow a predefined instalment profile up to 2026;
37. Notes that following the end of the transition period following the UK's withdrawal process, the Commission estimated that, at the balance sheet date, the Union accounts showed a net receivable due from the UK of EUR 41,8 billion (2020: EUR 47,5 billion), of which it is estimated that EUR 10,9 billion will be paid in the 12 months following the reporting date;
38. Notes that the Court has assessed the impact on the accounts of Russia's unprovoked and unjustified military aggression against Ukraine; welcomes the Court's assessment that the treatment of Russia's invasion of Ukraine as a non-adjusting post balance-sheet event is appropriate and that its impact has been appropriately disclosed and presented fairly in the consolidated annual accounts;
39. Notes that the Court, as part of their normal audit procedures, audited the assets, liabilities, revenue and expenses, including those related to the measures taken by the Commission in the context of COVID-19 related actions; welcomes that the Court has concluded that they are presented fairly in the consolidated annual accounts;

Legality and regularity of Union revenue and expenditure

40. Regrets an adverse opinion on the legality and regularity of the expenditure side of the Union budget, issued by the Court;
41. Notes the overall error rate calculated by the Court of 3,0 %, which is 1,0 % point above the materiality threshold; notes that this is a deterioration in comparison with 2020, when the error rate was 2,7 %, also well above the materiality threshold; notes the Commission's reply that it does not dispute the Court's established error rate but at the same time defends the results of its own work resulting in an estimated error rate at payment which is based on a different methodology; notes that the Commission

calculates its risk at payment for 2021 as 1.9 %; is worried by the fact that, contrary to the Court, the Commission estimates its error rate to be both below the materiality threshold and goes even lower than the bottom range of the estimated level of error of the Court, of 2.2%;

42. Deplores the fact that the errors found reflect persistent shortcomings in the regularity of the expenditure declared by the managing authorities and that the Court identified shortcomings in the supervisory authorities' sampling methodologies;
43. Notes with concern that the Court considers that the Commission's risk assessment is likely to underestimate the level of risk in several areas; highlights that the Court has reported weaknesses in the Commission's ex-post audits in Heading 1 'Single market, innovation and digital', underestimation of errors in Heading 2 'Cohesion, resilience and values', and underestimations of risk and a high number of errors in Heading 6 'Neighbourhood and the world', among other issues; highlights that in 'Natural Resources and Environment' both institutions are aligned in their calculations while for example for 'Single Market, Innovation and Digital' the Court estimates a level of error of 4.4 % while the Commission estimates a risk at payment of 1.3 %;
44. Notes that the Commission applies controls to the Union budget both before and after payments have been made, and makes corrections if and when necessary; notes that this control system is reflected in both the 'risk at payment', which is an estimation of the level of expenditure that is not in compliance with the applicable rules and regulations at the time of the payment, and the 'risk at closure' (of the programme), which estimates the level of expenditure that is not in compliance when all controls and related corrections have been completed and, legally, no further action can be taken; further notes that the Commission's estimated risk at closure is of 0.8%, well below the 2% materiality threshold;
45. Reiterates its support for the audit approach and methodology of the Court; notes that this methodology is based on international audit standards requiring the testing of a random transaction sample and that a representative sample cannot be wholly risk-based; notes with concern the divergences between the error rates and risk at payment as calculated by the Court and the Commission; highlights that these differences do not occur in all expenditure areas; remarks the fact that the Commission's estimates for risk at payment are consistently in the lower range or below the statistical estimations of the Court and is concerned that this represents a systematic underestimation of the existing error level by the Commission; invites the Commission to rethink its methodology and cooperate with the Court with a view to increasing harmonisation in order to provide for more comparable figures; underlines nevertheless that the general estimation of the error rate presented in the Court's statement of assurance is not indicating the occurrence of fraud;
46. Is worried that the Commission, acting on potentially underestimated risks, is not able to effectively protect the financial interests of the Union; is also concerned by the confusion this creates for the discharge authority and Union citizens, as the Commission, on the one hand, embraces the Court's error rate in areas where this is below the materiality threshold (natural resources), however presents its own estimated error at payment in areas where the Court's error rate is above the materiality threshold, raising questions regarding the reliability of its financial reporting;

47. Calls on the Court to qualify the impact of corrective measures on the overall level of error;
48. Notes the Court's follow-up of observations stemming from the 2020 Annual Report as regards reporting on recoveries in the Commission's Annual Management and Performance Report (AMPR) which the Court considers to be complex and not always clear; welcomes the Court's observation that the Commission's revision of its reporting has brought improvements; is however worried that the Court considers that the presentation of 'corrections for past payments' (EUR 5.6 billion) and the associated percentage of relevant expenditure (3.3 %) is inadequate and prone to misunderstanding; notes, in particular, the Court's finding that the presented figures include preventive measures, which do not relate to past payments or accepted expenditure, and Member States' preventive measures, that cannot be attributed directly to the Commission;
49. Notes that the Court found that low-risk expenditure was free from material error but that high-risk expenditure remained affected by material error; highlights that the biggest contributors to the 3.0 % error rate were 'Cohesion, Resilience and Values' (1.2 percentage points), followed by 'Natural Resources and Environment' (0.7 percentage points), 'Neighbourhood and the World' (0.4 percentage points) and 'Single Market, Innovation and Digital' (0.4 percentage points);
50. Notes that the Court divides their audit population into high risk (mainly reimbursement based payments) and low risk (mainly entitlement based payments) expenditure; notes with concern however, that the Commission, in its 'Annual Management and Performance Report' categorises the expenditure into higher, medium and lower risk segments, based on checks performed by national authorities, other partners and the Commission itself every year; emphasises that the use of different risk categories by the Court and the Commission presents a challenge to the work of the discharge authority in making a comparative analysis of the respective reports; notes with concern that this leads to the discrepancy between the Court's calculation of high-risk expenditure as 63.2 % compared to Commission's calculation of 22 %; reiterates that such discrepancies between the Court and the Commission are hampering the reliability of input data needed for the discharge authority;
51. Notes with concern that substantial issues were detected in reimbursement-based expenditure, which accounts for 63.2 % of the Court's audit population, in which the estimated level of error is 4.7 %; takes note that the effects of the errors found by the Court are both material and pervasive to the year's accepted expenditure;
52. Notes that, despite the fact that the Court considers the RRF expenditure accepted in the accounts, for the year ended 31 December 2021, as legal and regular in all material respects, it considered that one milestone in the payment to Spain had not been satisfactorily fulfilled, with doubts remaining on the Commission's assessment of the milestone and targets associated with the related RRF expenditure; notes the Court's assessment that considered the error to be non-material; recalls that the objective of the Court's audit of the RRF was to contribute to the statement of assurance and provide the basis for its opinion on the regularity of 2021 RRF expenditure; notes that the audit population comprised the only 2021 disbursement, a payment to Spain, and the clearing of the related pre-financing; recalls that the only reason the identified error was not quantified was the absence of a methodology for partial payments by the Commission;

acknowledges that the Commission has published such a methodology on 21 February 2023;

Budgetary and financial management

53. Notes with concern that, in 2021, the implementation of commitments was very low, at 68 % of the total available amount, and that the late adoption of sectoral regulations during 2021 delayed the launch of new programmes; welcomes that the overall ESIF absorption rate increased in 2021 due to higher payments than in 2020; highlights that at the end of 2021, around EUR 161 billion was still to be absorbed by the closure of ESIF programmes in 2025; reiterates its concern over significant differences in absorption rates by Member States, and the fact that some Member States still have more than 40 % of their committed amounts to absorb; stresses again that huge differences in absorption capacities between Member States present one of the most serious obstacles to more effective development of less developed regions;
54. Takes note that still not absorbed ESI Funds for the 2014-2020 period represent a significant part of the Union's budget outstanding commitments; calls on the Commission to closely monitor the progress of implementation in Member States and analyse the differences, focusing in particular on the cases of under-implementation and low-absorption rates; expects the Commission to deliver country assessments to the discharge authority, identifying recurrent problems, and to take all the appropriate measures to optimise the situation, including through technical assistance and exchange of best practices;
55. Reiterates its concern that, at the end of 2021, total outstanding commitments reached a record high of EUR 341,6 billion (combining Union budget and NGEU outstanding commitments); highlights that outstanding commitments are likely to exceed EUR 460 billion in 2023 but that they will then normally fall as NGEU draws to a close; underlines that a certain level of outstanding commitments is a logical consequence of the Union budget system with commitment appropriations and payment appropriations but expresses its concern that a significant amount of outstanding commitments can constitute a risk for the smooth and normal operation of the Union budget in the future;
56. Takes note that the Union budget's outstanding commitments decreased from a historic high at the end of 2020 and that the Commission forecasts that the increase expected in 2027 will increase by a small amount, mainly due to the smaller gap between commitment and payments appropriation; reflects that the Court has, on several occasions, pointed out that they can only be reduced if budgeted payment appropriations exceed commitment appropriations and are used; invite the Commission to consistently follow up on this recommendation, which is consistent with the requirement to maintain an orderly ratio between appropriations for commitments and payments;
57. Highlights that the time available for implementing shared management funds under the 2021-2027 MFF is shorter than under previous MFFs; is aware of the challenges in relation to managing and controlling these funds to ensure compliance and sound financial management; is concerned by the increased administrative burden on Member States as a result of the implementation of the NGEU programme and the tendency of Member States to prioritise implementing NGEU over the traditional shared management funds, as discussed in the Public Hearing in the CONT Committee on 23 January 2023;

58. Believes that the Commission's Guidance on the avoidance and management of conflicts of interest under the Financial Regulation generates significant and unjustifiable bureaucracy particularly vis-a-vis SMEs, non-profit organisations and participative structures at local level; is of the opinion that the Guidance should focus on economic and financial benefits, rather than attempting to encompass the surveillance of personal life or societal relationships, explicitly at local or regional level; asks the Commission to fully respect the principle of proportionality and privacy and not put all actors under a general suspicion; calls on the Commission to clarify its current Guidance in this regard to provide clarity to applicants and decision-making bodies;
59. Is worried about the related risks identified by the Court in its 2020 report and reiterated for 2021 financial year, namely that the level of administrative resources needed to manage different budgetary instruments in parallel may not be available and that, the introduction of flexibility in the system to cope with COVID effects, may lead to a weakening of established control systems;
60. Notes with concern the increase in the Union budget's total exposure to contingent liabilities from EUR 131,9 billion in 2020 to EUR 277,9 billion in 2021; acknowledges that the two main reasons for this substantial rise were the introduction of the NGEU and the increase in the amount of loans provided under the SURE instrument; understands that the risk to the Union budget from contingent liabilities is mitigated by the increase in the own resources ceiling and the counter-guarantees of Member States of SURE loans;

Recommendations

61. Strongly supports the recommendations of the Court in its Annual Report as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;
62. Particularly, calls on the Commission to:
 - a. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit (ARACHNE, EDES etc) and urgently establish a compulsory integrated and interoperable system building on, but not limited to, existing tools and databases in the context of the upcoming revisions of the Financial Regulation; develop the RRF Scoreboard to ensure that the description of milestones and the target and outcome of the audit are transparent; ensure that all Member States use the systems and central registers to report on beneficial owners and end beneficiaries;
 - b. substantially simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs and NGOs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders without compromising the quality of the controls;
 - c. keep increasing the administrative capacity of the Commission and Member States and propose adequate budget lines for the Court, the EPPO and OLAF to

ensure their efficiency in relation to the implementation of the new upcoming tasks related to the NGEU instrument in order to protect the Union finances;

