

**ANSWERS TO THE EUROPEAN PARLIAMENT**  
**QUESTIONNAIRE TO THE COMMISSIONER-DESIGNATE**  
**Johannes HAHN**  
**Commissioner-designate for Budget and Administration**

**1. General competence, European commitment and personal independence**

**What aspects of your personal qualifications and experience are particularly relevant for becoming Commissioner and promoting the European general interest, particularly in the area you would be responsible for?**

**What motivates you?**

**How will you contribute to putting forward the strategic agenda of the Commission?**

**How will you implement gender mainstreaming and integrate a gender perspective into all policy areas of your portfolio?**

**What guarantees of independence are you able to give the European Parliament, and how would you make sure that any past, current or future activities you carry out could not cast doubt on the performance of your duties within the Commission?**

I have been a Commissioner for almost 10 years. In that time, I have demonstrated my commitment to the European interest and my independence, both in the decisions I have made and the political influence I have exerted. Not least because of that, the Austrian Parliament approved my nomination unanimously.

In my current portfolio as European Commissioner for Neighbourhood Policy and Enlargement Negotiations, I have been able to reinvigorate the enlargement process with all Western Balkan countries. This encompassed key initiatives such as the Western Balkan Strategy, the Sofia Agenda and successful crisis management in North Macedonia, which paved the way for a solution to the name issue. I have also contributed to stabilising the European Neighbourhood countries in the East through strategic and tailor-made partnerships in order to facilitate democratic change, economic stability and the rule of law. In the Southern Neighbourhood, my work contributed to containing the ongoing conflicts and to improving the situation wherever possible. Furthermore, I successfully implemented the EU Facility for Refugees in Turkey and was instrumental in the creation of the Syria Trust Fund supporting countries hosting Syrian refugees. To this end, I ensured that EU funds under my responsibility strengthened the responsiveness of countries along the different migration routes and those affected by the war in Syria. During my mandate as European Commissioner for Regional Policy, I initiated and led a fundamental reform of Regional Policy in order to help Europe's regions to withstand the financial and economic crisis at a time when public

investment dropped dramatically in nearly every part of Europe. Under my lead, Regional Policy funds became Europe's main investment tool, concentrating funds on the fight against climate change, energy efficiency, and investment in renewable energies and innovation. The European Parliament has been a crucial partner and driver in all these achievements.

I see a clear link between my previous portfolios and my future responsibility as European Commissioner for Budget and Administration, if confirmed. Promoting economic development and integration through concrete projects and strategic investments is a key aspect of the experience that I will bring to my new role. During my mandates we have increased security and economic opportunities through regional connectivity across the Western Balkans, as well as in our Eastern and Southern Neighbourhood. In an increasingly fragmented global landscape, the EU must not only act more assertively but also cooperate more closely with international partners to increase its leverage. That is why I stepped up in particular our cooperation with the International Financial Institutions to support reforms in the Southern and Eastern Neighbourhood and Western Balkans region.

What motivates me is to use the transformative power of the European Union and its various instruments to improve people's lives, their prospects and prosperity. I will help turn our political priorities into results making a difference. In this regard, I will work towards a even more modern, diverse and flexible European Commission with a skilled and dedicated workforce in order to deliver on issues that matter the most. If confirmed, that will be a key part of my mission.

During my entire professional and political career, Europe and the European Union have always formed the broader framework of my work. I have always been committed to the idea of a united Europe that delivers results for its citizens. For me the budget is the policy cast in numbers. In my previous work as Commissioner, I have proven that I can align EU funds with the political priorities and make the best use of the EU budget. For example, as Commissioner for Regional Policy I introduced obligatory minimum allocations for renewable energies and energy efficiency measures, anticipating today's climate change debate. In this spirit I will spare no effort to facilitate a timely agreement on a financial framework that is fit for purpose.

Regional Policy, as well as Enlargement and Neighbourhood Policy, required working and engaging with nearly every policy area within the Commission. This experience will certainly serve me well in a Commission where teamwork and the ability to promote joined-up thinking to deliver European priorities is a key objective, and particularly in Budget and Administration, where coordination of our instruments and policies is crucial to achieve maximum impact. Our European civil service, and in particular, the European Commission's staff, will be at the forefront of the delivery of the political priorities for the next five years. If the Union is to lead the transition to a healthy planet and a new digital world, while upgrading our social market economy and asserting its global leadership, it needs highly skilled and dedicated civil servants. In this context, gender equality has always been important to me. I am convinced that quantitative targets, combined with measures aimed at encouraging women

applicants and creating an environment conducive to management development, will be instrumental in achieving full gender equality.

As a Member of the College, I have fulfilled all of my obligations towards the institution, including by submitting and updating declarations of financial interests as required. As in previous mandates, I will continue to respect fully the letter and spirit of the Treaty, in particular the obligation to act in the European interest and without taking any instructions. I will also honour the Code of Conduct of Members of the European Commission and its provisions on conflicts of interest. My declaration of interests is complete and available to the public, and will be updated should there be changes to report.

## **2. Management of the portfolio and cooperation with the European Parliament**

**How would you assess your role as a Member of the College of Commissioners? In what respect would you consider yourself responsible and accountable to the Parliament for your actions and for those of your departments?**

**What specific commitments are you prepared to make in terms of enhanced transparency, increased cooperation and effective follow-up to Parliament's positions and requests for legislative initiatives? In relation to planned initiatives or ongoing procedures, are you ready to provide Parliament with information and documents on an equal footing with the Council?**

As I have demonstrated in the last 10 years, I fully subscribe to collegiality as the key principle of the Commission's functioning. It is the basis for balanced and well-considered decisions that take into account the different aspects of the decision-making process as well as different opinions and approaches. It ensures coherence in our policies and proposals. In this regard, I will take political responsibility for the activities in my area of competence, as set out in my Mission letter.

