Basic information

2022/2081(DEC) DEC - Discharge procedure	Procedure completed
2021 discharge: General budget of the EU - Commission **Subject** 8.70.03.11 2021 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	HOHLMEIER Monika (EPP) LENAERS Jeroen (EPP)	14/07/2022 14/07/2022
	Shadow rapporteur GRAPINI Maria (S&D) CHASTEL Olivier (Renew) VON CRAMON-TAUBADEL Viola (Greens/EFA) CZARNECKI Ryszard (ECR) KUHS Joachim (ID) FLANAGAN Luke Ming (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	OHLSSON Carina (S&D)	08/09/2022
DEVE Development	GOERENS Charles (Renew)	26/10/2022
INTA International Trade	The committee decided not to give an opinion.	
BUDG Budgets	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	

EMPL	Employment and Social Affairs	TOMC Romana (EPP)	19/09/2022
ENVI	Environment, Public Health and Food Safety	CANFIN Pascal (Renew)	12/09/2022
ITRE	Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO	Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN	Transport and Tourism	FALCĂ Gheorghe (EPP)	07/10/2022
REGI	Regional Development	OMARJEE Younous (The Left)	24/10/2022
AGRI	Agriculture and Rural Development	Chair on behalf of committee LINS Norbert (EPP)	16/03/2023
PECH	Fisheries	The committee decided not to give an opinion.	
CULT	Culture and Education	FRANZ Romeo (Greens/EFA)	13/07/2022
JURI	Legal Affairs	The committee decided not to give an opinion.	
LIBE	Civil Liberties, Justice and Home Affairs	BRICMONT Saskia (Greens /EFA)	10/10/2022
AFCO	Constitutional Affairs	The committee decided not to give an opinion.	
FEMM	Women's Rights and Gender Equality	VANA Monika (Greens/EFA)	21/04/2022

European Commission

Commission DG	Commissioner
Budget	HAHN Johannes

Key events

Date	Event	Reference	Summary

23/06/2022	Non-legislative basic document published	COM(2022)0323	
13/09/2022	Committee referral announced in Parliament		
22/03/2023	Vote in committee		
03/04/2023	Committee report tabled for plenary	A9-0101/2023	Summary
09/05/2023	Debate in Parliament		
10/05/2023	Decision by Parliament	T9-0137/2023	Summary
10/05/2023	Results of vote in Parliament		
29/09/2023	Final act published in Official Journal		

Technical information

Procedure reference	2022/2081(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/9/09652

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Specific opinion	AGRI	PE740.676	13/01/2023	
Committee opinion	EMPL	PE736.614	24/01/2023	
Committee opinion	AFET	PE737.445	24/01/2023	
Committee opinion	CULT	PE738.578	24/01/2023	
Committee draft report		PE737.407	25/01/2023	
Committee opinion	FEMM	PE737.545	25/01/2023	
Committee opinion	DEVE	PE739.543	30/01/2023	
Committee opinion	TRAN	PE737.273	31/01/2023	
Committee opinion	REGI	PE738.589	01/02/2023	
Committee opinion	ENVI	PE738.585	13/02/2023	
Amendments tabled in committee		PE742.354	28/02/2023	
Committee opinion	LIBE	PE739.530	01/03/2023	
Amendments tabled in committee		PE742.353	07/03/2023	
Committee report tabled for plenary, single reading		A9-0101/2023	03/04/2023	Summary

Text adopted by Parliament, single reading		T9-0137/2023	10/05/2023	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	06250/2023	13/02/2023	
Supplementary non-legislative basic document	06247/2023	16/02/2023	

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2022)0323	23/06/2022	
Follow-up document	COM(2023)0384	28/06/2023	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N9-0066/2022 OJ C 391 12.10.2022, p. 0006	12/10/2022	
CofA	Court of Auditors: opinion, report	N9-0003/2023 OJ C 429 11.11.2022, p. 0008	11/11/2022	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency

Name	Role	Committee	Date	Interest representatives
LENAERS Jeroen	Rapporteur	CONT	02/02/2023	UNRWA

Final act

Budget 2023/1817
OJ L 242 29.09.2023, p. 0045

2021 discharge: General budget of the EU - Commission

2022/2081(DEC) - 10/05/2023 - Text adopted by Parliament, single reading

The European Parliament decided, by 421 votes to 151 with 5 abstentions, to **grant discharge** to the Commission and the executive agencies in respect of the implementation of the general budget of the European Union for the financial year 2021 and to approve the closure of the accounts of the general budget of the European Union for the financial year 2021.