- d. summarise and report to the discharge authority and the Court the reasons for the differences in the various expenditure areas and recoveries, and also in the results concerning the estimated level of error as calculated by the Court and the risk at payment as calculated by the Commission in the AMPR and engage in an exchange with the Court on both the managerial and technical level with the aim of introducing a single methodology on the error rate of Union expenditure;
- e. work with the Court to align the respective risk categorisation methodologies and the audit working methodologies;
- f. compare implementation rates of the REACT-EU instrument by Member States that were set to receive financial support under the RRF, and Member States where the National Recovery Plan has only been approved under conditions at a later stage (Hungary and Poland), and identify causes for differences identified, in particular aimed at the availability of administrative capacity;
- g. continue supporting Member States to improve both the quality and number of checks and to share best practices in the fight against fraud;
- h. provide for a simplification of the procedure, including the documentation required to access funding, without breaking the principles of audit and monitoring;
- i. publish its audit reports, including for conflict of interest cases within a reasonable timeframe, helping to ensure that the recommended corrective and follow-up actions are implemented by the auditee;
- j. strictly monitor the possible risk of corruption and fraud;
- k. facilitate the inter-institutional cooperation by working towards speeding up the discharge process to n+1, without compromising the quality of the process;
- l. step up efforts to improve transparency in the use of funds, including as regards information on final beneficiaries and to tighten the disbursement of funds to companies based in tax havens;
- m. pay more attention to Member States and offer them enhanced technical assistance in cases where their management and control systems are only partially reliable or unreliable and where there is an increased risk of fraud and corruption in relation to Union funds;
- n. re-evaluate its identification of entities as NGOs and provide for a clear definition, as well as to further improve the Union Lobby Register, making sure that NGOs who approach Union institutions are registered as lobbyists; further asks the Commission to set up an effective mechanism to assure NGOs' activities are aligned with Union values and demand full transparency on their financing, providing a deeper insight into the financing of all entities registered should be the condition to approach all Union Institutions, bodies and agencies;

- o. commits to guaranteeing adequate resources for the secretariat of the Transparency Register in order to ensure that the entries on the lobbying activities of interest groups, lobbies and NGOs can be checked for accuracy and that lobbying becomes more transparent;
- p. draft a standard contract on the conditions for receiving Union funds with NGOs; stresses that this contract must be equally binding for all Union institutions and agencies;

Performance of the Union budget

- 63. Welcomes the report of the Court on the performance of the Union budget – Status at the end of 2021, which focuses on the mainstreaming of five horizontal policy priorities into the Union budget, namely combating climate change, preserving biodiversity, gender equality, the sustainable development goals (SDGs) of the United Nations, and the digital transition;
- 64. Regrets that the Court considers that the preparation of this performance report has a negative impact on its audit and emerging Union priorities; takes note of the Court’s decision to return to reporting on performance along the lines previously used in chapter 3 of the Annual Report; remarks that due to the legal deadlines in place, the Court may find it difficult to include its assessment of the AMPR in its Annual Report; calls for the Court to take account of the AMPRs in their annual reporting or through a separate document if necessary in order to account for the annual discharge exercise; recalls that the staff of the Court has been already increased in 2023 in order to account for the increased workload due to the NGEU;
- 65. Welcomes that the Court found that there is a framework in place in the 2021-2027 MFF for addressing most horizontal priorities, that selected Union spending programmes incorporate the horizontal policy priorities that the Court selected, and that the Commission has developed methods to track spending for some horizontal priorities;
- 66. Is concerned by the fact that the AMPR provides overly positive conclusions on the progress made towards mainstreaming targets, that there is little information available on whether spending contributes meaningfully to multiple priorities at the same time, that the Commission’s performance framework is mostly focused on outputs and does not yet measure outcomes, and that the Commission’s review of reported information faces challenges;
- 67. Notes that, according to the Commission, climate and biodiversity priorities are integrated into the performance framework; but notes with great concern the additional findings of the Court in its Special Report 09/2022 “Climate Spending in the 2014-2020 EU budget”; is worried that reported spending is not always relevant to climate action and that the Union budget contribution to climate and biodiversity is overstated; notes with further concern the Court’s findings that the overall reporting on climate spending was unreliable, since it involved significant approximation and tracked only the potential positive impact on climate without evaluating the final contribution to Union climate goals; notes with concern that the risk that the planned or committed amounts would not be spent, could further inflate reported climate spending; is worried that the Court found that only limited improvements are expected in the 2021-2027 climate

reporting; regrets that the Commission has not yet addressed weaknesses in the reported figures of their new methodology; expresses its profound disappointment about the reaction of the Commission which indicates a lack of responsibility and a failure to fully recognise the shortcomings in its methodology; cannot accept the Commission's statement about 'agreeing to disagree' with Members of the discharge authority given the fact that, according to the Court, the amount reported as having been spent on climate action had been overstated by at least EUR 72 billion for the 2014-2020 period;

68. Is worried by the potential lack of comprehensive analysis of previous spending, including the Just Transition Fund; is of the opinion that comprehensive impact assessments are necessary to ensure the performance of the Union budget; considers the role of the Regulatory Scrutiny Board as fundamental; encourages the Commission to develop tools and procedures that allow for the efficient use of the expertise available to it; calls on the Commission to explicitly justify the cases where it diverges from the recommendations;
69. Notes that progress has been made in incorporating gender equality into the performance framework; notes with great concern that, in addition to numerous discussions of Parliament's Committee on Women's Rights and Gender Equality, the Court has identified weaknesses in gender mainstreaming; regrets that the Commission's first estimation of the overall contribution of the Union budget to promoting gender equality was affected by weaknesses; notes with concern that the Commission continues to implement Union's programmes with no spending targets and only a few indicators with regard to gender equality; calls on the Commission to continue promoting gender balance and a gender budgeting approach in the allocated funds; calls on the Commission to urgently develop a gender mainstreaming methodology in order to integrate a gender equality perspective in all policy areas;
70. Regrets that there is limited information available on the progress of Union programmes with regard to the SDGs; notes with concern that previous work from the Court shows that the Commission does not report on the budget's contribution to the SDGs; welcomes that the Commission has started reporting on the links between Union spending programmes and the SDGs;
71. Welcomes that the digital transition is a new priority; understands that the Commission has provided information on the contribution to the digital transition for specific programmes and awaits the most recent assessment by the Court on the reliability of the Commission's reporting on the implementation of this priority;

Recommendations

72. Strongly supports the recommendations of the Court in its Annual Report as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;
73. Furthermore, calls on the Commission to:
 - a. enhance performance reporting in the areas indicated above, including climate, gender mainstreaming and geographical balance;

- b. follow up on the Court's recommendations to better link the Union's expenditure to its climate, biodiversity, gender mainstreaming and energy objectives;
 - c. provide a clear and comprehensive evaluation of the performance of the programmes in the Annual Management and Performance Report;
74. Stresses the fact that the discharge authority attaches great importance to the full and timely implementation of these recommendations by the Court and will assess the situation thoroughly in the next discharge report;

Revenue

75. Notes that the revenue of the Union budget comprises own resources, external assigned revenue mostly financing the RRF expenditure, and other revenue; notes that the gross national income-based own resource accounts for EUR 115,8 billion (48,2 %), budgetary guarantees borrowing and lending operations in the context of the NGEU account for EUR 55,5 billion (23,2 %), contributions and refunds connected with the Union agreements and programmes account for EUR 19,8 billion (8,3 %), traditional own resources account for EUR 19,0 billion (7,9 %), value added tax-based own resource accounts for EUR 17,9 billion (7,5 %), plastic packaging waste own resource accounts for EUR 5,9 billion (2,5 %), and other revenue accounts for EUR 5,7 billion (2,4 %);
76. Notes that the Court has examined a sample of 55 Commission recovery orders, designed to be representative of all sources of revenue, the Commission's systems for ensuring and managing the different own resources, the systems for traditional own resources (TOR) accounting and management in three Member States, and the reliability of the information on regularity contained in DG BUDG and Eurostat's annual activity reports;
77. Notes that the Court concludes that the level of error in revenue was not material; notes that the revenue-related systems examined were generally effective but that the key internal TOR controls in certain Member States and the management of VAT reservations and TOR open points at the Commission were found to be only partially effective due to persistent weaknesses;
78. Notes with concern that Customs duties are at risk of either not being declared or being declared incorrectly to the national customs authorities by importers; highlights that these evaded amounts, known as the 'customs gap', are not captured in Member States' TOR accounting systems and do not fall within the scope of the Court's audit opinion on revenue; notes with concern that the customs gap may affect the amounts of duties established by Member States; is worried that, according to the Court, for a third year in a row, the Union actions taken to reduce the gap and mitigate the risk that TOR are not complete; is worried that serious weaknesses have been persisting for several years in Member States' accounting and management of TOR; notes with concern the insufficient progress on a number of actions of the Commission's Customs Action Plan;
79. Welcomes that the number of open longoutstanding TOR points decreased significantly between 2019 and 2021, and that the Commission updated its procedure for processing TOR inspection results, encourages the Commission to include a system for ranking

Member States' shortcomings in order of priority and to set deadlines for their follow-up actions based on Member States' replies;

80. Notes that for the sixth year in a row, DG BUDG has maintained the reservation that the TOR amounts transferred to the Union budget are inaccurate owing to undervaluation of textiles and shoes imported from China during the period from 2011 to 2017; notes that on 8 March 2022, the Court of Justice of the European Union published its final decision on the Commission's infringement case against the UK concluding that the UK failed to fulfil its obligations under Union law in respect of own resources;

Recommendations

81. Supports the recommendations of the Court in its Annual Report as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;
82. Furthermore, calls on the Commission to:
- a. improve the assessment of financial risks for TOR by implementing the relevant measures of its Customs Action Plan in a timely manner;
 - b. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on, but not limited to, existing tools and databases;

Single market, Innovation and Digital

83. Notes that the MFF heading 1 'Single Market, Innovation and Digital' accounts for 10,2 % or EUR 18,5 billion of the Union budget: of this amount, EUR 10,8 billion (58,7 %) is spent on research, EUR 2,6 billion (13,9 %) on Space, EUR 2,2 billion (11,8 %) on Transport, Energy and Digital, EUR 1,5 billion on InvestEU, and EUR 1,4 billion (7,4 %) on other areas;
84. Notes that the Court has examined a statistical representative sample of 130 transactions covering the full range of spending under this MFF heading, the regularity information in the annual activity reports of the Directorate General for Economic and Financial Affairs (DG ECFIN), DG RTD and REA, which is included in the Commission's AMPR, and selected IT systems of the Commission;
85. Notes with concern that the Court found that the estimated level of error in spending on 'Single Market, Innovation and Digital' was material, reaching 4,4 %, compared to 3,9 % in the previous year; is worried that the estimated risk at payment calculated by the Commission is 1,3 %, which is below both the materiality level and the range of estimated level of error of the Court; notes the Court's observation that, despite the measures already taken by the Commission, its error rate remains understated;
86. Notes that H2020 continues to represent the majority of projects in the Court's sample, notes that no Horizon Europe project has yet been selected for audit, remarks that H2020 and FP7 spending remain high risk and are a main source of the errors detected;

