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Subject:	Draft Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management

Delegations will find in annex the proposal regarding the above-mentioned agreement. Changes to the consolidated version of the Commission proposal from 2018 amended by its 2020 proposal are marked in **bold** and ~~strike through~~. Changes made since the COREPER discussion of 29 July are marked as underlined.

proposal for an
Interinstitutional Agreement

between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap for the introduction of new own resources

THE EUROPEAN PARLIAMENT, THE COUNCIL OF THE EUROPEAN UNION AND THE EUROPEAN COMMISSION,

hereinafter referred to as the institutions,

HAVE AGREED AS FOLLOWS:

1. The purpose of this Agreement, adopted in accordance with Article 295 of the Treaty on the Functioning of the European Union (TFEU), is to implement budgetary discipline and improve the functioning of the annual budgetary procedure and cooperation between the institutions on budgetary matters as well as to ensure sound financial management, **and to implement a cooperation and establish a roadmap towards the introduction of new own resources over the period of the multiannual financial framework 2021-2027 sufficient to cover the repayment of Next Generation EU.**
2. Budgetary discipline in this Agreement covers all expenditure. The Agreement is binding on all the institutions for as long as it is in force. **The Annexes to the Agreement form an integral part thereof.**
3. This Agreement does not alter the respective budgetary **and legislative** powers of the institutions as laid down in the Treaties, in Council Regulation {(EU, Euratom) No XXXX/20XX¹ ('the MFF Regulation')}, ~~and~~ in Regulation {(EU, Euratom) No XXXX/20XX} **2018/1046** of the European Parliament and of the Council² ('the Financial Regulation') **and in Council Decision (EU, Euratom) 20xx/xx ('the Own Resources Decision'), and is without prejudice to the powers of national parliaments in respect of own resources.**
4. Any amendment of this Agreement requires the common agreement of all the institutions.

¹ OJ L , p. .

² OJ L..., p. — **Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).**

5. This Agreement is in ~~four~~^{three} parts:
- Part I contains provisions related to the multiannual financial framework (MFF) and to the **thematic and non-thematic** special instruments.
 - Part II relates to interinstitutional cooperation ~~during the budgetary procedure~~ⁱⁿ **budgetary matters**.
 - Part III contains provisions related to the sound financial management of Union funds.
 - **Part IV contains provisions related to the quality and comparability of data on beneficiaries in the context of the protection of the Union's budget**
6. This Agreement enters into force on XX/XX/XXXX and replaces the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline ~~and~~, **on cooperation in budgetary matters and on sound financial management**³.

³ OJ C 373, 20.12.2013, p. 1.

PART I

MFF AND SPECIAL INSTRUMENTS

A. PROVISIONS RELATED TO THE MFF

7. The institutions shall, for the purposes of sound financial management, ensure as far as possible during the budgetary procedure and at the time of the budget's adoption that sufficient margins are left available beneath the ceilings for the various headings of the MFF, **except for the sub-heading 'Economic, social and territorial cohesion'**.

Updating of forecasts for payment appropriations ~~after 2027~~

8. **Every year in 2024**, the Commission shall update the forecasts for payment appropriations **for the period at least until after 2027**.

That update shall take into account all relevant information, including the real implementation of budget appropriations for commitments and budget appropriations for payments, as well as the implementation forecasts. It shall also consider the rules designed to ensure that payment appropriations develop in an orderly manner compared to commitment appropriations and the growth forecasts of the Union's Gross National Income.

B. PROVISIONS RELATED TO THE THEMATIC AND NON-THEMATIC SPECIAL INSTRUMENTS

European Globalisation Adjustment Fund

9. When the conditions for mobilising the European Globalisation Adjustment Fund, as set out in the relevant basic act, are met, the Commission shall **make a proposal to mobilise it, and the decision to mobilise the Globalisation Adjustment Fund shall be taken jointly by the European Parliament and the Council**.

At the same time as it presents its proposal for a decision to mobilise the Globalisation Adjustment Fund, the Commission shall present ~~submit~~ to the European Parliament and the Council a proposal for a transfer to the relevant budgetary lines.

Transfers related to the Globalisation Adjustment Fund shall be made in accordance with the Financial Regulation.

