2019 discharge: General budget of the EU - European Commission

2020/2140(DEC) - 09/04/2021 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Joachim KUHS (ID, DE) recommending the Parliament to grant the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2019, and also grant discharge to the Directors of the Education, Audio-visual and Culture Executive Agency, European Innovation Council and SMEs Executive Agency, the Consumers, Health, Agriculture and Food Executive Agency, the European Research Executive Agency and the European Climate, Infrastructure and Environment Executive Agency in respect of the implementation of their respective Agencies' budgets for the financial year 2019.

The committee recommended that Parliament close the accounts of the general budget of the Union for 2019.

Budget, programming periods and political priorities

The 2019 discharge procedure covers a year marked by political and institutional transition with elections to the European Parliament and a new legislature which commenced on 2 July 2019 and the appointment of a new Commission, which took office on 1 December 2019 and which set new political priorities such as the European Green Deal, an increasing focus on digitalising the Union and the protection of its values and of the money of Union taxpayers.

The outbreak of the novel coronavirus (COVID-19) did not require any adjustments to the figures reported in the 2019 Union annual accounts. However, in 2020 and in the years to come, the COVID-19 outbreak will have a significant global impact, as well as having important implications for the EU budget.

As a direct consequence of the COVID-19 outbreak, the Committee on Budgetary Control could not organise or fully carry out all of its planned activities related to the usual controls of the EU institutions' spending, i.e. its fact finding missions, public hearings or workshops and therefore had to rely even more heavily on the work of the Court.

I. The Court of Auditors' Statement of Assurance (DAS)

Accounts and legality and regularity of revenue

Members welcomed the fact that the Court finds the Union accounts for 2019 to be reliable, and that the Court concluded that revenue was free from material error in 2019. They are concerned that, following the worsening trend of the level of error, for the first time in four years the Court has issued an adverse opinion on the legality and regularity of the expenditure underlying the accounts.

The overall level of errors has remained relatively stable, at 2.7 % in 2019 compared with 2.6 % in 2018.

The reasons given for the adverse opinion are as follows: on Union expenditure it is the conclusion of the Court that the level of errors mainly in reimbursement-based payments is pervasive, and that due to the way the Union budget is composed and evolves over time, high risk expenditure in 2019 represents more than half of the audited spending (53.1 %), in which the material error continues to be present at an estimated rate of 4.9 % (compared to 4.5 % in 2018).

Revenue

Members noted that total revenue for 2019 amounted to EUR 163.9 billion. Most of the revenue (88 %) comes from the three categories of own resources: (i) gross national income-based (64 %); (ii) traditional own resources (13 %); and value added tax-based (11 %).

The Commission is urged to propose a diversification of its revenue sources to ensure the EU becomes truly independent vis-a-vis Member States' contributions while significantly increasing the budget for EU programmes.

Budgetary and financial management

In 2019, the commitment appropriations available in the final budget were almost fully used (at a rate of 99.4 %), while the rate of use for payment appropriations was slightly lower (98.5 %). The report noted the adoption of three amending budgets in 2019, adding EUR 0.4 billion to commitment appropriations and EUR 0.3 billion to payment appropriations.

Payments under different headings are as follows:

- Competitiveness for growth and jobs: EUR 21.7 billion;

- Economic, social and territorial cohesion: EUR 53.8 billion;

- Natural resources: EUR 59.5 billion;

- Security and citizenship: EUR 3.3 billion;

- Global Europe: EUR 10.1 billion;

- Administration: EUR 10.4 billion.

II. Budgetary implementation by policy area

Members noted that the Court assessed whether programmes in all main areas of the EU budget were "on track" to meet their objectives. They noted the following:

Competitiveness

For the EU's Horizon 2020 research programme, there are no indications that performance is at risk, and examples of successful projects are plentiful. The programme provides Union added value through its uniqueness and pan-European character.

Cohesion

Members regretted that although the Commission and Member States had already revised the initial 2014-2020 targets, just over a third of indicators for the European Regional Development Fund (ERDF) and Cohesion Fund (CF)show timely progress. Before the outbreak of the COVID-19 crisis, most employment and education targets were likely to have been met by 2020 but progress on R&D, poverty and social inclusion lagged behind. They regretted that in this policy area, the Commission's own performance data indicates that the programmes fall short of initial expectations.

Security and citizenship

The Commission’s reporting does not indicate whether the Asylum, Migration and Integration Fund is progressing well towards its objective, but the information available points to its relevance and Union added value. For integration and legal migration, indicators show its achievements in a positive light.

Global Europe

The report welcomed that the indicators reveal a positive trend for poverty reduction, education, gender equality and human development. Members, however, expressed concern about the worsening trend for consolidating democracy, rule of law and political stability.