87. Notes with concern that the rules for declaring personnel costs under H2020 remain complex, despite simplification efforts, and their calculation remains a major source of error in the cost claims; regrets that one of the main causes of error is the incorrect application of the methodology for calculating personnel costs; welcomes the provision under its successor, Horizon Europe, of an increased use of lump sums and unit costs for personnel costs; believes, therefore, that the Commission should further foster and facilitate streamlining the declaration of personnel costs and promote a wider use of simplified cost options, as preconditions in order to stabilise error rates to below materiality level; draws attention to the Court's observation that private entities, in particular SMEs and new entrants, are prone to error;
88. Notes that, in 2021, specific support under the Single Market Programme produced results with regard to exchanges of good practice and success stories in supporting social economy initiatives at local and regional level and underpinning the European network of social economy regions; notes that, in 2021, the Commission ran a campaign to promote the 'Access to Finance' (A2F) website, a series of webinars on 'EU support instruments for SMEs' and a campaign dedicated to social communication platforms (Outreach to Businesses and Citizens) highlighting cross-border business support and opportunities for SMEs;
89. Takes note that the Court found, in its Special Report 15/2022 "Measures to widen participation in Horizon 2020 were well designed but sustainable change will mostly depend on efforts by national authorities" that while the design of the widening measures was mostly appropriate they can only kick-start progress in R&I performance; welcomes that the implementation of the widening measures faced challenges but shows first results; notes with concern that the Commission has made insufficient arrangements for monitoring the impact of widening measures; highlights the Court's conclusion that to avoid situations in which the bulk of widening projects goes to just a few countries, the Commission should closely monitor participation levels in widening measures under Horizon Europe and, if continuous significant imbalances emerge, introduce measures to achieve a wider pattern of participation;
90. Notes with concern that the Court, in its Special Report 07/2022 "SME internationalisation instruments", found that the Commission's implementation of the SME internationalisation strategy was incomplete; welcomes that the Enterprise Europe Network (EEN) is achieving its main targets but regrets that there is suboptimal visibility and coverage in third countries; notes that Startup Europe addressed important needs, but that the Court found that sustainability, monitoring and coordination are variable;

Recommendations

91. Supports the recommendations of the Court in its Annual Report, as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;
92. Furthermore, calls on the Commission to:
 - a. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and

- payment agencies and all other relevant stakeholders without compromising the quality of the controls;
- b. issue guidance to beneficiaries on the specific differences, focusing on the eligibility aspects under HE, compared to H2020 and similar programmes;
 - c. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit; and urgently establish an integrated and interoperable system building on, but not limited to, existing tools and databases;
 - d. in the context of widening measures, aim for a more balanced participation of widening countries;
 - e. provide support, promote contacts between project beneficiaries and potential industrial partners, in particular through existing Union initiatives aiming to create links between research and business, and to further support the visibility of projects by encouraging beneficiaries to provide regular updates of project results and make them publicly available on the Union platforms established for that purpose;
 - f. increase awareness, coherence, and sustainability of the support to SME internationalisation; reiterates the need to simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders;

Cohesion, resilience and values

93. Notes that the MFF heading 2 ‘Cohesion, resilience and values’ accounts for 44,1 % or EUR 80,1 billion of the Union budget: of this amount, EUR 45,5 billion (56,9 %) is spent on the European Regional Development Fund (ERDF) and other regional operations, EUR 19,4 billion (24,2 %) on the European Social Fund (ESF), EUR 9,7 billion (12,1 %) on the Cohesion Fund (CF), EUR 2,4 billion (3,0 %) on Erasmus+, EUR 1,0 billion (1,2 %) on CEF Transport, EUR 0,6 billion (0,7 %) on ESI and EUR 1,5 billion (1,9 %) on other areas;
94. Welcomes the increased take up in 2021, when EUR 56 billion in ERDF/CF funding was disbursed from the Union budget, compared with an average of EUR 40,6 billion in previous years, resulting in a spending rate of around 75% at the end of November 2022 (compared to 67% at the end of 2021); notes with satisfaction that, by the end of June 2022, almost 1 million projects (988 000) had been selected on the ground;
95. Points out that ERDF, CF and EUSF funding has played a central role in containing the fallout from the COVID-19 pandemic, encouraging convergence and ensuring that no one is left behind; notes the exceptional flexibility offered under the CRII+ and the resulting disbursement of around EUR 23 billion from the unallocated 2014-2020 budget appropriations; notes that additional REACT-EU funding of EUR 50,6 billion has also been earmarked for crisis repair and recovery measures up to 2023 to bridge the gap between initial crisis response and longer-term recovery;

96. Notes with satisfaction that REACT-EU was the first NGEU instrument to channel effective support towards the European economy, businesses and workers on the ground and that it provided, inter alia, over EUR 4,6 billion in the form of grants by way of working capital for over 754 000 SMEs, EUR 4,4 billion being specifically earmarked for healthcare measures to combat the COVID-19 pandemic and EUR 2 billion of this amount for the purchase of medical equipment for hospitals; notes that this essential funding has provided 13 200 ventilators and 12 500 hospital beds for intensive care units and that EUR 372 million in cohesion policy funding has gone to meet all vaccination costs, including 133 million COVID-19 vaccines and the necessary refrigeration infrastructure;
97. Notes with satisfaction that EaSI Financial Instruments (encompassing the EaSI Microfinance and Social Entrepreneurship Guarantee, the Capacity Building Investments Window and the Funded Instrument) continued in 2021 to support microenterprises and social enterprises, and that from its launch until 30 September 2021, guarantee agreements worth of EUR 401 million were signed and resulted in a total of 154 137 loans to micro- and social enterprises, with a total worth of EUR 2,5 billion; regrets, however, the late start of EaSI in 2021 as a result of the COVID-19 pandemic and other issues;
98. Notes that, on average, more than one out of five persons and one out of four children are still at risk of poverty or social exclusion in the Union; recalls the Union's commitment to supporting the most deprived people through FEAD and the ESF+, alleviating the worst forms of poverty in the Union, such as food deprivation, homelessness and child poverty; notes that about 13 million people, including approximately 4 million children under the age of 15, are supported by FEAD annually;
99. Welcomes the Commission's close cooperation with Member State authorities to speed up implementation on the ground, especially in the case of programmes considered to be in difficulty, and to help them address major problems in this respect; notes that the Commission provided early guidance to Member States to ensure that they had adequate time to prepare for the closure of the programming period and, in October 2021, adopted the relevant guidelines, which were transmitted to the Member States in the form of webinars and training courses;
100. Notes that the Court has examined a statistically representative sample of 243 transactions covering the full range of spending under this MFF heading; notes that the Court has examined the regularity information given in the annual activity reports of DG EMPL and DG REGIO and then included in the Commission's AMPR, as well as the work done by national audit authorities;
101. Notes with concern that the Court found that the level of error in spending on 'Cohesion, resilience and values' was material and for MFF heading 2, the estimated overall level of error was 3,6 %, compared to 3,5 % in the previous year; notes that spending under subheading 2a had an estimated level of error of 4,1 %; remarks that the Commission reported a combined risk at payment for heading 2 as a whole of between 1,7 % and 2,3 %, while for subheading 2a the Commission estimated the risk of at payment to be between 1,8 % and 2,5 %; draws attention to the difference in the figures between the Commission and the Court;

102. Welcomes that the Commission has improved its methodology for estimating maximum risk, but notes with concern that inherent risks remain in its assurance model; is worried that the Commission provides a minimum estimate for the level of error that is not final; notes with concern that the Court considers that the Commission's desk reviews may fail to detect and correct irregular expenditure and are of limited value in confirming the validity of the residual total error rates reported by audit authorities; is worried that the risk rating of audit authorities does not always influence whether they are selected for compliance audits;
103. Highlights that the most common source of errors found by the Court was ineligible costs, ineligible projects, and infringements of internal market rules, including non-compliance with public procurement rules and infringements of state aid rules;
104. Notes with concern that the Court's audit results over the last five years demonstrate that the controls currently in place do not yet sufficiently offset the high inherent risk of error in this area, and that this is particularly true for managing authorities, whose verifications are still partly ineffective for preventing or detecting irregularities in the expenditure declared by beneficiaries; regrets that the main contribution to the estimated level of error calculated by the Court in this area comes from weak decision-making by managing authorities, including the approval of ineligible projects or unlawful state aid;
105. Notes with concern that shortcomings remain in the way audit authorities perform and document their work; is worried that the Court found quantifiable errors that had not been previously identified by the national audit authorities in many cases when re-performing their audits;
106. Notes with concern that the Court, in its Special Report 08/2022 "ERDF support for SME competitiveness" found that Member States' use of the ERDF to improve SME competitiveness was not sufficiently targeted; is worried that the ERDF support did not significantly improve the competitiveness of SMEs supported, takes note of the Court's finding that supporting stand-alone projects limits the potential impact of the ERDF; notes with concern that ERDF selection procedures are not sufficiently competitive and most support is provided through grants rather than repayable aid;
107. Calls on the Commission to cease all funding of Islamism and organisations with ties to Islamism as well as campaigns glorifying or legitimising the Hijab;

Recommendations

108. Supports the recommendations of the Court in its Annual Report as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;
109. Furthermore, calls on the Commission to:
 - a. continue its cooperation with the Court in order to further harmonise data standards and align the interpretation of legal texts;
 - b. make the use of IT tools such as EDES and ARACHNE mandatory and systematic for all Union funds including shared management and ensure better use of new technology in order to increase controls and protect the Union budget against fraud and misuse of funds;

- c. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on, but not limited to, existing tools and databases;
- d. report on the early preventive system audits (EPSA) performed at the beginning of the programming period, in order to confirm the effectiveness of the control systems in the Member States, including the system in place to prevent irregularities;
- e. work together with Member States' audit authorities, to ensure that the specific risk of double funding, especially with the RRF financing, is well covered by national audits; insists that the Commission performs thematic or compliance audits, tailored to target high-risk areas and/or Member States;
- f. simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders without compromising the quality of the controls;

