2017 discharge: EU general budget, European Commission

2018/2166(DEC) - 17/07/2018 - Document attached to the procedure

This report summarises the **Commission's response** to the main requests made by the European Parliament and the Council in the context of the 2016 discharge and forms part of the integrated financial reporting package for the 2017 financial year.

The priorities set out by the European Parliament are to a quite large extent reflected in the Commission's proposal for the Multiannual Financial Framework for 2021-2027 which is based on the following principles:

- a stronger focus on European added value;
- a more streamlined and transparent budget;
- less red tape for beneficiaries;
- a more flexible, agile budget;
- a budget that performs.

The monitoring report focuses in particular on the following aspects:

Political priorities: the new proposals bring the structure and the programmes of the EU budget fully into line with the positive agenda of the Union post-2020 as agreed by the Leaders of the 27 Member States in Bratislava and Rome. In this context performance is put at the core of the EU budget:

- the new architecture of the future Multiannual Financial Framework provides greater **transparency** on what the EU budget is for and how the different parts of the budget will contribute and also provides the flexibility necessary to respond to evolving needs;
- the EU budget will invest even more in areas where one single Member State cannot act alone or where it is more efficient to act together such as research, migration, border control or defence, whilst continuing to finance traditional, but modernised policies, such as Common Agricultural Policy and Cohesion Policy ;
- in order to further **simplify rules**, the Commission proposes to make rules more coherent on the basis of a common rulebook; this will reduce the administrative burden for beneficiaries and managing authorities while maintaining a high level of assurance of legality and regularity;
- the Commission's proposals will lead to tighter financial management and, combined with the possibility of phasing 2014-2020 projects, a quick start of the programming period;
- it is proposed to set a more ambitious goal for **climate** mainstreaming across all EU programmes, with a target of 25% of EU expenditure contributing to climate objectives;
- a closer link is established with the **European Semester** of economic policy coordination with regard to the objectives of the European Regional Development Fund, the Cohesion Fund and the European Social Fund.

Budgetary and financial management: the proposed Regulation laying down the multiannual financial framework for the years 2021 to 2027:

- specifies clearly that both commitments and payments appropriations mobilised for **special instruments** shall be entered in the budget over and above the relevant MFF ceilings;
- proposes, where appropriate, to widen the scope of the instruments, for instance by allowing the activation of the **Emergency Aid Reserve** for emergencies inside the EU;
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- proposes to make the budget more agile by removing the constraints on built-in multiannual financial framework flexibility as well as to increase the size of the flexibility instrument to EUR 1 billion (in 2018 prices) per year;
- provides for increased flexibility within and between programmes, strengthening tools such as the Global Margin for Payments and the Contingency Margin as well as creating a new **Union Reserve** to tackle unforeseen events and to respond to emergencies in areas such as security and migration.

On the call to assist Member States, which encounter difficulties with timely and smooth absorption of available EU funding, the Commission has already taken a number of initiatives to assist Member States with timely absorption.

Performance: in the Commission's proposals, the performance framework for future programmes is significantly streamlined. The Commission's proposals include provisions to set-up **monitoring and evaluation frameworks, including indicators** for the purpose of evaluations.

Under the EU budget focused on results initiative, a specific EU results **website** has been developed. The aim is to communicate concrete results of projects financed from the EU budget as well as their geographic location.

Revenue: the Commission is closely monitoring the recovery of EU own resources not collected by the UK authorities on textile and footwear products imported from China.

The European Parliament invited the Commission to analyse, in cooperation with the Member States, all the potential implications of multiannual activities on the estimation of GNI and to confirm, during the GNI verification cycle, that research and development assets have been correctly recorded in the Member States' national accounts. This issue is currently being addressed by the Commission.

Inclusion of the European Development Fund in the general budget: following the reiterated European Parliament request to include the **European Development Fund** in the general EU budget, the Commission is proposing in the multiannual financial framework for 2021-2027 a strategic simplification of the financing instruments in EU external action, including the integration of the European Development Fund in the Neighbourhood, Development and International Cooperation Instrument.

Speeding up the discharge procedure: the objective is to adopt a discharge decision for financial year N in year N+1 while ensuring high data quality and sound financial management. The Commission is committed to do its utmost to find the best way forward towards a shorter discharge procedure.