European Union Solidarity Fund

~~10. When the conditions for mobilising the European Union Solidarity Fund as set out in the relevant basic act are met, the Commission shall make a proposal for the appropriate budgetary instrument in accordance with the Financial Regulation.~~

Solidarity and Emergency Aid Reserve

~~10.~~ When the Commission considers that the **conditions for mobilising the Solidarity and Emergency Aid Reserve** ~~needs to be called on~~ **are met**, it shall ~~present~~ **submit** to the European Parliament and **to** the Council a proposal for a transfer from ~~that~~ Reserve to the corresponding budgetary lines in accordance with the Financial Regulation.

The decision to mobilise amounts under point (a) of Article 8(1) of the MFF Regulation shall be taken jointly by the European Parliament and the Council on a proposal from the Commission in accordance with the relevant basic act.

Any Commission proposal for a transfer from the Reserve for assistance under point (b) of Article 8(1) of the MFF Regulation shall be preceded by an examination of the scope for reallocating appropriations.

Brexit Adjustment Reserve

11. When the conditions for mobilising the Brexit Adjustment Reserve as set out in the relevant instrument are met, the Commission shall submit to the European Parliament and the Council a proposal for a transfer to the relevant budgetary lines.

Transfers related to the Brexit Adjustment Reserve shall be made in accordance with the Financial Regulation.

Single Margin Instrument

12. The Commission may propose the mobilisation of amounts or part thereof, corresponding to margins referred in points (a) and (c) of the first subparagraph of Article 10(1) of the MFF Regulation, in relation to a draft budget or a draft amending budget. **The mobilisation of any amounts referred to in point (c) of the first subparagraph of Article 10(1) of the MFF Regulation shall be proposed by the Commission after a thorough analysis of all other financial possibilities.**

The amounts may be mobilised by the European Parliament and the Council in the framework of the budgetary procedure set out in Article 314 TFEU.

1213. The Commission shall ~~submit~~**make** a proposal for the mobilisation of the Flexibility Instrument after it has examined all possibilities for re-allocating appropriations under ~~having ascertained that~~ the heading requiring additional expenditure, ~~cannot be financed otherwise.~~

~~The~~**that** proposal shall identify the needs to be covered and the amount. Such a proposal may be made in relation to a draft budget or a draft amending budget.

~~The mobilisation of the Flexibility Instrument, or part thereof, shall be proposed by the Commission after a thorough analysis of all other financial possibilities. In particular, the Commission shall accompany the proposal by:~~

~~– a proposal for the reallocation of appropriations, within the existing budget, of a significant amount, as far as supported by the Commission's analysis;~~

~~– a detailed estimate of the possibilities for off-setting needs against future margins for commitments and/or payments as appropriate, with due regard to the principle of sound financial management and the provision laid down in point 7, so as to demonstrate that the needs cannot be financed, in part or in full, by recourse to the Single Margin Instrument.~~

The Flexibility Instrument may be mobilised by the European Parliament and the Council in the framework of the budgetary procedure ~~set~~ out in Article 314 TFEU.

Contingency Margin

13. ~~The mobilisation of the Contingency Margin, or part thereof, shall be proposed by the Commission after a thorough analysis of all other financial possibilities. Such a proposal may be made in relation to a draft budget or draft amending budget.~~

~~The Contingency Margin may be mobilised by the European Parliament and the Council in the framework of the budgetary procedure ~~ste~~ out in Article 314 TFEU.~~

PART II

IMPROVEMENT OF INTERINSTITUTIONAL COOPERATION IN BUDGETARY MATTERS

A. INTERINSTITUTIONAL COOPERATION PROCEDURE

14. The details of interinstitutional cooperation during the budgetary procedure are set out in the Annex I.

14a. In line with Article 312(5) TFEU, the institutions shall take any measure necessary to facilitate the adoption of a new MFF or a revision thereof, pursuant to the special legislative procedure established by Article 312(2) of the TFEU. Such measures will include regular meetings and exchange of information between the Council and the European Parliament and, on the initiative of the Commission, meetings of the Presidents as set out in Article 324 TFEU in order to promote consultation and the reconciliation of the positions of the institutions. Where a proposal for a new MFF or for a substantial revision has been presented, the institutions will seek to define specific arrangements for cooperation and dialogue between them throughout the procedure leading to its adoption.