Engagement with the European Parliament is of paramount importance to me in order to achieve political ownership and results. I will continue to work with Parliament and relevant committees at all stages of both the policy-making process and the political dialogue.

Effective interinstitutional cooperation is essential for the EU's institutional system to work, and for the efficiency and legitimacy of the EU decision-making system. It relies on certain guiding principles that I am fully committed to follow. These include openness, mutual trust, efficiency, and regular exchange of information. President-elect von der Leyen's Political Guidelines and Mission letters fully reflect these principles, and stress the intention to reinforce the special relationship between the European Parliament and the Commission. If confirmed as Commissioner for Budget and Administration, I am committed to this objective and will fully respect the provisions of the 2010 Framework Agreement on relations between the European Parliament and Commission and the 2016 Interinstitutional Agreement on

Better Law-Making. I have always managed my interactions with the European Parliament in an open, transparent and constructive way, and I am determined to do so in future.

In line with President-elect von der Leyen's Political Guidelines, I will make myself available to take part in plenary sessions, all relevant committee meetings and trilogue discussions. I will ensure that parliamentary committees are involved in any major developments under my responsibility, and I am fully aware of the importance of equal treatment of the Parliament and the Council. This is more than a requirement of the ordinary legislative procedure, but also a must for a Commissioner who is, as a Member of the College, accountable to the directly elected Members of the European Parliament.

I also commit to basing the relations with my fellow Commissioners and the services under my responsibility on the principles of loyalty, trust, transparency, a two-way flow of information and mutual assistance. I will also ensure a regular flow of information with the Chair of relevant parliamentary committees, communicate directly with committee members, and ensure that I am available for bilateral meetings. This is the way I have been working throughout my mandates.

I will also ensure the questions from Members of the European Parliament to the Commission that fall under my responsibility are responded to swiftly and accurately. I will appear before the European Parliament's plenary and/or committees whenever called to answer a question or provide any particular response.

### **Questions from the Committee on Budgets:**

#### **3. The Commission as a genuine honest broker**

**In the past years, Members of the Committee on Budgets highly appreciated the Commissioner's availability for regular contacts and openness to political dialogue. However, in some specific instances, they also felt that the Commission did not always fulfil to its best its role of honest broker. In annual budgetary procedures, it occurred that the Commission took initiatives favourable to Member States which would cancel ex post the impact of amendments secured by the Parliament, without fully informing the latter from the outset. For the Mid-term revision of the MFF (joint statement on top-ups and redeployments) and the share of the EU budget's contribution to the second tranche of the Facility for Refugees in Turkey, the Commission pre-negotiated with the Council decisions that pre-empted subsequent budgetary negotiations, and thus limited Parliament's room for manoeuvre.**

**In the ongoing 2021-2027 MFF talks, the Commission has been providing support to the Council and the European Council in implementing working methods (negotiating boxes and bracketing of provisions which are subject to the ordinary legislative procedure), which could lead to limit the institutional role of Parliament as enshrined in the Treaties.**

**Such steps have unfortunately tainted the trust Parliament puts in the Commission services.**

**How will you guarantee that the Commission will be, in the upcoming annual and multi-annual negotiations, at all levels a genuine honest broker and guardian of the Treaties? How will you guarantee that all former and future agreements between the three institutions will be respected the way they were adopted? What concrete measures will you undertake, in order to reinforce Parliament's trust in the Commission' role as an honest broker, also in view of the President-elect's commitment to strengthen the partnership with Parliament?**

**In particular, what active steps will the Commission be taking, so that Parliament's consent and co-decision powers on MFF-related matters be duly acknowledged and respected by the (European) Council?**

I attach great importance to having an excellent working relationship with the Committee on Budgets, especially with regard to the annual budgetary procedures and the multiannual financial framework. In my current and previous roles as Commissioner I have always maintained good working relations with the Parliament and I look forward to working with you, if confirmed, as Commissioner responsible for Budget and Administration. I will personally devote considerable time to fostering good working relations, and I will ensure that my services step up their efforts in this regard.

I see the Commission's role as facilitator of convergence between the two arms of the budgetary authority. It can objectively be difficult to reconcile the sometimes very divergent positions of the European Parliament and the Council, but you can count on me to play a fully neutral role in such negotiations as a matter of principle. This requires that the Commission provides timely technical input for finding solutions, and strives to make sure that there are no misunderstandings. I am ready to intensify the support of my team in this respect.

To be concrete, I propose to establish a regular dialogue with Parliament Rapporteurs on the multiannual financial framework so that we have the opportunity to brief you regularly, to exchange views, and to take stock of progress.

I will also continue actions already taken to reinforce your Committee's role: regular participation in Committee meetings, information, presentation and detailed reporting from me or my services of any new budgetary or legislative proposal, the budgetary aspects of key issues, all draft amending budgets and the implementation of the annual budget.

As regards the 2021-2027 multiannual financial framework, I welcome the Parliament's engagement from the very outset of the preparation. The Council has yet to establish its position on the multiannual financial framework and on own resources, which are subject to special legislative procedures under Articles 311 and 312 of the Treaty on the Functioning of the European Union. While the process and working procedures chosen by the Council and the European Council are largely determined by their Presidency and the Member States, I will always promote partnership and cooperation between the institutions and call upon the European Council and the Council to take full account of the views expressed by the European Parliament.