In its resolution, adopted by 460 votes to 129 with 49 abstentions, Parliament made the following observations:

Reliability of the accounts, legality and regularity of EU expenditure and revenue

Parliament welcomed the Court of Auditors' conclusion that the European Union's accounts for the financial year 2021 are reliable and that the revenue side of the budget is **free from material error**. However, it regretted that the Court of Auditors had given an adverse opinion on the legality and regularity of the **expenditure side** of the EU budget. The overall error rate calculated by the Court is **3.0%,** above the tolerance threshold of 1%, which represents a deterioration compared to 2020, when the error rate was 2.7%, already well above the tolerance threshold.

The Court found that low-risk expenditure was free of material error, while high-risk expenditure still showed a material level of error. Members pointed out that the heading that contributed most to the 3.0% error rate was 'Cohesion, resilience and values' (1.2 percentage points), followed by 'Natural resources and the environment' (0.7 percentage points), 'Neighbourhood and the world' (0.4 percentage points) and 'Single market, innovation and digital' (0.4 percentage points).

Budgetary and financial management

Parliament noted with concern that implementation of commitments in 2021 was very low, at **68% of the total amount available**, and that the late adoption of sectoral regulations during 2021 delayed the launch of new programmes. It noted that the ESI Funds 2014-2020 that have still not been absorbed represent a significant proportion of the outstanding commitments of the EU budget. At the end of 2021, total outstanding commitments reached a record level of **EUR 341.6 billion** (total outstanding commitments of the EU budget and Next Generation EU).

Parliament noted the Court's conclusion that the level of error in revenue is not material. The revenue systems examined were generally effective, but key internal controls relating to traditional own resources (TOR) in some Member States and the management of value added tax (VAT) reserves and outstanding TOR issues at the Commission were only partially effective due to continuing weaknesses.

Political priorities

Respect for EU values and the rule of law

Members remain concerned about the state of the rule of law in several Member States, which is causing serious losses to the EU budget. Reaffirming its firm belief that **Member States must respect democracy and the rule of law** in order to receive EU funds, Parliament called on the Commission to trigger without delay the application of the conditionality mechanism whenever breaches of the rule of law principles undermine or are likely to undermine in a sufficiently direct way the sound financial management of the EU budget or the protection of the Union's financial interests.

Members welcomed the application of the rule of law conditionality mechanism in the case of Hungary, resulting in the freezing of 55% of the country's cohesion policy programmes. They noted, however, that the facts would have justified freezing all the funds. The Commission should constantly monitor the rule of law situation in Hungary and Poland and maintain the freeze on funding as long as violations of the rule of law threaten the sound financial management of the EU budget.

Protecting the EU budget

Parliament is concerned that the implementation of the **Early Detection and Exclusion System** (EDES) is taking longer than expected. It called on the Commission to work with Parliament to recast the Financial Regulation in order to improve the EDES system. EDES should be used systematically to ensure that companies and beneficial owners who have been convicted of fraud, corruption or other serious economic crimes cannot benefit from EU funds.

Members reaffirmed the imperative need for a **single, mandatory, integrated and interoperable information and monitoring system**, provided by the Commission, allowing for the electronic recording and storage of data on recipients of EU funds, including their **beneficial owners**, and making this information available for data mining and risk rating purposes. This single data-mining tool should have an easy-to-use search function and be made available to OLAF, the European Public Prosecutor and the Commission in order to improve the protection of the EU budget and Next Generation EU against irregularities, fraud and conflicts of interest.

The Commission is also invited 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.

Funding of NGOs

Parliament stressed the importance of **ensuring transparency in the operation of NGOs** and intermediaries as regards their funding and ownership, given that they are important players in the implementation of the EU budget, whatever the management method, particularly in the field of external action. It called on the Commission to (i) ensure that **European funds only finance organisations that strictly respect all EU values**; (ii) define mechanisms to identify with certainty, in advance, NGOs active on EU territory and abroad that have proven links with religious fundamentalist networks and that promote an agenda contrary to EU values.

In this context, Parliament called for the creation of a **public blacklist of NGOs** that engage in hate speech, incitement to terrorism, religious extremism that supports or condones violence, or that have misappropriated or abused EU funds. This blacklist would make it possible to block the access of these NGOs to EU institutions and EU funding programmes.

The Commission is invited to present a **proposal for a regulation on NGOs** containing a precise definition and a categorisation of NGOs by field of activity and by size. This text should provide a clear overall framework governing the conditions under which NGOs may receive EU funding.

External consultants

Parliament called on the Commission to further develop its framework governing the use of external consultants, to make better use of the results of services provided by external consultants, to increase monitoring to limit the risks arising from the use of external consultants and to improve its reporting on the use of external consultants, providing accurate and comprehensive data on the volume and types of services acquired.

Recovery and Resilience Facility (RRF)

Members recalled that the RRF is a temporary performance-based recovery instrument, i.e. payments are linked to the successful achievement of a series of milestones and targets related to the reforms and investments foreseen in the national RRPs. The Commission has approved **22 national RRPs** in 2021, committing EUR 154 billion in loans and EUR 291 billion in grants.