Budgetary Transparency

15. The Commission shall prepare an annual report to accompany the general budget of the Union, bringing together available and non-confidential information relating to:
- the assets and liabilities of the Union, including those arising from borrowing and lending operations carried out by the Union in accordance with its powers under the Treaties,
 - the revenue, expenditure, assets and liabilities of the European Development Fund (EDF)⁴, the European Financial Stability Facility (EFSF), the European Stability Mechanism (ESM), and other possible future mechanisms,
 - the expenditure incurred by Member States in the framework of enhanced cooperation, to the extent that it is not included in the general budget of the Union,
 - **climate expenditure, on the basis of an effective methodology set out by the Commission and, where relevant, in accordance with sectoral legislation, for monitoring climate-spending and its performance in view of achieving an**

⁴ As set out in the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies (OJ L 210, 6.8.2013) and the preceding Internal Agreements.

overall target of at least 30% of the total amount of Union budget and NGEU expenditures supporting climate objectives, taking into consideration the effects of the phasing out of NGEU funding and differentiating between climate mitigation and adaptation, where feasible.

In case there is insufficient progress towards the climate spending target in one or more of the relevant programmes, the European Parliament, the Council, and the Commission, in line with their institutional responsibilities and the relevant legislation, will consult on appropriate measures to be taken to ensure that Union spending on climate objectives over the entire MFF period 2021-27 corresponds to at least 30% of the total amount of the Union budget and NGEU expenditures.

- Expenditure contributing to halting and reversing the decline of biodiversity, on the basis of an effective, transparent and comprehensive methodology set out by the Commission, in cooperation with the European Parliament and the Council, and, where relevant, in accordance with sectoral legislation, in view of working towards the ambition of providing 7.5% of annual spending under the MFF to biodiversity objectives in the year 2024 and 10% of annual spending under the MFF to biodiversity objectives in 2026 and 2027, while considering the existing overlaps between climate and biodiversity goals.

- the promotion, throughout implementation and monitoring of relevant programmes, of equality between women and men as well as rights and equal opportunities for all, and the mainstreaming of these objectives as well as gender-mainstreaming, including by strengthening the assessment of gender impacts under the Better Regulation framework in impact assessments and evaluations. The Commission will examine how to develop a methodology to measure the relevant expenditure at programme level in the 2021-2027 MFF. The Commission will use this methodology as soon as it is available. No later than 1 January 2023, the Commission will implement this methodology for certain centrally managed programmes to test its feasibility. At mid-term, it will be explored whether the methodology can be extended to other programmes for the remainder of the multiannual financial framework.

- the implementation of the UN Sustainable Development Goals in all relevant EU programmes of the 2021-2027 MFF.

The effective methodologies referred to in the fourth and fifth indents will, as far as possible include a reference to the contribution of the EU budget to the European Green Deal, which includes the ‘do no harm’ principle.

The effective methodology referred to in the fourth indent of the first paragraph, ~~will~~shall be transparent, comprehensive, results-oriented and performance-based, and include annual consultation regular reporting by the Commission ~~to~~of the European Parliament and the Council, and identify relevant measures in case of insufficient progress towards achieving applicable targets.

All those methodologies should not lead to an excessive administrative burden on project holders and beneficiaries.

- 15a. The Commission shall prepare an annual report on the implementation of the European Union Recovery Instrument ⁵-(‘European Recovery Instrument’), bringing together available and non-confidential information relating to:
- assets and liabilities arising from borrowing and lending operations carried out under Article 3b of the Own Resources Decision⁶,
 - aggregate volume of proceeds assigned to Union programmes in implementation of the European Recovery Instrument in the previous year, broken down by programme and budget line,
 - the contribution of the borrowed funds to the achievements of the objectives of the European Recovery Instrument and the specific Union programmes.

B. ~~INCORPORATION~~INCORPORATION OF FINANCIAL PROVISIONS IN LEGISLATIVE ACTS

16. Each legislative act, concerning a multiannual programme, adopted under the ordinary legislative procedure shall contain a provision in which the legislator lays down the financial envelope for the programme.

That amount shall constitute the prime reference amount for the European Parliament and the Council during the annual budgetary procedure.

⁵~~OJ, ...~~

⁶~~OJ, ...~~ Reference to ORD to be inserted

For programmes referred to in Annex II of the MFF Regulation, the prime reference amount is automatically increased by the additional amounts referred to in Article 4a(1) of the MFF Regulation.