I am committed to facilitating a continuous dialogue and negotiations between the European Parliament and the Council in order to reach a timely overall agreement on the multiannual

financial framework package, and the adoption of all related legislation. I will play a fully neutral role with regard to the institutions, based on the principle of loyal cooperation, sound budgetary and technical expertise, and always mindful of the European value added of the EU budget.

I am also open to hear any suggestions you might have to improve our working relations further.

#### **4. Specific commitments of the President-elect**

**In the political guidelines which led to her election, President-elect Von der Leyen took a number of commitments with a budgetary dimension on the expenditure side: (1) a new Just transition fund; (2) a Sustainable European Investment Plan of EUR 1 trillion over 10 years and 50% of climate financing for the EIB in order to turn parts of it into Europe's climate bank; (3) a private-public fund specialising in Initial Public Offerings of SMEs; (4) a Budgetary Instrument for Convergence and Competitiveness for the euro area; (5) a European Unemployment Benefit Reinsurance Scheme; (6) a European Child Guarantee; (7) sufficient investment from the ESF+ to improve the quality and accessibility of early childhood education and care systems; (8) a permanent instrument to fight youth unemployment; (9) a tripling of Erasmus; (10) rule of law as an integral part of the next MFF; (11) a standing corps of 10,000 Frontex border guards earlier than the current target of 2027; (12) EUR 120 billion on external action investment and a closer partnership with Africa; and (13) a strengthening of the European Defence Fund.**

**The President-elect also pledged to (re-)launch initiatives with an impact on the revenue side of the Union budget: (1) introduction of a carbon border tax; (2) extension of the Emissions Trading System to cover the maritime sector and reduction of the free allowances allocated to airlines; (3) turning the current proposals on taxation of big tech companies into law; and (4) making the common consolidated corporate tax base a reality.**

**For each of these initiatives, can you outline their financial implications, as well as when and under which form (e.g. new or revised programme/MFF/own resources proposals) do you intend to present them? In particular, since the commitments of the President-elect would result in higher MFF ceilings than those initially put forward by the Commission, how and when will you revise the Commission's proposal? How do you assess Parliament's position on the 2021-2027 MFF, as outlined in its resolution of 14 November 2018, also in view of the fact that it already takes account of the budgetary implications of several of those initiatives?**

The Political Guidelines of the President-elect provide the basis for the strategic agenda of the incoming Commission.

While the Commission's multiannual financial framework proposals remain a very solid basis for an agreement, the new initiatives announced in the President-elect's Political Guidelines need to be accommodated within the framework of such agreement. This means giving a more specific emphasis in the ongoing negotiations to certain elements and identifying targeted adjustments where necessary. I do see the need for a legislative proposal for a Just Transition

Fund. As to the financial implications of the political guidelines, they will be presented once the new College decides about the detailed content of the new initiatives. Furthermore, let me recall that the EU budget should not be seen in isolation, but as a catalyst of public and private investments, channelling them towards EU political priorities. Only by mobilising all sources of funding will we be able to address the challenges facing Europe, to foster innovation, to generate investments and to provide the social cushion where needed. The EU budget will do its part, but so must the Member States – and I intend to hold them to account in this respect.

I would also like to recall the President-elect's statement on the importance of a timely agreement on the multiannual financial framework. She and I consider the proposals on the table a good basis for the final phase of the negotiations and are committed to the timeline set out by the European Council in June 2019. It is also essential that the legislative work on the sectoral programmes advances efficiently, building on the common understandings that have already been reached. This will require close and constructive cooperation between the European Parliament, the Council and the Commission in the trilogues. The President-elect and myself attach the utmost importance to ensuring that all our programmes are fully operational by 1 January 2021.

In this respect, we all need to acknowledge the particular challenges of these multiannual financial framework negotiations. We are confronted with the triple challenge of needing to finance significant new priorities, of sustaining policies expressing European solidarity such as cohesion and agriculture, and of dealing with the financial consequences of Brexit.

This is why I strongly welcome the Parliament's resolution and I am grateful for the Parliament's support for an ambitious and appropriately sized future EU budget. This is very positive as a starting point for the coming negotiations. I am particularly grateful for the strong support from the Parliament for many key features of the Commission's proposals, for example on the flexibility of the budget, on the protection of the budget against deficiencies in the rule of law, and on the reform of the financing of the EU budget.

I am therefore very keen to further discuss with the Parliament some of the ideas for own resources as announced by the President-elect, such as on the Emissions Trading Scheme, but also new ones emerging in the discussions. I would be favourable to organising a round table with the Parliament on these issues for an open exchange of views.

I will work closely with Parliament and Council from day one to facilitate a fair, balanced and timely agreement.