Natural resources and environment

- 110. Notes that the MFF heading 3 'Natural Resources and Environment' accounts for 31,3 % or EUR 56,8 billion of the Union budget: of this amount, EUR 38,3 billion (67,3 %) is spent on direct payments under the European Agricultural Guarantee fund (EAGF), EUR 14,6 billion (25,7 % on the agricultural fund for rural development (EARDF), EUR 2,5 billion (4,5 %) on market related expenditure under the EAGF, EUR 0.9 billion (1,6 %) on Maritime and Fisheries, EUR 0,4 billion (0,7 % on Environment and Climate (LIFE), and 0,1 billion (0,2 %) on other areas;
- 111. Notes that 2021 was the first year of the two-year CAP transitional period in which the European Agricultural Guarantee Fund (EAGF) and European Agricultural Fund for Rural Development (EAFRD) packages forming part of the MFF 2021-2027 were used to implement the CAP under the transitional rules, while the rural development programmes for the 2014-2020 period were extended; notes also that EAGF funding of EUR 40,7 billion, budgeted for 2021 under the MFF 2021-2027, was committed and paid during the year; notes that, of the 2021 commitment appropriations for the EAFRD and the NGEU (EUR 17,7 billion), an amount of EUR 624 million was paid in 2021, while EUR 14 billion of the 2021 payments related to commitments entered into before 2021;
- 112. Regrets the insufficient use of the European Maritime Affairs and Fisheries Fund; stresses that out of an EMFF envelope of EUR 5,69 billion available in shared management for the 2014-2020 period only EUR 4,1 billion has been committed to the end of 2021, notes that the lack of use of the EMFF by its potential beneficiaries is probably due to the difficulty in submitting fund applications and the processing thereof, asks the Commission to analyse the reasons;
- 113. Notes that management and control systems have been adopted by the Member States to identify instances of dual funding and that procedures are in place to remedy such

situations should they arise; notes also that, where weaknesses in controls and procedures are identified, the Commission may recommend improvements to the Member States and, where appropriate, make financial adjustments to protect the Union budget;

114. Notes that the Court has examined a statistically representative sample of 212 transactions covering the full range of spending under this MFF heading; notes that the Court also examined the regularity information given in the annual activity reports of DG AGRI and DG CLIMA and then included in the Commission's AMPR, as well as selected systems in Member States;
115. Notes with satisfaction that the Court found the level of error for 'Natural resources' to be close to the materiality threshold, estimated to be 1,8 % compared to 2,0 % in the previous exercise, and that the majority of the errors found affected rural development and market measure transactions; highlights that this figure is in line with the Commission's own estimations; remarks that DG AGRI estimated a risk at payment (adjusted error rate) of around 1,4 % for direct payments, 2,9 % for rural development and 2,1 % for market measures, which is in line with the findings of the Court; remarks that this alignment between the Court and the Commission error estimations is not present in other expenditure areas;
116. Highlights that the most common source of errors found by the Court was ineligible beneficiaries or expenditure, followed by administrative errors and a lack of respect for agri-environmental commitments; notes with concern that the Court found in several cases that the Member State authorities and the Commission had sufficient information to prevent, or to detect and correct, the error before accepting the expenditure; highlights that the Court considers that the estimated level of error for this chapter would have been 1,2 % lower if Member State authorities and the Commission (for direct management) made proper use of all the information at their disposal; takes note that the Court considers this an administrative error due to the failure to use available information;
117. Acknowledges that direct payments, which represent 67 % of expenditure, have a lower risk of error; notes that they are managed through the Integrated Administration and Control System (IACS), which incorporates the Land Parcel Identification System (LPIS); takes note that the Court considers that IACS, and the LPIS in particular, form an effective management and control system to ensure that direct payments as a whole are not affected by material error; notes with concern that the Court found that rural development, market measures and other payments, which represent 33 % of expenditure, have a higher risk of error;
118. Takes note that the Court, in its Special Report 14/2022 "The Commission's response to fraud in the Common Agricultural Policy" found that fraud risks vary between the CAP payment schemes; welcomes that the Commission has taken action on fraud spending; regrets that according to the Court, the actions taken by the Commission were not sufficiently proactive in addressing certain fraud risks, such as illegal 'land-grabbing'; emphasises that weaknesses in Member States' checks are prone to be exploited by the fraudsters and that the Commission should monitor national anti-fraud measures better, provide more concrete guidance, and promote the use of new technologies for preventing and detecting fraud; notes with concern that some paying agencies have indicated a need for more practical advice from the Commission;

119. Regrets that the Commission's actions to detect and counter fraud in the CAP payments does not lead to the substantial eradication of risks and abuses; urges the Commission to systematically assess the use of CAP payments by providing the list of the biggest beneficiaries per Member State and publishing it accordingly;
120. Notes with concern that the Court, in its Special Report 16/2022 'Data in the Common Agricultural Policy', found that current data and tools only partly deliver the information needed for well-informed policy-making at Union level; notes that the Court found that the Commission has various initiatives to make better use of existing data; regrets that the Court found that barriers remain in this area;
121. Notes with concern that the Court, in its Special Report 10/2022 'LEADER and community-led local development facilitates local engagement but additional benefits still not sufficiently demonstrated', found that local action groups facilitate local engagement but involve additional costs and slow approval processes; is worried that additional benefits of LEADER and community-led local development are still not demonstrated;
122. Recalls the importance of a fair CAP allocation, which from one side should avoid any misuse of funds in particular by politically prominent wealthy individuals, elites and big conglomerates, and on the other concentrate on active farmers, fully engaged in agricultural activity;

Recommendations

123. Supports the recommendations of the Court in its Annual Report as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;
124. Furthermore, calls on the Commission to:
 - a. substantially simplify rules and procedures, develop compulsory training sessions and practical information for applicants, in particular new applicants, and improve the assistance and guidelines for SMEs, spin-offs, start-ups, administration and payment agencies and all other relevant stakeholders without compromising the quality of the controls;
 - b. make better use and encourage the systematic use of AI and data from new technologies such as the Union owned Copernicus Sentinel satellites to monitor and control the correct use of all CAP funds;
 - c. make use of the IT tools, ARACHNE and EDES, mandatory and systematic for paying agencies, as important tools that can be used to identify projects, beneficiaries and contractors at risk of fraud;
 - d. ensure the protection of the Union budget by making general and systematic use of digital and automated systems for reporting, monitoring and audit and urgently establish an integrated and interoperable system building on but not limited to existing tools and databases;

- e. to present an amendment to the rules of the CAP aimed at preventing Union funds from being disbursed where land has been obtained by force or where ownership has been falsely declared;
- f. collecting and publishing data on the biggest CAP beneficiaries across Member States, including the integrated data from other Union funds;

Migration and border management, Security and Defence

- 125. Welcomes the creation of MFF heading 4 'Migration and Border Management' for the 2021-2027 programming period as this underlines the importance of the related issues for the Union as a whole and the Union budget in particular; notes that this heading in 2021 concerned EUR 2,5 billion in payments, from the Asylum, Migration and Integration Fund (EUR 1,2 billion), the Internal Security Fund - Borders and Visas (EUR 0,4 billion) and the European Union Asylum Agency, Frontex and EU-LISA (EUR 0,9 billion); notes that this expenditure mainly concerns the completion of projects and schemes outstanding from the 2014-2020 programming period;
- 126. Notes that MFF heading 5 'security and defence' concerned EUR 0,7 billion in payments, from the European Defence Fund (EUR 0,2 billion), the Internal Security Fund - Police (EUR 0,2 billion), the decentralised agencies (EUR 0,2 billion), and nuclear safety and decommissioning (EUR 0,1 billion);
- 127. Is concerned that, of the 28 transactions the Court examined, nine (32 %) were affected by errors, that the Court quantified six errors which had an impact on the amounts charged to the Union budget, and that the Court also found six cases of non-compliance with legal and financial provisions, with no impact on the Union budget;
- 128. Notes that the Court also reviewed the work done by three Member States' audit authorities that audited their Member States' AMIF/ISF annual accounts; regrets to note that the Court identified shortcomings in their reporting, related to audit work done on a selection of projects, procurement procedures, inadequate testing of eligibility of expenditure and insufficient audit trail or poor documentation, resulting in failure to detect ineligible expenditure, unreliable audit conclusions and limited assurance from the audit authorities' work; notes that the Court has formulated recommendations to address the issues identified;
- 129. Notes from the Commissioner's replies to written questions that SMEs participate in calls from the EDF and make up 43% of the entities involved in selected proposals; notes that the Commission provides general technical support to potential beneficiaries of funds from the European Defence Fund through the Funding and Tenders Portal; notes further that the Commission considers that participation of SMEs in calls from the EDF are supported through simplified cost options, which benefit all participants, and organisation of information days; considers that, for SMEs, this might not be sufficient given the problems encountered by these enterprises, that mainly relate to a lack of specific knowledge of Union funding and administrative capacity;
- 130. Notes with satisfaction that, in the first year of EDF calls for proposals (2021), 692 'single' entities from all Member States (except Malta) and Norway were involved in the final procedure leading to the selection of 61 proposals, indicating both the high level of participation and the level of cross-border cooperation; also notes that, on average,

entities from around eight Member States were involved in a proposal selected for funding;

Recommendations

131. Supports the recommendations of the Court in its Annual Report as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;
132. Furthermore, calls on the Commission to consider the activities employed by the [Common Implementation Center in RTD](#) for the Horizon Europe Funds in support of SMEs, such as webinars and coordinator days, and copy successful elements of the [Common Implementation Center in RTD](#)'s approach to the EDF, notably to give more specific knowledge of Union funding to SMEs and decrease the administrative burden for them;
133. Calls on the Court to consider reflecting the different MFF headings in its Annual Report by dedicating a specific chapter to each heading;

Neighbourhood and the world

134. Welcomes the adoption of NDICI-Global Europe in 2021 as the main funding instrument under this MFF heading, with its objective of upholding and promoting Union values, principles and fundamental interests worldwide, and helping to promote multilateralism and stronger partnerships with non-Union countries; notes that NDICI-Global Europe reflects a major change compared to the 2014-2020 MFF, with the integration of cooperation with African, Caribbean and Pacific partner countries, previously financed by the European Development Funds, into the Union general budget; regrets that a more integrated approach in global development projects is missing;
135. Recalls that the Directorate-General for Development Cooperation (DG DEVCO) was reorganised on 16 January 2021 and became the Directorate-General for International Partnerships (DG INTPA); welcomes the consolidation of resources in the area of international partnerships with the introduction of NDICI - Global Europe and also via the Team Europe approach;
136. Notes that, in 2021, payments for 'Neighbourhood and the world' amounted to EUR 10,9 billion; notes that these payments were disbursed using a variety of instruments and delivery methods; notes with concern that the Court qualifies the risk of error in this MFF heading as 'high', with 32 out of 67 transactions audited (48 %) affected by errors;
137. Notes that the Court found 12 cases of non-compliance with legal and financial provisions, which, although they did not have an impact on the Union budget, they nevertheless undermine sound financial management and have the potential to render costs ineligible; notes that these cases of non-compliance relate to the selection of projects and application of procurement rules and submission of supporting documentation for cost claims;
138. Notes the results of the seventh study on the Residual Error Rate (RER) carried out in 2021 by DG NEAR, and in particular the overall RER that was found to be 1,05 %, below the materiality threshold of 2 %; notes the limitations that the Court identified

regarding the methodology of determining the RER, in particular that a substantial share of DG NEAR's expenditure is not considered in the sampling population of the RER, which the Court considers carries the risk of errors remaining undetected; is in particular worried that DG NEAR did not disclose those limitations in its 2021 Annual Activity Report;