The European Parliament and the Council, and the Commission when it draws up the draft budget, undertake not to depart by more than 15 % from that amount for the entire duration of the programme concerned, unless new, objective, long-term circumstances arise for which explicit and precise reasons are given, with account being taken of the results obtained from implementing the programme, in particular on the basis of assessments. Any increase resulting from such variation shall remain beneath the existing ceiling for the heading concerned, without prejudice to the use of instruments mentioned in the MFF Regulation and in this Agreement.

The fourth subparagraph does not apply to the additional amounts referred to in the third subparagraph.

This Point does not apply to appropriations for cohesion adopted under the ordinary legislative procedure and pre-allocated by Member States, which contain a financial envelope for the entire duration of the programme nor to the large scale projects referred to in Article 2417 of the MFF Regulation.

17. Legally binding Union acts concerning multiannual programmes not subject to the ordinary legislative procedure shall not contain an ‘amount deemed necessary’.

Should the Council wish to include a financial reference amount, that amount shall be taken as illustrating the will of the legislator and shall not affect the budgetary powers of the European Parliament and the Council as set out in the TFEU. A provision to this effect shall be included in all legally binding Union acts which contain such a financial reference amount.

C. EXPENDITURE RELATING TO FISHERIES AGREEMENTS

18. Expenditure on fisheries agreements shall be subject to the following specific rules.

The Commission undertakes to keep the European Parliament regularly informed about the preparation and conduct of the negotiations, including their budgetary implications.

In the course of the legislative procedure relating to fisheries agreements, the institutions undertake to make every effort to ensure that all procedures are carried out as quickly as possible.

Amounts provided for in the budget for new fisheries agreements or for the renewal of fisheries agreements which come into force after January 1 of the related financial year shall be put in reserve.

If appropriations relating to fisheries agreements (including the reserve) prove insufficient, the Commission shall provide the European Parliament and the Council with the necessary information, on the causes of the situation, and on measures which might be adopted under established procedures. Where necessary, the Commission shall propose appropriate measures.

Each quarter, the Commission shall present to the European Parliament and the Council detailed information about the implementation of fisheries agreements in force and a financial forecast for the remainder of the year.

19. Without prejudice to the relevant procedure governing the negotiation of fisheries agreements, the European Parliament and the Council commit themselves, in the framework of budgetary cooperation, to arrive at a timely agreement on the adequate financing of fisheries agreements.

D. FINANCING OF THE COMMON FOREIGN AND SECURITY POLICY (CFSP)

20. The total amount of CFSP operating expenditure shall be entered entirely in one budget chapter, entitled CFSP. That amount shall cover the real predictable needs, assessed in the framework of the establishment of the draft budget, on the basis of forecasts drawn up annually by the High Representative of the Union for Foreign Affairs and Security Policy (the ‘High Representative’). A reasonable margin shall be allowed for to cover unforeseen actions. No funds may be entered in a reserve.
21. As regards CFSP expenditure which is charged to the general budget of the Union in accordance with Article 41 of the Treaty on European Union, the institutions shall endeavour, in the Conciliation Committee, and on the basis of the draft budget established by the Commission, to secure agreement each year on the amount of the operating expenditure, and on the distribution of that amount between the articles of the CFSP budget chapter. In the absence of agreement, it is understood that the European Parliament and the Council shall enter in the budget the amount contained in the previous budget or the amount proposed in the draft budget, whichever is the lower.

The total amount of CFSP operating expenditure shall be distributed between the articles of the CFSP budget chapter as suggested in the third paragraph. Each article shall cover actions already adopted, actions which are foreseen but not yet adopted and amounts for future — that is unforeseen — actions to be adopted by the Council during the financial year concerned.

Within the CFSP budget chapter, the articles into which the CFSP actions are to be entered could read along the following lines:

- single major missions as referred to in Article 52(1)(fg) of the Financial Regulation,
- other missions (for crisis management operations, conflict prevention, resolution and stabilisation, and monitoring and implementation of peace and security processes),
- non-proliferation and disarmament,
- emergency measures,
- preparatory and follow-up measures,
- European Union Special Representatives.

Since, under the Financial Regulation, the Commission has the authority to transfer appropriations autonomously between articles within the CFSP budget chapter, the flexibility deemed necessary for speedy implementation of CFSP actions shall accordingly be assured. In the event of the amount of the CFSP budget chapter during the financial year being insufficient to cover the necessary expenses, the European Parliament and the Council shall seek a solution as a matter of urgency, on a proposal from the Commission.