## **5. Contingency plan to avoid a shutdown of programmes in case of late agreement on the new MFF**

**Last year, the European Council discarded Parliament's and Commission's objective to reach an agreement on the MFF before the European elections and set itself the target of Autumn 2019 to reach a position, now postponed to end 2019.**

**Parliament is highly committed to a good and timely agreement in order to ensure an orderly and smooth transition to the next MFF and to avoid a repetition of the negative experiences from the current one, where implementation delays harmed the interest of the final beneficiaries of the EU sectorial programs. Despite a 6-month delay in the tabling of the Commission proposals, Parliament adopted its detailed negotiating**

**mandate on the MFF and the own resources already on 14 November last year. Since then, however, the Council has refused to engage in meaningful talks to secure Parliament's final consent. Based on the previous experience<sup>1</sup>, there is an increasing risk that the complex negotiations cannot be finalised before the end of the current MFF or that Parliament's consent is not granted ("no-deal scenario") - especially if the (European) Council runs into further delays without engaging more with Parliament<sup>2</sup>.**

**In that event, Article 312(4) of the Treaty on the Functioning of the EU foresees a temporary prolongation of the current MFF, which is a "safety net" to avoid a shutdown of the EU financial programmes until an agreement between the Parliament and the Council on the MFF is found. However, the basic acts of some sectoral programmes contain a time limit (31 December 2020) which, in the absence of new or extended legal bases, could lead to such a temporary shutdown in several policy areas. As this would negatively affect the beneficiaries of the Union's budget and the running of its policies, it is a duty to plan ahead the necessary legal but also operational arrangements in all policy fields to ensure consistency with the Treaty and budget continuity as soon as the risk of a late agreement is identified.**

**If the European Council runs into further delays, or Parliament's position was not taken on board by the Council, leading to delays in the interinstitutional negotiations, do you intend to put forward a contingency plan which will be activated in case there is no timely agreement on the next MFF? When do you consider presenting this proposal at the latest? Will the lack of clarity or a potential postponement of Brexit be taken into account in preparing this contingency plan?**

**As part of this package, will you include a horizontal legislative proposal to revise the time limits of the relevant programmes and allow for their possible extension, in line with the Treaty requirements? What other operational measures do you intend to take in this context, in order to protect beneficiaries and ensure the continuity of EU programmes?**

The interinstitutional negotiations on the proposals for the next multiannual financial framework and the sectoral regulations presented by the European Commission in May and June 2018 are still ongoing. In June 2019 the European Council reconfirmed its objective to aim for an agreement before the end of 2019. A swift agreement on the next multiannual financial framework is an immediate priority for me and for the incoming Commission. It is indeed crucial that the new framework is in place, the annual budget 2021 adopted and the new programmes up and running by 1 January 2021.

I have experienced first-hand the problems at the start of the current multiannual financial framework. The delay harmed the policy objectives of the Union and its Member States and negatively affected the livelihood of citizens that depended on Union support. Given the number of pressing priorities the Union is facing (climate change, migration, security, etc.), this is not something we can afford for the next multiannual financial framework.

However, it is also not something we can totally exclude.

---

<sup>1</sup> As a reminder, for the 2014-2020 MFF, the European Council reached its conclusions in February 2013 and Parliament provided its consent in November 2013. The late finalisation of the sectoral programmes led to implementation delays in 2014 and beyond.

<sup>2</sup> Or if Brexit is once again postponed.



If we were to be confronted with the likelihood that the adoption of the multiannual financial framework is delayed, and Brexit postponed, we would need to assess the potential implications for spending programmes and draw up adequate contingency measures to mitigate the effects on beneficiaries and other entities that could be impacted. At present, we cannot precisely define what contingency measures would be needed in such a scenario nor how they would need to be structured. Notwithstanding the uncertainty, I would keep the Parliament fully informed on all significant steps taken by the Commission in this critical area.

However, I want to stress that contingency measures can only partially mitigate but not completely solve all the problems caused by a delay to the adoption of the multiannual financial framework. Whilst there would be continuity for some of the existing programmes, a delay would not allow us to start the financing of the new priorities and challenges.

It would therefore be my priority as from day one of my mandate as Commissioner for Budget and Administration, if confirmed, to support the European Parliament and the Council in the legislative process to reach a timely agreement on the new multiannual financial framework and sectoral basic acts wherever possible.

#### **Questions from the Committee on Budgetary Control:**

##### **6. How can you help to improve and accelerate the discharge procedure?**

**The Budgetary Control Committee insists on further striving towards planning, implementing and reporting on a true Results/Performance Based Budget that should be clearly policy driven. To improve the planning and reporting of the results, the Union's policy objectives and financial cycles should be aligned and the EU budget presented according to the Union's political objectives for the MFF.**

**Concerning the reporting on the implementation of the budget, the European Parliament has expressed its sincere wish to accelerate the discharge cycle in order to bring the decision on discharge forward to the year n+1. This would allow for a more timely political judgment on the EU institutions' budgetary management and would be in the interest of both, the European Parliament and the European citizens.**

**The European Parliament and the European Court of Auditors have expressed their concern over a number of different error rates used by the Commission when reporting on the implementation of the budget. In order to allow the European Parliament to express a sound judgment on the implementation of the budget, it would be of utmost importance to ensure that the data are sound and that error rates are not hypothetical, but concrete and comparable. Therefore, the Commission should use an equivalent methodology to that of the Court of auditors when assessing the error rate and they should conclude as a matter of urgency an agreement in that regard.**

**From CONT's perspective, the transparency of European spending needs to be improved. CONT has experienced great difficulties to obtain very simple data. In particular, a central database should be set up that would provide all the information on beneficiaries of EU funds, the publication of which is required by the Financial Regulation. Further, the transparency for trust funds and financial instruments needs to be improved as well as the transparency of external assistance and management reports.**

**The EU is committed to sustainability and to implementing the Sustainable Development Goals. However, the Commission does not yet report on the contribution of the EU's budget and policies towards the 2030 agenda for sustainable development. Reporting by the Commission on the EU's budget and its contribution for sustainable development would be highly appreciated.**

**Please specify the concrete measures you intend to take in these regards.**

As regards your question on planning, implementing and reporting on results, I am fully committed to improving the link between spending programme performance and budgetary planning, implementation and reporting. I also fully agree that any such budgetary framework should be clearly policy driven, i.e. allow for a true re-adjustment of programmes in line with political priorities on the basis of performance information and its assessment rather than being a mechanical exercise on the basis of limited information. Already today, we present the annual budget according to the Union's different political objectives for the multiannual financial framework. I intend to start the annual budgetary cycle on the basis of a discussion about results and performance of the EU budgetary programmes with respect to their intended objectives and to provide the Budgetary Authority with the necessary information based on which the annual draft budget can be understood and discussed.