139. Notes the results of the RER Study for 2021 performed by DG INTPA, which distinguishes a RER for funds implemented under the Union budget (1,45 %) and the European Development Funds (0,91 %); welcomes that DG INTPA addresses the recommendations of the Court as regards the audit observations concerning the RER; notes the explanations provided by DG INTPA on its RER methodology and the distinction between the RER and the audit work done, and conclusions derived from that work, by the Court; is however worried that the fundamental critique of the Court on the methodology, and in particular the related decisions on reservations, remain;
140. Deplores the problematic and hateful material in Palestinian school textbooks and study cards which has still not been removed; underlines that education and pupils' access to peaceful and unbiased textbooks is essential, especially in the context of the rising implication of teenagers in terrorist attacks; stresses that financial support from the Union for the Palestinian Authority in the area of education shall be provided on the condition that textbook content is aligned with UNESCO standards, as decided upon by Union education ministers in Paris on 17 March 2015, that all anti-Semitic references are deleted, and examples that incite hatred and violence are removed, as repeatedly requested in the resolutions accompanying the discharge decisions in respect of the implementation of the general budget of the European Union for the financial years 2016, 2018, 2019 and 2020; therefore requests the Commission to closely scrutinise that the Palestinian Authority (PA) modifies the full curriculum expeditiously;
141. Is concerned about the destruction and confiscation of Union-funded projects in the West Bank; recalls the position of the Council, expressing its commitment to ensure that all agreements between Israel and the Union must unequivocally and explicitly indicate the inapplicability to the territories occupied by Israel since 1967, as well as to continue the effective implementation of existing Union law and bilateral arrangements applicable to settlement products;
142. Points out the implementation difficulties of the consortium-lead project Jordan Industry 4.0 & Digitalization Innovation Centre (InJo4.0); highlights that the project lacks clear governance and administration, and that the lead consortium partner has dominated the project resources in such a way that partners had only very restricted or no access to the project resources, with two partners already deciding to leave the project; furthermore, due to a clear conflict of interest on the part of the project lead, who acts as the coordinator of the project, and the fear of a monopoly in favour of the coordinator's company through the appropriation of all intellectual property, questions the Commission's ability to manage the project; calls on the Commission to conduct an independent audit to get a clear overview of the issues on the ground, ensure the legal and transparent implementation of the project and develop safeguards for future projects to avoid the appropriation by a single company as well as transparent communication channels for projects in third countries;
143. Notes the importance of linking the rule of law conditionality, as well as the alignment with the Union's Common Foreign and Security Policy; reiterates that IPA III funding

shall be strictly linked to these criteria and funds shall not be disbursed to the Western Balkans countries unless these criteria are clearly met, as underlined in the Court Special Report 01/2022 “EU support for the rule of law in the Western Balkans”;

144. Recalls that development and cooperation policy are meant to eradicate poverty and reduce inequality and that funds should reach only their intended beneficiaries;

Recommendations

145. Supports the recommendations of the Court in its Annual Report as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;
146. Furthermore, calls on the Commission to:
- a. reconsider the exclusion of the categories of expenditure that the Court identified and to clearly disclose the limitations of its RER methodology;
 - b. better communicate the error rates it presents vis-a-vis the error rate presented by the Court, better explaining the differences and clearly stating that the Commission supports the Court’s error rate, and provides its own calculations in order to give a more detailed analysis that looks into the root causes of the errors;
 - c. ensure that future partnership agreements are based on the principles of transparency, solidarity, shared responsibility, respect for human rights, the rule of law and international humanitarian law, concretely by conducting ex-ante human rights' impact assessments before engaging in projects in third countries, as well as monitoring throughout the implementation phase and making results available to the discharge authority;
 - d. comply with Regulation (EU) 2021/947 by ensuring that migration-related spending in NDICI is indicatively 10% of the instrument; ensure full transparency, by establishing a clear overview of all instruments within the Union budget used to finance cooperation with third countries in the field of migration management, including information on the amount, purpose and source of funding, as well as providing detailed information on any other potential support measures provided by Union agencies, such as Frontex, in order to ensure that the discharge authority can effectively perform its institutional role in exercising scrutiny of the implementation of the Union budget;
 - e. make the list of all final beneficiaries and projects available to auditors and the Discharge Authority and to strengthen Commission's efforts on the collection of information on final recipients of Union funding at the Commission level; calls on the Commission to ensure that individuals or groups affiliated, linked to, or supporting terrorist organisations are excluded from Union funding;
 - f. increase coherence and sustainability of the NDICI-Global Europe funding;
 - g. provide a comprehensive overview of spending under the new Global Gateway programme and simplify the existing instruments in order to mainstream Union priorities under the Global Gateway;

European public administration

147. Notes that MFF Heading 7 ‘European Public Administration’ accounts for 5,9 % or EUR 10,7 billion of the Union budget, which comprises expenditure on human resources and pensions, which, in 2021, accounted for about 68 % of the total, and on buildings, equipment, energy, communications and information technology; of this total amount, EUR 6,3 billion (58,5 %) is spent by the Commission; and the rest by other Union institutions and bodies; notes that the Court reports separately on the Union agencies, other entities and the European Schools; highlights that the Court’s mandate does not cover the financial audit of the European Central Bank;
148. Notes that the Court examined a statistically representative sample of 60 transactions covering the full range of spending under this MFF heading; notes that the Court also examined the regularity information given in the annual activity reports of all the institutions and bodies, including those of the European Commission’s directorates-general and offices primarily responsible for administrative expenditure, and then included in the Commission’s AMPR, among others;
149. Notes with satisfaction that the Court concludes that the level of error in spending on ‘European public administration’ was not material; notes that there are no new recommendations addressed to the Commission;
150. Welcomes that the Court found, in its Special Report 18/2022, ‘EU institutions and COVID-19’, that the institutions’ business continuity plans mostly followed recognised standards and provided a basis for their response to the crisis; welcomes that the institutions managed to minimise disruption to their core activities; takes note that the assessment of the efficiency of the new ways of working in a post-crisis environment has started;
151. Notes with concern that the Court found, in its Special Report 17/2022 ‘External consultants at the European Commission, that there are significant gaps in the framework governing the engagement of external consultants and justifying their use; takes note that procurement procedures were complied with, but specific risks are still not well managed; is worried about the weaknesses detected with regard to the way in which external consultants’ services are managed and used; is worried about the partial accuracy of the Commission’s management information and its weak systematic reporting;

European Schools

152. Notes with satisfaction that the Court found no material errors in the final consolidated annual accounts of the European Schools for 2021; welcomes the improvements highlighted by the Court in the individual and consolidated accounts;
153. Notes with concern the weaknesses detected in the internal control systems of the Central Office and of the two schools selected by the Court, in particular as regards their recruitment, procurement, and payment procedures; notes with concern that the Court is unable to confirm that the Schools’ financial management in 2021 was fully compliant with the Financial Regulation and the Staff Regulations;

Recommendations

154. Supports the recommendations of the Court in its Annual Report as well as in related special reports; calls on the Commission and the Central office of the European Schools in their respective remits to implement them without delay and to keep the discharge authority informed on the progress of the implementation; calls for full Parliamentary scrutiny of the European school system in order to increase accountability and improve governance;
155. Furthermore, calls on the Commission to:
- a. continue its work in order to ensure gender equality at all levels of management by the end of the current Commission mandate and to report gender-disaggregated data;
 - b. continue its work to ensure a fair geographical balance of its staff at all levels, especially at senior management level, where strong imbalances persist, while at the same time fulfilling the requirements in the Staff Regulations regarding competences and merits of candidates; stresses that according to the Article 27 of the Staff Regulations of Officials, the Commission, like all Union institutions, must ensure that all Member States are proportionally represented;
 - c. take all necessary steps to continue building a more diverse and inclusive work environment and culture by taking actions in favour of people with disabilities, including improvements in the access to buildings;
 - d. provide an analysis on the effects of employing an increasing number of contract agents, which the Parliament has constantly expressed concerns about;
 - e. set clear rules on revolving doors in particular for Commissioners and senior former officials engaging in new activities after leaving the service, also in the agencies;
 - f. be at the forefront of whistle-blower protection, laying the foundations for more uniform regulation across all institutions, based on best practices and higher standards;

COVID-19 related support

156. Regrets that the Commission has still not produced a comprehensive report on COVID-19-related expenditure under the Union budget;
157. Takes note that the Court, in its Special Report 28/2022 ‘Support to mitigate Unemployment Risks in an Emergency (SURE)’, found that the SURE instrument was a timely response in mitigating the risk of unemployment during the COVID-19 pandemic and that it entailed a limited financial risk to the Union budget; welcomes that SURE loans helped to finance the national job retention schemes to contain the rise of unemployment during the COVID-19 crisis; regrets that the impact of SURE cannot be fully assessed because of limitations in the monitoring of data and the lack of an ex-post evaluation; calls on the Commission to significantly improve the monitoring of data and dedicate much needed resources to allow for the reliable assessment of the results and outcomes of its programmes and policies; stresses the fact that a constant lack of ex-post assessments does not provide for a fact-based planning of the next Union’s budget;

158. Takes note that the Court, in its Special Report 19/2022 ‘EU COVID-19 vaccine procurement’, states that the Union has created a tailor-made procurement system for COVID-19 vaccines; notes that negotiations secured a diversified vaccine portfolio for Member States; notes that the Commission supported contract implementation but had limited leverage to overcome supply challenges; regrets that further information related to the content of these contracts has not been provided by the Commission to the Court); stresses the obligation of every Union Institution, Member State and public or private recipient of Union funds to disclose all relevant documents, including information on the preliminary negotiations conducted by the Commission, upon an official request of the Court as part of an ongoing audit; recalls the European Parliament’s recommendation, in its 2020 discharge resolution, related to the access to text messages exchanged with a pharmaceutical company regarding the purchase of a COVID-19 vaccine;
159. Views as regrettable the fact that the Commission has still not provided, in a transparent manner, information on the negotiations that took place with vaccine manufacturers, hence leaving room for suspicion; welcomes, once again, the decision of the European Ombudsman to ask the President of the Commission for clear and concrete information on the negotiations that took place with vaccine manufacturers, and for greater transparency in respect of the contracts concluded;
160. Considers it regrettable that the President of the European Commission did not come to the hearing with the specialised committees of the European Parliament so as to provide concrete answers to Members directly elected by the citizens of Europe, which represents a lack of provision of information to citizens;

Recommendations

161. Supports the recommendations of the Court in its Annual Report as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of their implementation;
162. Furthermore, calls on the Commission to:
- a. report comprehensively on the COVID-19 related expenditure and report back to the discharge authority, including a presentation of vaccine procurement contracts;
 - b. verify that COVID-19 vaccine manufacturers comply with the terms of advance purchase agreements, in particular as regards production cost estimates, the use of upfront financing and, where applicable, no-profit clauses, and take corrective action as necessary and keep the Discharge Authority fully informed;
 - c. participate in hearings in the European Parliament regarding the negotiations and contracts with the vaccine manufacturers;

CHAPTER II - Recovery and Resilience Facility (RRF)

