

Amendments to the Financial Regulation. Recast

2022/0162(COD) - 14/03/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 437 votes to 45, with 72 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (recast).

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

- in the implementation of the budget, Member States and the Commission should ensure compliance with the **Charter of Fundamental Rights** of the European Union, and respect the Union values enshrined in Article 2 TEU;

The Regulation should enable authorising officers, where relevant in accordance with sector-specific rules, to adopt **appropriate measures** and take action to protect the budget, for example through suspension of payments, in cases where the implementation by a Member State of an action financed from Union funds is affected by that Member State's non-respect of relevant Union values and fundamental rights;

- in order to **increase transparency and visibility in the presentation of assigned revenue** while maintaining the substance of the information previously provided, detailed information on the estimated amount of the internal and external assigned revenue to be received, and the foreseen allocation to the relevant budget lines should be provided in an annex, which forms an integral part of the budget;

- the **reporting requirements** on the implementation of the internal and external assigned revenue in the preceding year should be clarified. This will ensure that all information on the implementation of assigned revenue and forecast of assigned revenue to be received is presented in a clear and accessible manner;

- the Commission should only accept such **donations** where acceptance is in accordance with the principles of sound financial management and transparency, does not give rise to conflicts of interest, does not harm the image of the Union and does not harm or risk harming the security or public order of the Union or Member States;

- **specific performance indicators** for the budget should be introduced to track the spending on gender equality, as well as on climate change mitigation and adaptation and the protection of biodiversity;

- where feasible and appropriate, the Commission and Member States should respect relevant applicable national law, Union law, conventions of the International Labour Organization (ILO) and collective agreements when implementing programmes and activities funded by the budget;

- the **single integrated IT system** should be developed with a view to avoiding double reporting and reducing administrative burden for Member States and other implementing entities. The Commission should act as the controller and be responsible for the development, management and supervision of the single integrated IT system. Data available through the single integrated IT system should be made available to the European Parliament and the Council on a case-by-case basis to the extent necessary and proportionate to the exercise of their respective competences, in the context of the discharge procedure for the Commission;

- when the Union contribution takes the form of **financing not linked to costs** and where reimbursement is based on results, the achievement of those results should be measured by either pre-defined milestones or targets, and the achievement of such milestones or targets should be verified before the contribution is paid;
- where **irregularities or fraud** are subsequently discovered to have taken place during an award procedure, the authorising officer responsible should take certain corrective measures unless it is justified not to do so, for example where implementation of the legal commitment is in the interests of the institution or body concerned, or where there is a need to guarantee continuity of service;
- the persons and entities involved in budget implementation to get access to the **early detection and exclusion database** and verify the exclusions decided upon by the authorising officers at Union level. The early detection and exclusion database should be consulted prior to awarding or selecting a person or entity for implementing and receiving Union funds;
- the financial rules laid down in this Regulation should be kept **simple and clear** in order to avoid gold-plating and additional administrative burdens for the recipients of Union funds, Member States, Union institutions or other persons and entities implementing the budget;
- in a **crisis situation**, it should be possible, exceptionally, to add new contracting authorities after the launch of a procurement procedure and before the contract signature or following a modification of a contract without restricting competition;
- the assessment of **conflicts of interest** and the obligation to put in place systems to detect and prevent such conflicts should respect the principle of proportionality. Guidelines on the assessment of conflicts of interest should provide greater clarity for those responsible for assessing such situations at national and EU level, in order to improve legal certainty;
- to ensure consistency between the rules applicable to Member States and the procurement procedures under this Regulation, Union institutions, Union bodies and executive agencies should apply *mutatis mutandis* the same rules and procedures on **foreign subsidies** laid down in Regulation (EU) 2022/2560;
- it is necessary to introduce a new category of a **very low value grant** of an amount of up to EUR 15 000 with a view to simplifying administrative requirements for applicants for Union funding;
- in view of the expected complexity of operations needed to satisfy the urgent financing needs of Ukraine, and to anticipate possible future borrowing and lending operations, it is appropriate to establish a **diversified funding strategy** as the single funding method for implementation of borrowing operations. The diversified funding strategy should be implemented through all necessary transactions aiming at a regular capital market presence, should be based on pooling of funding instruments and shall make use of a common liquidity pool. The Commission should establish the necessary arrangements for the implementation of the diversified funding strategy. The Commission should regularly and comprehensively inform the European Parliament and the Council about all aspects of its borrowing and debt management strategy;
- the Union may make contributions in the form of financing not linked to costs to multi-donor, pooled funded **global initiatives** when these support the achievement of Union policy objectives. Prior to any decision to contribute to a global initiative and as early as possible, the Commission should inform the European Parliament and the Council about the amount of the contribution to the global initiative, explaining the reasons and appropriateness of the contribution.