As regards the discharge cycle, I see the discharge as a continuous process allowing stakeholders to learn from the past to improve the future. To preserve this continuity there is both a need for the political debate to be finalised within a reasonable timeframe while also ensuring that decisions are taken on the basis of reliable and high-quality information. Ultimately, there will inevitably be a trade-off between doing things well and doing them faster.

This issue was also part of the negotiations during the last revision of the Financial Regulation. In 2017, the European Parliament, the Council and the Commission all agreed that they would – in cooperation with the European Court of Auditors – set out a pragmatic calendar for the discharge procedure with the aim of shortening the entire process. This is clearly our common objective, and I am committed to strive to achieve it.

The Commission delivered the EU consolidated annual accounts for both the financial years 2017 and 2018 one month earlier than the regulatory deadline (31 July). The Commission also adopted on 25 June 2019 both the 2018 Annual Management and Performance Report and the annual report to the Discharge Authority on internal audits carried out in 2018. Together with the adoption of the report on the follow-up to the 2017 discharge on 2 July 2019, it means the Commission made available all the key accountability documents by early July 2019.

Member States' data is a key input to assurance building and measurement of performance, and is delivered to the Commission by March each year. Shortening the discharge to a significant extent would require that Member States provide their data sooner than the deadline set out in the respective legal acts.

Further progress in significantly shortening the discharge procedure would require the institutions concerned (European Parliament, Council, European Court of Auditors, Commission) to work closely together, since it would also mean an earlier publication of the European Court of Auditors' Annual Reports, including for agencies and Joint Undertakings, and an earlier adoption by the Council of its discharge recommendation. I am committed to

working towards achieving a shorter discharge procedure without however sacrificing the quality of its empirical basis.

As concerns error rates, the Commission analyses the risks to the legality and regularity of expenditure not only for reporting purposes but also because it is an important management tool for the Commission as manager of the EU Budget. Our objective is therefore to identify weaknesses and to take action wherever possible on a multiannual basis, while the objective of the error rates reported by the European Court of Auditors, following the perspective of the external auditor, is to provide an audit opinion on the legality and regularity of expenditure of one specific year.

The Commission already has a robust compliance system. It presents error rates for each of its departments in annual activity reports and across policy areas in its Annual Management and Performance Report. These error rates are calculated following a consistent methodology while also taking into account that the legal frameworks, management environments and other specificities vary between policy areas. As EU spending programmes are multiannual by design, the related control systems and management cycles also cover multiple years. This means that while errors may be detected in any given year, they are corrected in the current or in the subsequent year(s) until the very end of a programme's lifecycle.

Consequently, the risk (both as a percentage and as an absolute amount) is estimated at two potentially very different stages in the cycle: at payment and at closure. Our aim as manager of EU funds is to ensure that, once a programme is closed and all controls are carried out, the remaining level of error remains below 2%. These concepts have been developed to fit the Commission management context, but they largely converge with those used by the European Court of Auditors in its audit approach.

I will make further efforts to improve and streamline the Commission's reporting in the annual activity reports of each Director-General, the programme statements accompanying the draft budget, and the Annual Management and Performance Report. In that context, the Commission takes into account recommendations made by the European Parliament in the discharge process, but also those made by the European Court of Auditors. I will not only continue the dialogue with the European Court of Auditors at both political and technical levels in order to ensure a common understanding, but I am ready to explore jointly with the Court of Auditors a possible way towards greater methodological convergence, taking due account of the different institutional remits.

As concerns your question on the transparency of European spending, I am fully committed to increasing transparency where feasible. The Commission already provides via a number of channels easily accessible information about EU funding that shows citizens and national treasuries that EU money brings real added value. Reporting is fully in line with the obligations under the Financial Regulation.

The Commission delivers through a series of measures.

Through the Financial Transparency System, the Commission continues to disclose beneficiaries for direct management as required by Article 38 of the Financial Regulation. A single entry point (portal) allows any citizen to access information on beneficiaries of EU funds ([https://ec.europa.eu/budget/fts/index\\_en.htm](https://ec.europa.eu/budget/fts/index_en.htm)).

Further recent initiatives include:

- The Commission's "Integrated Financial and Accountability Reporting" package ensures overall transparency on the management of the Union budget. It provides key information on performance and financial management compliance issues. The latest edition covers the financial year 2018 ([https://ec.europa.eu/budget/biblio/media/2018package\\_en.cfm](https://ec.europa.eu/budget/biblio/media/2018package_en.cfm)).

- The Commission reports annually to the European Parliament and the Council on the performance of financial instruments supported by the Union budget:

([https://ec.europa.eu/info/sites/info/files/about\\_the\\_european\\_commission/eu\\_budget/draft-budget-2020-wd-10-web-1.4\\_coverfull.pdf](https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/draft-budget-2020-wd-10-web-1.4_coverfull.pdf)).

- Regular annual reporting on EU Trust funds for external action is provided in line with Articles 235 and 252 of the Financial Regulation:

([https://ec.europa.eu/info/sites/info/files/about\\_the\\_european\\_commission/eu\\_budget/draft-budget-2020-wd-11-web-1.4\\_coverfull.pdf](https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/draft-budget-2020-wd-11-web-1.4_coverfull.pdf)).