General remarks

163. Stresses that the outbreak of the COVID-19 pandemic abruptly changed the economic and social outlook of the Union, requiring a united effort, resulting in the agreement in December 2020 on the recovery package for Europe, including the RRF, as well as on the MFF 2021-2027; recalls that the RRF is a temporary recovery instrument based on performance, i.e. payments are linked to the satisfactory fulfilment of milestones and targets related to reforms and investments included in the national RRFs; stresses that although the RRF is funded by issuing debt, highlights that the Recovery and Resilience Facility Regulation (RRF Regulation) provides that the RRFs must reach targets for climate and digital expenditure and contribute appropriately to policy areas of Union relevance; recalls that each national plan should effectively address all or a significant subset of challenges identified in the European Semester, particularly the country-specific recommendations adopted by the Council; stresses the added value of the RRF supporting an unprecedented agenda of reforms and investments to address the specific challenges Member States are facing;
164. Notes that the Commission approved 22 national RRFs in 2021, committing EUR 154 billion in loans and EUR 291 billion in grants; notes that the Commission disbursed pre-financing for loans with a total value of EUR 18 billion, with the biggest two recipients being Italy (EUR 15,9 billion) and Greece (EUR 1,65 billion); recalls that the Council's approval of the national RRFs enabled the Member States to receive pre-financing of up to 13 % of the financial contribution; notes that the Commission disbursed pre-financing for grants with a total value of EUR 36,3 billion, with the biggest two recipients being Spain (EUR 9,04 billion) and Italy (EUR 8,95 billion); notes that the Commission disbursed one payment, to Spain, with a value of EUR 10,0 billion; notes that the payment to Spain was accompanied by the clearing of EUR 1,5 billion of pre-financing of the EUR 9,04 billion received as pre-financing by that Member State, in accordance with Article 5(3) of the financing agreement between the Commission and the Kingdom of Spain;
165. Notes the Commission's activities in relation to issuing securities on the international capital markets necessary to fund the RRF, for which the Commission raised, by the end of 2021, EUR 71,0 billion of long-term funding and EUR 20 billion of short-term funding; notes the issuing of the first NGEU green bond with a value of EUR 12,0 billion, that requires implementation of reporting on the precise use of proceeds of green bonds and on the impact of investments; recalls the issues concerning performance reporting identified by the Court and the reputational and financial risks that this can bring for the green bonds; considers that the first interest costs have been incurred for these borrowed amounts, including a negative interest rate of over EUR 20 billion in deposit at the ECB; notes the introduction of interest rate risk for the Union budget because of the NGEU's funding needs;
166. Notes the Court's observation in its 2021 Annual Report concerning the RRF and the only payment made in 2021, to Spain; notes that the Court examined the Commission's ex-ante work on all milestones associated with this payment, assessing whether the Commission had gathered sufficient and appropriate evidence to support its assessment of satisfactory fulfilment of the milestones included in the payment request; observes that the Court did not examine other payments in 2021; observes with concern the fact

that it will not be possible for the Court to assess all milestones associated with future payments to all Member States, which will have an impact on its future analyses; nonetheless suggests to the Court to include, in its sample for 2022, milestones and targets for all payments made in 2022;

167. Takes note of the Court's conclusion that, for the payment made to Spain in 2021, one of the milestones was not satisfactorily fulfilled; regrets to note that the Court was not able to quantify this error because of the need for the timely development of a methodology to quantify the impact of (partially) not achieving a milestone or target; notes the Commission's Internal Auditor observed and emphasised the absence of this methodology in its 2021 Overall Opinion on Commission financial management; regrets that the Commission did not have a stronger methodology in place before making payments; considers it as negligence on the part of the Commission to not have this methodology in place before making payments, as this calls into question the Commission's assessment of the satisfactory fulfilment of milestones and targets; welcomes however, that the Commission, following repeated calls by the discharge authority and the Court, on 21 February 2023, adopted a communication on the RRF including two annexes containing a framework for assessing milestones and targets under the RRF Regulation and a Commission methodology for the determination of payment suspension under the RRF Regulation;
168. Commends the Commission's work in rectifying the absence of a methodology for the first 23 payments from the RRF; notes that the methodology should allow the Commission to determine the amount to be suspended if a milestone or target is not satisfactorily fulfilled, in full respect of the principles of equal treatment and proportionality; observes that the calculation of the suspended amount will reflect both the performance-based nature of the RRF and the unique combination of reforms and investments, as well as the fact that not all measures contribute equally to the realisation of the objectives of a NRRP; notes however that the framework for assessing milestones and targets lacks explanations, for example why the verification mechanism and monitoring steps as described in the operational arrangement should not be considered for the assessment and why the de minimis threshold is defined as 'around a 5% or less deviation'; underlines that the definitions of 'satisfactory fulfilment' of the relevant milestones and target are defined through terms, which lack a clear definition and contain subjective elements such as 'minimal deviation from a formal requirement', 'limited and proportional delays' and 'minimal deviation from a substance requirement'; asks that further clarifications are given in this regard and calls for a clear and comprehensive approach when assessing deviations in order to ensure they are limited to the necessary extent; believes that the payment suspension methodology should be further improved as regards the investment component to better link the respective milestones and targets to the real cost incurred; highlights that there should be an ongoing assessment of the progress made in order to ensure that the fulfilment of milestones and targets is not largely delayed;
169. Notes that the methodology for the determination of payment suspension does not provide an explanation for the values chosen as coefficients and also contains subjective elements, such as the upward or downward adjustments of the corrected unit value and terms that lack clear definitions, such as investments of 'major importance' or reforms of 'particular importance'; asks that further clarifications are given;

170. Notes the conclusions following the mission of the Budgetary Control Committee to Spain on the 20-23rd of February 2023, whereby the difficulties with the full implementation of the management and control platform for the Spanish RRF funds, CoFFEE, were acknowledged, especially in relation to the lack of interoperability with regional and Union platforms and the fact that the system was not fully operational; notes that the Commission evaluated the related milestone in the Spanish Recovery Plan as satisfactory fulfilled, with full functionality, at a time when this was not yet the case; acknowledges that the Commission requested supplementary information and identified weaknesses with regard to the collection of information; acknowledges that the system has the potential to be a strong internal control system for the central government; recommends that the system should be improved in terms of interoperability with relevant systems at Union, national and regional level; underlines that transparency should be increased so that regions are enabled to share best practices and to make adequate information and aggregated digital data easily accessible to the public with modern search functionalities;
171. Notes that the Commission's Internal Audit Service started an audit engagement as regards the NGEU programme in 2021; notes that, following the work done, the Internal Auditor also draws attention, in its 2021 Overall Opinion on the Commission's financial management, to the need to continue work on control design and implementation of appropriate financial management and audit and control strategies; considers the Internal Auditor to be an essential element of internal checks and balances within the Commission and that independent and objective information derived from its own audit activities is indispensable for the Internal Auditor to function effectively; points out that according to international internal audit standards the Internal Audit Service should consider better coordinating its work with the Court as external auditor;
172. Recalls the CONT committee's opinion to the Committee on Budgets and the Committee on Economic and Monetary Affairs on the proposal for a European Parliament and Council Regulation establishing the RRF; recalls the call therein for a list of all final recipients and projects of the Facility in full compliance with data protection requirements as well as to keep records of the economic operators and their beneficial owners for the purpose of audit and control; considers that Article 22(2) (d) of the RRF Regulation puts the requirement on the Member States to keep these records (i) for the purpose of audit and control and (ii) to provide for comparable information on the use of funds; notes, furthermore, that the provisions in Article 22(3) call for making the data concerned at the Commission's disposal available in the framework of discharge for the discharge authority; notes that this data may be requested by national control, investigative and audit bodies or, at Union level, as per Article 22(2)(e) of the RRF Regulation to the Commission as well as OLAF, the EPPO and the Court; regrets the lack of information on the protection of the Union's financial interests while disbursing payments;
173. Welcomes the agreement reached in the inter-institutional negotiations on the RePowerEU Regulation amending the RRF Regulation to make it mandatory to publish bi-annually the 100 biggest recipients of RePowerEU and the RRF for each Member State by February 2024; notes that, in the guidance adopted on 1 February 2023, the Commission has invited the Member States to publish such a list as soon as April 2023 to increase the transparency of the RRF; considers however that this does not replace the requirement to provide the list of all final recipients and projects to auditors and the discharge authority for every financial year;

174. Notes that the Commission services implementing the NGEU, cohesion and rural development programmes informed the discharge authority that they have coordinated ex-ante to avoid double funding of activities potentially eligible under these programmes; considers that ex-post checks at the level of the final recipients by the Member States are indispensable in identifying double funding; reiterates the importance of having a single mandatory integrated information and monitoring system at Union level providing interoperability between Union and national systems, to, inter alia, identify cases of double funding and misuse of funds across Member States;
175. Notes the Commission's approach to adherence to procurement and state aid rules in the investments under the RRFs to rely on national systems, and revert to infringement procedures when cases of non-compliance in Member States are detected; considers that this does not necessarily target the recipients that enjoyed an unfair advantage of the cases of non-compliance; acknowledges that, in line with the national RRFs, the first responsibility in this regard lies with the Member States that are obliged to put in place suitable control systems and compliance with all relevant national and European legislation, including procurement and state aid rules; recalls the repeated findings by the Court as reflected in previous discharge reports that the work of certain national authorities or certifying bodies is too error-prone and unreliable; stresses therefore that the Commission has the residual responsibility to make sure that effective and efficient internal control systems ensuring compliance with all Union and national rules, including, in particular, public procurement and state aid rules, and rules to prevent and detect fraud, corruption, conflicts of interest and double-funding are in place, and to step in where Member States do not act as required by the RRF Regulation including through partial payments when there is non-compliance with public procurement; welcomes in that regard the Commission's audit strategy and the launch in 2022 of system audits on the Protection of Financial Interest of the EU in 16 Member States, as well as the plans to cover all Member States by the end of 2023;
176. Is concerned that differences in the quality of controls and the complexity of the control systems applied by the Member States may result in deficiencies in the internal control system for the funds available under the RRF in Member States; is worried by the Court's observation in its Opinion 04/2022 on the Commission's proposal for the REPowerEU chapters in the RRFs about the lack of an effective fraud reporting mechanism that would permit continuous monitoring and supervision of the protection of the Union's financial interests with regard to the RRF; is concerned by the Court's observation that Member States have no obligation to report suspicions of fraud in the RRF to the Commission through the Irregularity Management System and to the EPPO as foreseen in the relevant regulations; is concerned by repeated warnings by OLAF, the EPPO, Europol and other competent bodies that a less effective internal control system could attract misuse, fraud and organised crime;
177. Recalls that the RRF must be implemented by the Commission in direct management in accordance with the relevant rules adopted pursuant to Article 322 TFEU, in particular the Financial Regulation and Regulation (EU, Euratom) 2020/2092 of 16 December 2020 on a general regime of conditionality for the protection of the Union budget; reiterates that the effectiveness of the rule of law conditionality mechanism in part rests on information stemming from audits and investigations at Union level and not having this information available could negatively influence the effectiveness of the mechanism;

178. Is concerned about the insufficient involvement of local and regional authorities in the preparation of the national RRFs and their little influence on the final version of the national RRFs; emphasises that there should be an inclusive approach, including through a co-governance approach, in all Member States to guarantee that local and regional authorities, civil society organisations, social partners, academia or other relevant stakeholders are adequately involved in the design and implementation of the national RRFs; calls for their involvement based on clear, fair, transparent and non-politicised principles, in the implementation of the national RRFs to the maximum extent possible under the national legislative framework;
179. Calls on the Commission to ensure that Member States apply a zero-tolerance approach to corruption in order to protect the financial interests of the Union, including strong ex-ante controls to prevent and detect embezzlement, fraud and conflicts of interest, without any exception;