Members welcomed the RRF's early contribution to preventing a severe economic downturn following the COVID-19 pandemic and believe it can continue to do so. They welcomed the Court's conclusion that the Commission's assessment of the national RRPs was broadly satisfactory, given the complexity of the process and time constraints, although a number of weaknesses in the process and risks to the successful implementation of the RRF were also identified.

Since the RRF was set up under time pressure, the control requirements are less stringent than those for other EU programmes and depend more on the national authorities, which in some cases are too error-prone and unreliable.

The Commission has residual responsibility for ensuring that **effective and efficient internal control systems** are in place to ensure compliance with all national and EU rules, including public procurement and state aid rules, and rules in place to prevent and detect fraud, corruption, conflicts of interest and double-funding, and for taking action where Member States fail to fulfil their obligations under the RRF Regulation.

The RRF Regulation states that the specific objective of the RRF is to provide financial support to Member States to achieve the reform and investment milestones and targets set out in their RRPs. However, Members are concerned about early indications that it cannot be ruled out that funds from the RRF will be **used to replace national spending** in a number of Member States. They are also concerned about the Court's observation that some of the milestones and targets lack clarity.

Parliament has noted the Commission's successful efforts to raise funds on the financial markets to provide the financial means for the implementation of the RRF. However, Members are concerned about the rise in interest rates and the resulting uncertainty about the ability to repay loans, as well as the risk this poses to the EU's budget and policies. They called on the Commission to mitigate this risk and to keep Parliament fully informed of the annual status of these loans.

COVID-19 related support

Parliament regretted that the Commission has still not produced a comprehensive report on COVID-19-related expenditure under the Union budget. It also deplored 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. It welcomed 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.

2021 discharge: General budget of the EU - Commission

2022/2081(DEC) - 03/04/2023 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by co-rapporteurs Jeroen LENAERS (EPP, NL) and Monika HOHLMEIER (EPP, DE) 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.

The committee responsible recommends that the European Parliament **give discharge** to the Commission and the executive agencies in respect of the implementation of the general budget of the European Union for the financial year 2021.

Political priorities

The report underlines the importance of the EU budget in delivering the EU's political priorities, as well as its role in supporting Member States in unforeseen situations such as the COVID-19 pandemic and its consequences.

Members remain concerned about the rule of law situation in several Member States which results in serious losses for the EU budget. Stressing that EU funds should not be used for anti-democratic activities or to reinforce authoritarianism, Members call on the Commission to immediately trigger the application of the **conditionality mechanism** whenever breaches of the principles of the rule of law affect or are likely to affect in a sufficiently direct manner the sound financial management of the Union budget or the protection of the Union's financial interests.

Members reaffirm the imperative need for a **single, mandatory, integrated and interoperable monitoring and information system**, provided by the Commission, allowing the electronic recording and storage of data on recipients of Union funds, including their beneficial owners. They regret that not all Member States use the Commission's data mining and risk scoring tool to identify, under the Recovery and Resilience Facility (RRF), projects, beneficiaries and service providers exposed to the risk of fraud, conflict of interest or irregularities. They reaffirm the need to step up efforts in the fight against fraud both at EU level and at Member State level, in close cooperation with the European Public Prosecutor's Office and OLAF.

The Commission is called on 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.

The report notes the successful efforts of the Commission to raise funds on the financial markets to provide the financial means for the RRF. Members 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. They call on the Commission to mitigate the risk and keep Parliament fully informed on the annual status of these loans.

Members are 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. They urge the Commission to take all the necessary measures to speed up the implementation of the policies on the ground.

Multiannual financial framework (MFF)

The report welcomes the fact that the Court has concluded, in accordance with the Financial Regulation, that the EU's accounts for the financial year 2021 are reliable and that the budget's revenue is **free from material error**. Members regret the Court's adverse opinion on the legality and regularity of the expenditure side of the EU budget, noting the overall error rate calculated by the Court of 3.0 %, which is 1.0 % point above the materiality threshold. This is a deterioration in comparison with 2020, when the error rate was 2.7 %, also well above the materiality threshold.

Members note the Court's finding that low-risk expenditure was free of material error, but that high-risk expenditure remained affected by material error. 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).

The report notes with concern that in 2021 the implementation of commitments was very low, at **68%** of the total amount available, and that the late adoption of sectoral regulations during 2021 delayed the launch of new programmes. It notes that still not absorbed ESI Funds for the 2014-2020 period represent a significant part of the Union’s budget outstanding commitments. At the end of 2021, the total outstanding commitments reached a record level of **EUR 341.6 billion** (total outstanding commitments of the Union budget and Next Generation EU).