- In addition, extensive monthly reporting is made available to the Parliament, namely the detailed reports on budgetary outturn:

(<https://myintracomm.ec.europa.eu/budgweb/EN/rep/finrep/budg-report/Pages/financial-reports.aspx>).

Moreover, the Commission transmits the External Assistance Management Reports of the Union Delegations to the European Parliament every year, as required by the Financial Regulation.

As far as shared management is concerned, a central database for projects funded by the European Structural and Investment Funds is not within the requirements of the Financial Regulation. The obligation of beneficiary disclosure for shared management lies with the Member States. The Commission has provided web tools for the European Structural and Investment Funds, based on information received from Member States: [https://ec.europa.eu/regional\\_policy/en/atlas/](https://ec.europa.eu/regional_policy/en/atlas/).

The Commission proposal for a Common Provisions Regulation for post-2020 also reinforces the requirements for transparency and communication.

Member States are responsible for publishing the figures for the Common Agricultural Policy which is also implemented under shared management. The Commission facilitates access to information on beneficiaries of the Common Agricultural Policy payments under shared management by regrouping on its website the links to Member State web pages: [https://ec.europa.eu/agriculture/cap-funding/beneficiaries/shared\\_en](https://ec.europa.eu/agriculture/cap-funding/beneficiaries/shared_en).

The Commission will continue to seek ways to coordinate and harmonise the information provided by Member States to address appropriately these problems.

Finally, as regards the Sustainable Development Goals, I am fully committed to sustainability and to contributing towards the achievement of the Sustainable Development Goals. The Sustainable Development Goals are a cornerstone of the President-elect's Political Guidelines and are mainstreamed in EU programmes, sectoral policies and initiatives. At the same time, progress towards and achieving the Sustainable Development Goals will also depend to an important extent on actions taken in the Member States. The EU budget complements national

budgets to provide a significant contribution towards the progress on the Sustainable Development Goals. The Commission monitors progress on the Sustainable Development Goals at EU level and publishes an annual report (<https://ec.europa.eu/eurostat/web/sdi>) where it assesses that progress from the perspective of both short- and long-term trends. Moreover, both in that report and in its annual reporting in the Programme Statements (Annex I to the annual draft budget), the Commission provides information about which spending programmes contribute towards which Sustainable Development Goals at an overview level as well as contributions from specific programmes towards specific Sustainable Development Goals. I will personally seek to be closely involved in the discussions that are already ongoing to see how this reporting can be further refined and improved.

**7. Which measures do you commit to undertake in order to improve the protection of EU's financial interest?**

**The new Commission President has stated in her political guidelines that the EPPO should be able to investigate and prosecute cross-border terrorism. If the mandate of the EPPO were to be extended, how would you ensure that the EPPO would have a sufficient budget and sufficient staffing in order to execute its core mandate of combatting crimes affecting the financial interests of the Union?**

**The CONT committee has repeatedly requested a thorough follow-up of and reporting on OLAF financial recommendations, in order to assess the capacity of the Union to recover its unperceived own-resources and be in capacity of proposing legislative improvements in the event of a discrepancy between recommendations and recoveries. How do you intend to report to CONT on recoveries to the EU budget resulting from OLAF inquiries?**

**In July 2019, the European Union became an observer with the Group of States against Corruption (GRECO). Do you believe that at some point the EU should become a full Member of this working group, and if so, by when? In general, do you intend to improve anti-corruption reporting, and how?**

**Having in mind the new Commission Strategy against Fraud and the current state of play of OLAF and EPPO, would you envisage some further steps in the fight against corruption and fraud that might have not been tackled yet?**

At present, the material scope of competence of the EPPO is limited to criminal offences affecting the financial interests of the Union. Any extension of its competences to include serious crimes having a cross-border dimension would require a unanimous decision of the European Council, as set out in Article 86 (4) of the Treaty on the Functioning of the European Union.

The EPPO is currently based on an agreement under enhanced cooperation, as the Council did not reach unanimity at the time of the adoption of the EPPO draft regulation.

The Commission has ensured that the EPPO has the necessary resources to carry out its current responsibilities. Once it reaches cruising speed in 2023, the EPPO should be equipped with a budget of approximately EUR 18.6 million and 117 staff in the central office. In addition, the EPPO will have European Delegated Prosecutors in the Member States (in a

number to be determined by the Chief Prosecutor), supported by the national law enforcement authorities.

As for any other EU body, the EPPO would have to receive the resources necessary to carry out additional tasks if its mandate were to be broadened.

As regards OLAF recommendations, I am determined to thoroughly follow up on all cases of fraud and irregularities investigated by OLAF, and to tackle other threats to the financial interests of the EU. In that regard, I will properly report to the Committee on Budgetary Control on recoveries resulting from OLAF investigations.

For expenditure on direct and indirect management, the accounting system of the Commission produces reliable data on amounts established for recovery and on those already recovered. This will allow us to monitor regularly the effectiveness of the recovery process.

With regard to shared management, Member States remain in the first instance responsible for the recovery of misused funds. In order to allow full transparency of how recoveries are handled at national level, I am determined to establish a road map to this effect and put it in place.