Reporting on implementation of the RRF

180. Notes the Commission's reporting on the implementation of the RRF on the RRF scoreboard, as stipulated by Article 30 of the RRF Regulation; notes that most of the reporting so far, in particular on the common indicators, is about expected results and not about achieved results; recalls that this same issue was identified by the Court in its Special Report 09/2022 on Climate Spending;
181. Notes the RRF scoreboard on which the Commission reports progress on the implementation of the RRF; considers the information presented as useful given the amount of information available; commends the inclusion of a detailed list of fulfilled milestones and targets that displays the achieved progress across Member States and policy pillars; considers, however, that it should be further developed to include additional information on the progress and actual performance of the RRF; considers that actual achieved progress on the indicators, not just budgeted or expected, should be presented in a readable way;
182. Calls on the Commission to initiate a dedicated and detailed Scoreboard for the Rule of Law milestones, taking into account the reforms of Member States and the degree to which they comply with the milestones and CJEU case law, with the input of all competent Commission services and independent academic and civil society contributions;
183. Acknowledges that the RRF scoreboard contains a complete and useful repository of official documents that gives insight into the most important agreements reached with the Member States in the national RRFs and related documents, such as the Commission preliminary assessment of payments to Member States; notes that the RRF Regulation allows for tracing financial flows from Union-level to the level of the Member States as beneficiaries of the RRF according to Article 22 (1) of the RRF Regulation, in particular the grants and loans allocated and disbursed to each Member State, and thus allows for the provision of an overview of the actual implementation of the RRF at that level; recalls that the RRF Scoreboard does not allow for tracing financial flows from Union-level to final recipients in the Member States and does not provide a clear overview of the actual implementation of the RRF in that regard;

184. Recalls Article 4(2) of the RRF Regulation states that the specific objective of the RRF is to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their RRFs; understands that it is prohibited with certainty that money from the RRF is used to replace national recurring budgetary expenditure in accordance with Article 5(1) of the RRF Regulation; is however worried by the first indications that it cannot be excluded that money from the RRF is used to replace national expenditure in a number of Member States; considers an analysis of national expenditure is necessary to see to what extent the funding made available through the RRF has been truly additional and was not used to substitute recurring national expenditure, recalls that, in line with the RRF, at this stage there is no information available on what happened to pre-financing received by Member States for which no investment related costs were incurred yet; calls on the Commission to perform relevant audits and controls to certify additionality; notes, in addition, that the Commission developed guidelines to frame the interpretation of double funding and provided Member States with clear information to ensure synergies and avoid double funding; notes further that Member States report on the funding received from other funds for the measures under the RRF;
185. Recalls that keeping documentation supporting payments is an important principle of sound financial management; is worried by the finding of the Court that the audit trail was insufficient to cover all elements considered relevant in the assessment process in the case of two milestones for the first payment request; recalls in particular the Court's findings regarding milestone 215 and the Commission's reply to this finding, explaining that the Commission's positive assessment was based on an analysis of the content of the DATAESTUR website, including screenshots taken in October and November 2021; notes that the Commission's recognised that the registration of these screenshots did not take place in line with the internal guidance and that improvements in record-keeping could be made; recalls the written question of the discharge authority requesting this analysis and the reply from the Commission that it did not write an analysis, nor a detailed report on this matter, but that 'several Commission staff reviewed the DATAESTUR site and confirmed that the required information was present'; notes that this may not be in line with the principle of sound financial management;
186. Acknowledges that the Commission established a dedicated IT tool for Member States' reporting on the implementation of the RRFs ('Fenix'); is concerned however that the Court's access to this system is limited both in terms of the number of people having access as well as the scope of the access; welcomes that the Commission has created a functionality in ARACHNE that allows for data on investments and targets from the RRF to be fed into the tool; urges Member States to upload complete and comprehensive data on the RRF into ARACHNE;
187. Takes note that the declaration of assurance of the Directorate-General for Economic and Financial Affairs (DG ECFIN) for 2021 is different from the declaration of assurance of all other Directorates-Generals; notes that the declaration concerns the legality and regularity of the underlying transactions, which are aligned with the other Directorates-General; notes further the addition of 'the implementation of Article 22(5) of the RRF Regulation'; notes the Commission's reply to written questions from the discharge authority that 'it is different only in format but not as regards the level of assurance provided'; also notes that in accordance with Article 22(5) of the RRF Regulation, and in line with the performance-based approach, the obligation to protect

the Union's financial interests lies with the Member State; notes, moreover, the Commission's reply that it ensures, both through an initial assessment of each recovery and resilience programme and through audits of the systems that Member States have put in place to protect the financial interests of the Union, that each Member State implements the necessary monitoring and control systems; emphasises that contrary to the declaration of assurance of all other Directorate-Generals, the one by DG ECFIN does not ensure compliance of the underlying transactions with all Union and national rules at final recipient or project level; concludes that the declaration of assurance by the Commission as guardian of the Treaty, in particular as regards protecting the Union's financial interests and accountability towards taxpayers, must be trustworthy and cannot leave room for doubt of the Commission evading its responsibility through the diverging declarations of individual authorising officers;

Relation between Cohesion and RRF

188. Notes the Court's observations in its Review 01/2023 on Union financing through cohesion policy and the RRF that address the complementarity of both funding stems; notes in particular that during the 2014-2020 period, the European Regional Development Fund and the Cohesion Fund already provided an equivalent of around 10 % of total public investment across the EU-27 and that the RRF will further increase the share of Union-financed public investments in Member States; recalls in this regard the Court's finding that the absorption rate for the Cohesion Fund was exceptionally low in 2021, explained by the combined impact on the managing authorities of the late adoption in mid-2021 of the CPR and fund-specific regulations, the programming of REACT-EU, and the implementation of other emergency measures;
189. Notes the Court's conclusion that in Member States where the share of Union-financed investments is already high, the additional RRF funding may further add to the pressure on Member States' ability to spend the funds available to them; recalls that the RRF is implemented under direct management, while cohesion policy funds are implemented under shared management, which means that Union and Member State authorities have different responsibilities in connection with each source of funding; is worried that because of the different delivery methods, with direct management for the RRF and shared management for the cohesion policy, the more straight forward implementation method of the RRF may 'crowd-out' the more complex funding through cohesion; notes that this will be to the detriment of the involvement of local authorities and regions, civil society organisations and economic and social partners in Union funding; notes the risk that some Member States may not have sufficient administrative capacity to handle the burden of parallel administrative systems; notes that such strain on the administrative capacity was observed during different hearings and missions of the CONT committee; is also worried that the NGEU might potentially lead, in some Member States, to a renationalisation drive of planning, monitoring and control of Union funds, from both Union level to national governments and potentially from regions to national governments; recalls warnings that the RRF may run counter to positive developments of regional empowerment achieved through cohesion policy in the past decades, and that the lack of a direct financial relation between the Commission and managing authorities weakens core aspects of financial control and discharge;
190. Is worried by the negligible contribution of the RRF to cross-border cooperation, especially considering the amount of Union funding involved;

191. Observes that according to the Commission staff working documents, 20 Member States foresee cross-border projects in their national RRFs and notes that the amounts invested per Member State vary widely; points out that, in 2021, the planned average investment is only around total 6% of the total RRF allocation across the Member States for cross-border projects; considers that too few cross-border projects have been initiated under the RRF and is worried by the negligible contribution of the RRF to cross-border cooperation, especially considering the amount of Union funding involved; notes that a stronger focus on cross-border projects would have required more time for planning and an incentive mechanism for Member States; highlights that the RRF plays a significant role in reorienting the Union towards energy-independency and in accelerating the energy transition; stresses the need for an independent energy supply for the Union and corresponding investments in cross-border networks, interconnectors and hydrogen projects; welcomes that, in its January 2021 guidance, the Commission offered to provide interested Member States with a coordination platform to assist them in setting up cross-border projects; notes that amending Regulation (EU) 2021/241 as regards REPowerEU chapters in RRFs introduces in its Article 27 a criterion on the cross-border or multi-country dimension or effect of reforms and investments; regrets nevertheless that the target of 30% cross-border projects is non-binding; calls for the available RRF loans be made available for Member States interested in investing in cross-border projects that are focused on energy-independence and transforming the energy-grid in the Union;
192. Stresses that the full amount of decommitted RRF payments shall be made available for Member States interested in investing in cross-border projects that are focused on energy independence and transforming the energy grid;

Assessment of National Recovery and Resilience Plans (RRPs)

193. Notes the Court's findings in its Special Report 21/2022 on "The Commission's assessment of national RRFs - Overall appropriate but implementation risks remain"; observes that the Court's assessment is based on a sample of six Member States, four with the highest grant allocation in absolute terms and two with the highest grant allocation in relation to their gross domestic product for 2020; welcomes the Court's conclusion that the Commission's assessment of the national RRFs was overall appropriate given the complexity of the process and the time constraints, although a number of weaknesses in the process and risks for the successful implementation of the RRF were also identified; welcomes that the Commission provided support to Member States when drafting the RRFs and issued guidance documents; notes the fact that the Commission accepted almost all of the Court's recommendations;
194. Is worried that the Court found that there were gaps in addressing the 2019 and 2020 Country Specific Recommendations in the national RRFs; notes that the Court assessed that RRFs of relatively small Member States did not contain gaps, whereas the Court assessed that the RRFs of the bigger Member States contain serious gaps; is worried the 'negotiations' observed by the Court in agreeing on the RRFs leads to inequality in treatment of Member States; questions in addition whether important parts of the CSRs, which even with the RRF's financial incentives are not taken up by the Member States, will ever be implemented;
195. Is critical of the fact that the Commission has not explained how the size of a payment tranche relates to the amount and magnitude of underlying milestones and targets; is

worried that this discrepancy in the size of a payment and the number of underlying milestones and targets may incentivise Member States not to submit final payment requests, which in some cases depend on a comparatively large number of milestones and targets, and thus not to complete all reforms and investments agreed in its RRP, after having already received the largest share of their RRF contribution;

196. Recalls the Court's finding that the Commission, in its assessment of all national RRFs, despite the deficiencies identified in the Court's sample, gave a 'B-rating' for the cost estimates of the investments made under the RRF, highlighting possible problems with the accuracy of the amounts involved; notes that these weaknesses range from a lack of information for some measures at the planning stage to underlying assumptions that are not fully plausible for each measure; notes that the Commission assessed the estimated total costs of the national RRFs on the basis of the criteria mentioned in Annex V of the RRF Regulation; observes that the Commission required each Member State to improve its cost estimates and submit additional evidence and justification until the plausibility and reasonability of the cost-estimate reached at least a 'B'; underlines that the specific combination of investments with reforms ensures that necessary reforms are implemented in a timely manner and often in the earlier years and upheld; emphasises that the discharge authority cannot wait to receive full clarity on the proper use of Union funds until after the end of the RRF; underlines the risk that Member States might not request the last payment tranche, and thus might fail to fulfil all reforms and investments after having received the largest part of their total financial support under the RRF;
197. Notes that it is important that all funds allocated to the Member States under the RRF will result in reforms and investments, as only then the discharge authority can be sure that all funds were allocated to final recipients in full respect of the principle of additionality; recalls the criticism expressed in previous discharge reports of the practice that some Member States systematically overbook funding programmes in shared management and withdraw projects from Union funds when irregularities and/or fraud are discovered in its related expenditure, thereby effectively evading Union investigations and/or an effective follow-up and possible corrections; deplores that the burden of these irregularities and possible fraud is shifted to the national budget, and thus, the national tax-payer;

