

ECA Calls for Simplification and Better Accountability of EU's Complex Financial Landscape

News

Thomas Wahl

On 1 March 2023, the European Court of Auditors (ECA) published a [special report](#) “The EU’s financial landscape – A patchwork construction requiring further simplification and accountability”. ECA auditors call for further simplification of the complex EU financial landscape and recommend making efforts for consolidation. They point out that *the EU’s current financial landscape has been described by the European Parliament as a “galaxy of funds and instruments surrounding the EU budget”*.

According to the report, over the past 15 years, more and more financial instruments have been created outside the EU budget, making the system overly complex and not fully publicly accountable. For some of these instruments, there is a gap in the audit of their performance and no control by the European Parliament.

One of the ECA’s findings was that new instruments have been created in response to new policy challenges and to legal or practical constraints on the use of existing instruments. However, for most of the instruments examined by the ECA, it was not clearly documented that the chosen option and its design were the most appropriate solution, which would have been good practice.

The ECA also found that elements of the instruments, such as governance arrangements, sources of funding and the backing of liabilities, vary considerably, which increases complexity. The auditors address several recommendations to the Commission, including:

- Ensuring that any new instrument, which is proposed, contains an assessment of the design and options chosen;
- Compiling and publishing information on the EU’s overall financial landscape;
- Making a proposal to integrate the Modernisation Fund into the EU budget;
- Proposing the integration and consolidation of existing financial assistance instruments.

Regarding audit control, the ECA states that it does not have the mandate to audit some instruments outside the EU budget and suggests that an ECA mandate should be established for all types of financing for EU policies.

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ISSN: 1862-6947

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The project is co-financed by the [Union Anti-Fraud Programme \(UAFP\)](#), managed by the [European Anti-Fraud Office \(OLAF\)](#).



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