The Commission and particularly DG Budget carries out revenue management, control and recovery activities that aim at improving the protection of the EU's financial interests on the revenue side of the budget as well. These include annual on-the-spot inspections in Member States to check the proper collection of traditional own resources (customs duties), checks on the VAT-based own resources due, examination of irrecoverable entitlements and follow-up the European Court of Auditors' findings. Over the period 2016 – 2018, these activities resulted in recovering EUR 388 million. The Commission thus ensures compliance with own resources legislation and ensures that the amounts due are recovered to the EU budget, including by starting infringement proceedings. In certain cases, this is done in collaboration with OLAF based on prior findings from its fraud investigations. For instance, the Commission recently brought to the European Court of Justice a prominent case of undervaluation of fraud regarding textiles and shoes imported from China to the EU via the UK that led to a significant loss of traditional own resources.

I intend to work towards a more integrated European approach to reinforce customs risk management, to support effective controls by the Member States, to further safeguard the protection of the EU financial interests and to ensure the collection of EU revenues in line with the Political Guidelines of the President-elect to take the Customs Union to the next level. In the longer term, it should be assessed whether a EU Customs Agency could support this work. An intermediate step could be to strengthen the collection of customs data and risk analysis at EU level.

As regards your question on the Group of States against Corruption, in 2019 the Council of Europe Committee of Ministers decided to admit the EU as an observer in GRECO. This is a very welcome step in the right direction and will bring real added value to the cooperation between the EU and the Council of Europe. It will facilitate our joint work on capacity-building and implementing standards intended to strengthen the rule of law and the fight against corruption.

The request to admit the EU as an observer does not preclude any developments as regards the EU's possible participation in GRECO as a full member in the future.

As regards anti-corruption reporting, the Commission is monitoring how Member States are addressing corruption challenges in the framework of the European Semester, and proposes country specific recommendations in this area. Additional dedicated dialogues and reporting exist with Romania and Bulgaria under the Cooperation and Verification Mechanism.

On 17 July 2019, the Commission set out concrete actions to strengthen the Union's capacity to promote and uphold the rule of law. This is also clearly reflected in the Political Guidelines of the President-elect calling for an additional comprehensive European Rule of Law Mechanism with EU-wide scope. That Mechanism should comprise a Rule of Law Review Cycle, which will include objective annual reporting by the Commission. The European Rule of Law Mechanism will also examine the capacity of Member States to fight corruption.

Finally, as regards your question on further steps in the fight against corruption and fraud, my first priority will be to implement the Commission's new Anti-Fraud Strategy. Its main pillars are enhanced analysis to obtain more information on the scope, nature and causes of fraud affecting EU funds, improved cooperation between Commission services, and stronger corporate oversight within the Commission. The Strategy will steer the Commission's anti-fraud action in the years to come, on the basis of the risks observed.

As regards the legal framework for fighting fraud, I will personally steer the trilogues to revise Regulation 883/2013, the OLAF Regulation, and do my utmost to ensure that negotiations can be successfully concluded by the time the EPPO becomes operational in 2020. The aim of the revision is to ensure smooth cooperation between OLAF and the EPPO, as well as to improve the effectiveness of OLAF's investigations.

Once this revision is completed and we have gained experience on cooperation between OLAF and the EPPO, a more far-reaching process of modernising the legal framework for OLAF investigations and EU anti-fraud action in general could be initiated. It is however too early to say what such a second step revision might entail.

As regards fraud that has not been tackled yet, I will encourage cooperation between OLAF and other Commission services to protect the financial interests of the Union as well as the health and safety of EU citizens by tackling for example food fraud, as mentioned by the President-elect in her mission letter to the Commissioner-designate for Health, and environmental fraud.

Another challenge yet to be tackled is that of customs fraud linked to the increase in global trade, including e-commerce, the multiplicity of trade channels, and the need to handle business operations swiftly and in a paperless manner. Again, the cooperation between Commission services and the Member States' customs authorities will be essential to strengthening the protection of the EU budget against such fraud, and to bringing the Customs Union to the next level.

**8. Which measures will you take in order to avoid conflicts of interest and in order to ensure high ethical standards in the Commission?**

**Respect for the rule of law and sound financial management are corner stones of the EU.**

**Conflicts of interest, between political and economic operators, at EU and/or Member State level, can harm the protection of the EU's financial interests. OLAF investigations**

**and the Commission's own audit reports reveal the risks have not decreased, on the contrary, latest findings show a fair share of public tenders with no competing offers and ministers or even a prime minister being in a conflict of interest situation. Which concrete measures do you intend to take in this regard?**

**Taking into account also its insight from fact-finding missions, CONT called on the Commission to develop a single, Europe-wide strategy to avoid conflicts of interest between political and economic operators as one of its priorities, including strategies of ex ante and ex-post control.**

**CONT also wants to ensure a high level of ethical standards as to the behaviour of Commissioners and the appointment of high civil servants. What will be your next steps to establish the independent ethics body, which the new Commission President pledged to set up?**

**In particular, it called on the Commission, as well as on all European institutions to review, where necessary, nomination procedures, in particular for senior officials and where relevant for cabinet members, and to take additional measures to improve transparency, fairness and equal opportunity during appointment procedures.**

**CONT equally insists on the Commission, as well as on all European Institutions to closely monitor and take necessary actions in order to prevent possible reoccurrence of cases of revolving doors, which are highly damaging to the image of the Union and its Institutions.**

**What precise measures will you take to follow-up on the demands expressed by the European Parliament as to the code of conduct of the Commissioners and the appointment of the senior officials?**

As underlined in the Political Guidelines by the President-elect, EU institutions should be open and beyond reproach on ethics, transparency and integrity, if Europeans are to have faith in our Union. In these particularly challenging times, the trust of the European citizens is more important than ever. For all these reasons, I treat ethics as a very serious matter.