22. Each year, the High Representative shall consult the European Parliament on a forward-looking document, which shall be transmitted by June 15 of the year in question, setting out the main aspects and basic choices of the CFSP, including the financial implications for the general budget of the Union, an evaluation of the measures launched in the year n-1 and an assessment of the coordination and complementarity of CFSP with the Union's other external financial instruments. Furthermore, the High Representative shall keep the European Parliament regularly informed by holding joint consultation meetings at least five times a year, in the framework of the regular political dialogue on the CFSP, to be agreed at the latest on 30 November each year. Participation in those meetings shall be determined by the European Parliament and the Council respectively, bearing in mind the objective, and the nature of the information exchanged in those meetings.

The Commission shall be invited to participate in those meetings.

If the Council adopts a decision in the field of the CFSP entailing expenditure, the High Representative shall immediately, and in any event no later than five working days thereafter, send the European Parliament an estimate of the costs envisaged (a 'financial statement'), in particular those costs regarding time-frame, staff employed, use of premises and other infrastructure, transport facilities, training requirements and security arrangements.

Once a quarter, the Commission shall inform the European Parliament and the Council about the implementation of CFSP actions and the financial forecasts for the remainder of the financial year.

E. INVOLVEMENT OF THE INSTITUTIONS AS REGARDS DEVELOPMENT POLICY ISSUES

23. The Commission shall establish an informal dialogue with the European Parliament on development policy issues ~~regardless of their source of financing.~~

F. COOPERATION OF THE INSTITUTIONS AS REGARDS EFFECTIVE MANAGEMENT OF ADMINISTRATIVE EXPENDITURE

~~24. To increase transparency and control, the administrative and programme support expenditure should be monitored and reported across all Headings regularly and in a comprehensive way. In the context of a Union of 27 Member States, all EU institutions should adopt a comprehensive and targeted approach for considering the number of staff and are invited to reduce administrative expenditure where possible.~~

~~25. All EU institutions, bodies, agencies and their administrations are expected to conduct a regular staff screening that ensures the optimisation of staff resources at the current level and should continue to seek efficiency gains in non-salary related expenditure, including by deepening interinstitutional cooperation, such as in the area of IT, procurement and buildings, and freezing non-salary related expenditure.~~

PART III

SOUND FINANCIAL MANAGEMENT OF UNION FUNDS

A. FINANCIAL PROGRAMMING

2426. The Commission shall submit twice a year, the first time together with the documents accompanying the draft budget and the second time after the adoption of the general budget of the Union, a complete financial programming for headings ~~I1~~, ~~H2~~ (except the sub-~~ceiling~~**heading** for 'economic, social and territorial cohesion'), ~~III3~~ (for 'environment and ~~climate~~**climate action**' and 'maritime **policy** and fisheries'), ~~IV4~~, ~~V5~~ and ~~VI6~~ of the MFF. That programming, structured by heading, policy area and budget line, should identify:

- (a) the legislation in force, with a distinction being drawn between multiannual programmes and annual actions:
 - for multiannual programmes, the Commission should indicate the procedure under which they were adopted (ordinary or special legislative procedure), their duration, the total financial envelope and the share allocated to administrative expenditure,
 - **In addition, for multiannual programmes referred to in Annex II of the MFF Regulation, the Commission should indicate transparently the additional allocations stemming from the provisions of Article 4a of the MFF Regulation.**
 - for annual actions (relating to pilot projects, preparatory actions and agencies) and actions financed under the prerogatives of the Commission, the Commission should provide multiannual estimates.
- (b) pending legislative proposals: ongoing Commission proposals, with the latest update.

The Commission should consider ways of cross-referencing the financial programming with its legislative programming to provide more precise and reliable forecasts. For each legislative proposal, the Commission should indicate whether it is included in the programming communicated at the time of the Draft Budget or after the final adoption of the Budget. The European Parliament and the Council should in particular be informed of:

- (a) all new legislative acts adopted and all pending proposals presented but not included in programming communicated at the time of the Draft Budget or after the final adoption of the Budget (with the corresponding amounts);
- (b) legislation foreseen in the Commission's annual legislative work programme, with an indication of whether the actions are likely to have a financial impact.