Definition of milestones

198. Is worried by the Court's observation that certain milestones and targets lack clarity; shares the Court's concern that the absence of clear and comparable definitions of milestones and targets implies the risk that these milestones and targets are difficult to assess and the related risk that the initial objective that was aimed for was not fulfilled; underlines that this leaves the Commission with a large margin of discretion when assessing whether a vaguely defined milestone and target was achieved; notes in this regard the observation of the Court that milestone 395 in the first payment request from Spain was not satisfactorily fulfilled; notes with concern the Commission's reply that the element that the Court considered as not fulfilled is not part of the milestone, but is contained in the description of the measure; stresses that compliance with the milestones and targets can only be established on the basis of a detailed assessment and clear criteria, and not on the basis of political negotiations; considers that lessons should be drawn from the RRF experience to be reflected in a standardised methodology for the definition of milestones and targets;

199. Stresses that compliance with the milestones can only be established on the basis of a detailed assessment and clear and fixed criteria, and not on the basis of political negotiations;
200. Notes the finding of the Court that milestones and targets are often based on output and even input indicators, which limits the possibility of measuring the performance of measures to only presenting achieved outputs and not results and ultimately their middle-term impacts on the Union policy objectives of the RRF; notes the Court's observation that impact indicators have by definition a longer time horizon, which may not be well suited to the limited timeframe for implementing the RRF;
201. Notes the Court's finding that the Commission's assessment of RRFs was partly based on arrangements not yet in place; notes in this regard the Court's finding that the Commission included additional milestones and targets to be achieved before the first payment in order to adopt the RRF and that its assessment contributed to improving the quality of milestones and targets; is worried that not having a fully functional monitoring system in place at the start of the implementation of the RRF risks delays in assessments and monitoring of achieving milestones and targets; highlights the fact that the monitoring systems or implementing bodies in the sampled Member States at the time of the assessment were not yet fully in place at the time the RRFs were approved and that this also limited the Commission's assessment of their administrative capacity; notes further in this regard the Court's finding that even on audit and control arrangements, the last resort in terms of reliability of information, an A rating was given despite several measures not being in place; notes in that regard the Court's conclusion that the 'A' rating for all national RRFs in this area is at least partly explained by the fact that the RRF Regulation only allowed for either an 'A' (adequate) or a 'C' (insufficient) rating with a 'C' resulting in the rejection of the RRF as a whole; recalls that adequate audit and control structures are a prerequisite for receiving funds from the RRF;
202. Notes from reports of investigative journalists that several Member States have relied on expertise provided by consultancy firms in setting up the RRF and that these firms in turn offer services to support potential recipients of financial support under the RRF in these Member States;

Recommendations

203. Strongly supports the recommendations of the Court in its Annual Report, as well as in related special reports; calls on the Commission to implement them without delay and to keep the discharge authority informed on the progress of the implementation;
204. Calls on the Court to:
 - a. develop an effective methodology to sample milestones and targets in case it decides to re-assess the Commission's assessment, since it will not have the resources to check all milestones and all targets of all payment requests in the future; considers that this methodology should effectively identify milestones and targets, that have a higher risk of non-fulfilment and/or have a higher relevance to contribute to the overall success of the final goals set; calls on the Court to include, in its audit of the Commission's assessment of milestones and targets, the audit trail of documentation on their fulfilment;

205. Calls on the Commission to:

- a. make the list of all final recipients and projects of RRF funding available to auditors and the discharge authority for all payments (in 2021 and throughout the implementation of the RRF), and provide the Court with full access to the ‘Fenix’ IT tool;
- b. take steps to operationalise the new obligation on Member States to publish the 100 final recipients receiving the highest amount of RRF funding and to take all appropriate measures if Member States fail to adequately implement this provision;
- c. indicate, together with the Member States, the exact name of all social programmes and support measures implemented in the Member States with RRF funds; demands therefore an indication of the share of RRF funds in these programmes and an exact indication of the benefits that have been proportionally replaced by RRF funds in national protection for unemployment, health and long-term care;
- d. explain to the discharge authority the reasoning and logic behind the framework for assessing milestones and targets under the RRF Regulation and the Commission methodology for the determination of payment suspension under the RRF Regulation and consider providing additional definitions to reduce the impact of the subjective elements contained in them;
- e. assess the Member States’ fulfilment of the Rule of Law milestones in the RRFs on the basis of a detailed assessment, clear and fixed criteria, and fully in line with CJEU case law, not merely looking at the formal adoption of reform legislation but also at the legal and practical application, and not on the basis of political negotiations;
- f. apply a more transparent appointment procedure for all positions, particularly those in management and to bring more clarity to the existing appointment procedure, which comes up short in terms of transparency and accountability;
- g. not approve any payment request unless all Rule of Law milestones have been fully met;
- h. support Member States in increasing their administrative capacity to handle the parallel administrative systems of RRF and cohesion fund implementation, and help them reduce unnecessary administrative burdens, simplify tenders and provide for more targeted information, thus facilitating the access of SMEs and those who are self-employed to funding;
- i. apply additional vigilance if there are signals of misuse, fraud and organised crime targeting the funds available under the RRF together with EUROPOL, the EPPO, OLAF and other relevant actors and introduce reporting on suspicions of fraud in the RRF to the Commission through the Irregularity Management System and to the EPPO as foreseen in the relevant regulations;
- j. make clear that all projects and measures financed by any national RRF of Member States participating in enhanced cooperation pursuant to Regulation (EU)

2017/1939, are to be considered as financed by Union money from the RRF, and thus fall under the scope of the EPPO;

- k. request especially in light of the Internal Auditor's risk assessment as the basis for its audit planning, that the implementation of the RRF should continue to feature prominently in its audit plans, given its innovative character and high financial stakes;
- l. evaluate the procedure with regard to enforcing implementation of CSRs in the European Semester and the RRF and, where necessary, propose new tools to enforce implementation, considering that for some Member States, all Country Specific Recommendations were addressed in the RRP, while for other (bigger) Member States, not all CSRs were addressed;
- m. make a clear distinction between budgeted results and achieved results in its communication on the RRF in general and more specific concerning the RRF Scoreboard, in order to correctly inform the general public and avoid misunderstandings;
- n. improve publishing, including on the RRF scoreboard, the amounts borrowed by the Union to fund the RRF, and the interest incurred to pay for the borrowed amounts as well as the amounts of interest paid by the Member States to the Commission on the loans made available to them under the RRF;
- o. perform, in 2023, an analysis of national expenditure by comparing expenditure and investments in the national budgets before and after making the RRF funding available to the Member States that received the largest share of support under the RRF in order to establish whether funding from the RRF replaced recurring national expenditure instead of investments, while acknowledging that a severe economic downturn after the COVID-19 pandemic was averted;
- p. report to the discharge authority what Member States, that received pre-financing from the RRF that could not yet be allocated to investments, did with the funds received;
- q. only accept milestones and targets for which is has received documentation supporting its implementation, and not just statements of Member States and ensure recording of a sufficient audit trail that covers all elements considered relevant in the assessment process of milestones and targets;
- r. put in place a reliable ex-ante and ex-post framework to check if all milestones and targets are really implemented and documented, including a sufficient audit trail recording the assessment of milestones, paying particular attention to the assessment of whether the DNSH principle has been respected, as well as to substantiate results for investments contributing to the green and digital targets in the RRF;
- s. reconsider the formulation of the declaration of assurance of the Directorate-General for Economic and Financial Affairs and extend its scope to the compliance of RRF funded measures with Union and national rules for future years given the unsatisfactory justification provided by the Commission and the

responsibility as Guardian of the Treaty for the protection of the Union's financial interests;

- t. closely monitor fulfilment of milestones and targets, in particular those related to audit, monitoring and control;
- u. assess not only the set-up but also the actual functioning of Member States' audit and control arrangements under Article 22 of the RRF Regulation, while identifying areas that could be improved or made more efficient;
- v. clarify to the discharge authority what methodology it has applied to arrive at the agreed payment profiles, particularly how the number and magnitude of underlying milestones and targets relate to the size of each payment tranche;
- w. re-perform the Court's analysis of payment profiles from Special Report 21/2022 for all payment profiles of all Member States and report to the discharge authority how each payment request relates to the number of milestones and targets to be fulfilled for each Member State, and to propose measures to guarantee that all milestones and targets are completed by 31 August 2026;
- x. address the risks and challenges arising from the parallel implementation of cohesion and the RRF, in particular concerning the involvement of local, regional, economic and social partners and civil society organisations, resulting in possibly easier absorption of RRF funding in comparison to cohesion funding, by putting more emphasis on involvement of these actors in the implementation of the RRF through a co-governance approach, also aimed at strengthening the complementarity between the RRF and cohesion;
- y. strongly encourage Member States that seek to amend their RRFs to include cross-border projects in their investments and to put more emphasis on such truly European projects in general; recalls that cross-border projects should address existing bottlenecks in energy transmission, distribution and storage, thus providing Union added value; approve only RePowerEU chapters of Member States which allocate at least 30% of financing to projects having a cross-border or multi-country dimension or effect, as agreed in the RePowerEU negotiations and report to the discharge authority;
- z. make the full amount of outstanding loans and decommitted payments available, in particular for cross-border projects focusing on energy-independency and to accelerate the energy transition; urges the Commission to encourage and support the Member States to develop cross-border projects, in particular on energy-independency and to allow Member States to request a loan from outstanding loans and decommitted payments to finance cross-border projects focussing on energy; calls on the Commission to report both to Parliament and to the Council with regard to the implementation progress, suspended and decommitted payments and requests on loans;
- aa. strengthen, where relevant, its system audits in the Member States for each internal control system (in case of decentralised or implementation methods) and to ensure a reasonable number of tests of individual procurement files in order to guarantee the effectiveness in practice of the internal control systems;

- ab. make sure checks on double funding are included in the Member States' audit and control frameworks for the NGEU, rural development and cohesion programmes and to ensure its proper functioning through system checks; in addition, calls on the Commission to verify that double funding does not take place by performing risk-based checks on all payments to final recipients under these programmes;
- ac. make sure that the reliability of the repositories of the final recipients of the Member States is guaranteed, in particular as regards the integrity and completeness, with a view to ensuring, that once irregularities concerning final recipients are discovered, correct follow-up is done at Union level;
- ad. report to the discharge authority what the Commission has done to neutralise the potential conflict of interest in Member States and at Union level particularly with regard to the engagement of consultants;
- ae. provide a detailed report to the discharge authority about reforms which Member States had implemented already before disbursements have been paid out and mandatory measures they have taken in order to adapt the national law to new Union directives as milestones or targets in the national RRP.