The above question touches upon many aspects, some of which fall within my portfolio.

With respect to conflicts of interest, I will make it my priority to oversee the broad and coordinated action the Commission is taking.

As of 2 August 2018, the Financial Regulation has introduced reinforced rules on conflict of interests. They now apply to all EU budget implementation modes and to financial actors and other persons, including national authorities at any level. Compliance with EU rules on conflict of interests when Member States implement EU funds is a shared responsibility between them and the Commission.

The Commission has committed to accompany and guide the Member States in applying the new conflict of interest rules.

First, the Commission is monitoring the national rules in place to address situations of conflict of interests. Concretely, it has launched a Member State survey on the state of play and presented its preliminary results at a conference with national authorities. Based on its assessment of the survey results, the Commission will examine the need for further follow-up.



Second, the Commission is updating guidelines to the Member States in order to identify possible issues and good practices.

Third, the Commission addresses systemic weaknesses in the handling of conflict of interests in the context of its assessment of the national management and control systems. In line with the rules, the Commission may perform audits that may lead to financial corrections.

Finally, the Commission carefully examines individual cases of application of the new rules brought to its attention, including complaints addressed to it.

Let me assure you that my top priority is to protect the EU budget and the Commission will take all possible measures to do so. In this respect, more resources will be dedicated to the coordination of the Commission services' actions as regards conflict of interest issues and cases, as well as to the setting up of a closer relationship with Member States with a view to tackling potential issues at an early stage.

As regards the general ethical framework, for both Members of the Commission and the staff, I am convinced that we have a very solid and valid set of ethical values, principles and rules. I want to reiterate my firm commitment to ensure the best implementation of all those ethics requirements. Strict compliance, by both Members of the College and staff, as well as appropriate follow-up in the event of breaches, are in my view vital.

When it comes to Commissioners, the Code of Conduct was revised in January 2018, after seeking the opinion of the European Parliament, in line with the Framework Agreement on relations between the European Parliament and the Commission. It complements the reinforced rules on conflict of interests introduced by the 2018 Financial Regulation and sets standards which are at the top of the class in Europe. The Code of Conduct's rules are more comprehensive than the rules of most of our Member States.

I believe the Code is fit for purpose, as it builds on the experience gained from the past and provides us with the necessary tools to address any potential conflict of interest of the Members of the Commission with coherent solutions. The European Court of Auditors have acknowledged the adequacy of the legal framework. In this regard, it is important to foremost concentrate on its application. But, we should certainly have another look at it after some practical experience with the new Code.

As regards staff, the Staff Regulations, by which all staff members have to abide, contain a comprehensive set of ethical obligations which were further strengthened during the 2014 Staff Regulations reform. Mention should in particular be made of new provisions requiring conflicts of interest to be assessed upon recruitment or reintegration after a period of leave on personal grounds and of those provisions explicitly addressing the issue of lobbying and advocacy during leave on personal grounds or after having left the Institution.

The Commission is taking seriously the “revolving doors phenomenon” and acknowledges the importance of working with the Ombudsman, who has since 2013 conducted two inquiries on the matter. When closing its second inquiry in February this year, the European Ombudsman has confirmed that the Commission has high standards in the area of ethics and transparency and has encouraged the Commission to continue to lead by example. Of course, improvement is always possible and the Commission will study very carefully the suggestions that the Ombudsman has made in order, in its view, to render the rules more effective and therefore meaningful.

In this respect, it is the prerogative of the President-elect to ensure that Members of the Commission fully comply with the Code of Conduct. I will multiply the opportunities to remind all staff about the ethical rules and principles that apply to them. The application of ethical principles is a pre-condition for continued high professional standards in public services, but they have to be known, clear and understandable in order to be fully effective.

In this context, I will also support the efforts of Vice-President-designate Jourová, who has been entrusted by the President-elect to work with the European Parliament and the Council on setting up an independent ethics body common to all EU institutions. Cooperation with the other EU institutions in this process is key to make it a success.

I believe there is a new momentum to address ethics challenges together with new ideas and a new determination. This would echo the report issued in July 2019 by the European Court of Auditors on the Ethical framework of three EU institutions (European Parliament, Council, Commission). In that report, which covers both Members and staff members, the Court notes that the three audited institutions have to a large extent established adequate ethical frameworks but also identified room for sharing good practice on ethical matters.

The political approach chosen to take this forward will need to be carefully assessed in cooperation with all institutions concerned. Each institution has its own rules and its independence, which needs to be taken into account. I am aware that these concerns were expressed back in 2000 by the European Parliament and the Council when the Commission proposed the creation of an interinstitutional ‘Advisory Group on Standards in Public Life’. Therefore, this is a sensitive and difficult question, which we will need to analyse carefully, including the question of its precise scope.

When it comes to the separate issue of the appointment of senior officials, I have noted the European Parliament’s requests that the Commission review its procedures. I have also noted that the other institutions are asked to do the same. On 30 August, Commissioner Oettinger wrote to the Committee on Budgetary Control with an update on progress to date and included some proposals, which he has put forward for consideration by the incoming Commission.

I know that the Interinstitutional Roundtable held in September last year concluded that the procedures applied across the institutions are robust and fit for purpose. It also comforted the Commission in its view that it is in many respects leading the way in applying modern, state-of-the-art selection procedures for senior officials, including the extensive use of independent assessment centres. Nonetheless, the current ‘Compilation document on Senior Officials policy’ dates from 2004 and could benefit from some revision to incorporate a number of decisions that the College has taken in this domain and to ensure that there is full alignment with current operational guidelines.