Revenue

The report notes that the revenue of the EU budget comprises own resources, external assigned revenue mainly financing the expenditure of the RIF and other revenue. 115.8 billion (48.2%), budgetary guarantees, borrowing and lending operations under Next Generation EU amount to 19 billion (7.9%), own resources based on value added tax amounted to EUR 17.9 billion (7.5%), own resources from plastic packaging waste amounted to EUR 5.9 billion (2.5%) and other revenue amounted to EUR 5.7 billion (2.4%).

Single market, innovation and digital

Heading 1 of the MFF represents 10.2% of the EU budget, or **EUR 18.5 billion**.

The Court found that the estimated level of error for expenditure in Heading 1 was material, reaching 4.4%, compared with 3.9% the previous year.

Cohesion, resilience and values

Heading 2 of the MFF accounts for 44.1%, or **EUR 80.1 billion**, of the EU budget.

The report notes with concern that the Court found that the estimated level of error for expenditure on the heading was material and that for heading 2 of the MFF the overall level of error is estimated at 3.6%, compared to 3.5% the previous year. Expenditure in sub-heading 2a has an estimated error level of 4.1%.

Natural resources and environment

Heading 3 of the MFF accounts for 31.3%, or **EUR 56.8 billion,** of the EU budget.

Members are pleased to note that the Court found that the level of error for 'natural resources' was close to materiality, estimated at 1.8% compared to 2.0% in the previous year, and that the majority of errors found were in rural development and market measures. The most frequent source of errors found by the Court was ineligible beneficiaries or expenditure, followed by administrative errors and non-compliance with agri-environmental commitments.

Migration and border management, security and defence

Members welcome the creation of MFF heading 4 ‘Migration and Border Management’ for the 2021-2027 programming period. In 2021, this heading concerned **EUR 2.5 billion in payments**, from the Asylum, Migration and Integration Fund (AMIF) (EUR 1.2 billion), the Internal Security Fund - Borders and Visas (EUR 0.4 billion) and the Union Agency for Asylum, Frontex and the Area of Freedom, Security and Justice (eu-LISA) (EUR 0.9 billion).

Heading 5 of the MFF entitled ‘Security and defence’ saw payments of **EUR 0.7 billion**, from the European Defence Fund (EUR 0.2 billion), the Internal Security Fund (ISF) - Police (EUR 0.2 billion), decentralised agencies (EUR 0.2 billion) and nuclear safety and decommissioning (EUR 0.1 billion).

Members are concerned that of the 28 transactions examined by the Court, nine (32%) were affected by errors.

Neighbourhood and the World

Payments in 2021 under the heading ‘Neighbourhood and the World’ amounted to **EUR 10.9 billion**. These payments were made using a variety of instruments and delivery methods. Members are concerned that the Court describes the risk of error in this area of the MFF as ‘high’, with 32 of the 67 transactions audited (48%) being affected by errors.

COVID-19 related support

The report regrets that the Commission has still not produced a full report on COVID-19 expenditure, financed from the EU budget. They regret that the **impact of SURE** cannot be fully assessed due to insufficient monitoring data and the lack of ex-post evaluation and call on the Commission to significantly improve data monitoring. Members regret that the Commission has not yet provided transparent information on the negotiations that took place with the vaccine manufacturers, leaving room for suspicion. They welcome the European Ombudsman's decision to ask the Commission President for clear and concrete information on the negotiations with the vaccine manufacturers, but also for more transparency on the contracts concluded.

Recovery and Resilience Facility (RRF)

Members recall that the RRF is a temporary performance-based recovery instrument, i.e. payments are linked to the satisfactory fulfilment of milestones and targets related to reforms and investments included in the national RRPs. The Commission approved **22 national RRPs** in 2021, committing EUR 154 billion in loans and EUR 291 billion in grants. Members took note of 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 billion of long-term funding and EUR 20 billion of short-term funding. They also noted the first NextGenerationEU green bond issue of EUR 12 billion.

The report welcomes the Court's conclusion that the Commission's assessment of the national RRPs was generally satisfactory, given the complexity of the process and the time constraints, although a number of weaknesses in the process and risks to the successful implementation of the RRF were also identified.

The Commission is invited, *inter alia*, to:

- make available to the auditors and the discharge authority the list of all final beneficiaries and projects of the RRF funding, for all payments (in 2021 and over the whole implementation period of the RRF);

- take steps to implement the new obligation for Member States to publish the 100 largest final beneficiaries of RRF funding;

- explain to the discharge authority the reasoning and logic behind the framework for assessing milestones and targets under the RRF Regulation and the Commission's methodology for determining the suspension of payments under the RRF Regulation;

- assess Member States' compliance with human rights milestones in the RRPs on the basis of a detailed assessment and clear and defined criteria and not to approve any payment claim until all human rights milestones have been fully met.