Whenever necessary, the Commission should indicate the reprogramming entailed by new legislative proposals.

B. AGENCIES AND EUROPEAN SCHOOLS

~~2527.~~ Before presenting a proposal for the creation of a new agency, the Commission should produce a sound, complete and objective impact assessment, taking into account, inter alia, the critical mass of staff and competencies, cost-benefit aspects, subsidiarity and proportionality, the impact on national and Union activities, and the budgetary implications for the expenditure heading concerned. On the basis of that information and without prejudice to the legislative procedures governing the setting up of the agency, the European Parliament and the Council commit themselves, in the framework of budgetary cooperation, to arrive at a timely agreement on the financing of the proposed agency.

The following procedural steps shall be applied:

- firstly, the Commission shall systematically present any proposal for setting up a new agency to the first trilogue following the adoption of its proposal, and shall present the financial statement accompanying the draft legal act proposing the creation of the agency and shall illustrate the consequences thereof for the remaining period of the financial programming,
- secondly, during the legislative process, the Commission shall assist the legislator in assessing the financial consequences of the amendments proposed. Those financial consequences should be considered during the relevant legislative trilogues,
- thirdly, before the conclusion of the legislative process, the Commission shall present an updated financial statement taking into account potential modifications by the legislator; this final financial statement shall be placed on the agenda of the final legislative trilogue and formally endorsed by the legislator. It shall also be placed on the agenda of a subsequent budgetary trilogue (in urgent cases, in simplified form), in view of reaching an agreement on the financing,
- fourthly, the agreement reached during a trilogue, taking into account the Commission's budgetary assessment with regard to the content of the legislative process, shall be confirmed in a joint declaration. That agreement shall be subject to approval by the European Parliament and the Council, each in accordance with its own rules of procedure.

The same procedure would be applied to any amendment to a legal act concerning an agency which would have an impact on the resources of the agency in question.

Should the tasks of an agency be modified substantially without an amendment to the legal act setting up the agency in question, the Commission shall inform the European Parliament and the Council by means of a revised financial statement, so as to allow the European Parliament and the Council to arrive at a timely agreement on the financing of the agency.

- ~~2628.~~ Relevant provisions from the Common Approach annexed to the Joint Statement of the European Parliament, the Council of the European Union and the European Commission on decentralised agencies signed on 19 July 2012 should be duly taken into account in the budgetary procedure.
- ~~2729.~~ When the creation of a new European school is envisaged by the Board of Governors, a similar procedure is to be applied, *mutatis mutandis*, for its budgetary implications on the general budget of the Union.

PART IV
PROTECTION OF THE UNION'S BUDGET: QUALITY AND
COMPARABILITY OF DATA ON BENEFICIARIES

30. In line with the requests of the European Parliament and to implement point 24 of the European Council conclusions of July 2020, in order to enhance the protection of the Union budget and Next Generation EU against fraud and irregularities, the institutions agree on the introduction of standardised measures to collect, compare and aggregate information and figures on the final beneficiaries of Union funding, for the purposes of control and audit.
31. The collection of data on those ultimately benefitting, directly or indirectly, from Union funding under shared management and for projects and reforms supported by the Recovery and Resiliency Facility, including data on beneficial owners of the recipients of the funding, is necessary to ensure effective controls and audits. The rules related to the collection and processing of such data will have to comply with applicable data protection rules.
32. To enhance the protection of the Union's budget, the Commission will make available an integrated and interoperable information and monitoring system including a single data-mining and risk-scoring tool to access and analyse the data referred to in point 31 with a view to a generalised application by Member States. The system would ensure efficient checks on conflicts of interests, irregularities, issues of double funding, and criminal misuse of the funds. The Commission, OLAF and other Union investigative and control bodies should have the necessary access to this information in order to exercise their supervisory function on the controls and audits to be carried out by the Member States in the first place to detect irregularities and conduct administrative investigations into the misuse, and to get a precise overview of the distribution of the Union funding concerned.
33. Without prejudice to the prerogatives of the institutions under the relevant Treaty legal bases, in the course of the legislative procedure relating to the relevant basic acts, the institutions undertake to sincerely cooperate to ensure the follow up to the European Council conclusions of July 2020, in line with the above-described approach.

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*

*For the Commission
The President*

