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REPORT

on the proposal for a decision of the European Parliament and of the Council amending Decision No 1672/2006/EC of the European Parliament and of the Council establishing a Community Programme for Employment and Social Solidarity - Progress
(COM(2009)0340 – C7-0052/2009 – 2009/0091(COD))

Committee on Employment and Social Affairs

Rapporteur: Kinga Göncz

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission.)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. In the case of amending acts, passages in an existing provision that the Commission has left unchanged, but that Parliament wishes to amend, are highlighted in **bold**. Any deletions that Parliament wishes to make in passages of this kind are indicated thus: [...]. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). Suggested corrections of this kind are subject to the agreement of the departments concerned.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a decision of the European Parliament and of the Council amending Decision No 1672/2006/EC of the European Parliament and of the Council establishing a Community Programme for Employment and Social Solidarity - Progress (COM(2009)0340 – C7-0052/2009 – 2009/0091(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2009)0340),
 - having regard to Article 251(2) and Articles 13(2), 129 and 137(2) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C7-0052/2009),
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs and the opinion of the Committee on Budgets (A7-0049/2009),
1. Rejects the Commission proposal;
 2. Calls on the Commission to withdraw its proposal and take appropriate steps together with Parliament to submit a new proposal;
 3. Instructs its President to forward its position to the Council and the Commission.

EXPLANATORY STATEMENT

Background

The Progress programme covers the period 2007 to 2013 and serves as a legal basis for different community spending. The programme incorporates four specific Community Action Programmes supporting the implementation of the social policy agenda (Antidiscrimination, Social Inclusion, Employment and Gender) as well as a number of budget lines in relation to working conditions.

Under the terms of the 2006 Inter-institutional agreement, an additional amount of EUR 114 million (current prices) was allocated to the Progress programme. The increase was asked by the European Parliament.

The Commission published on 4 March 2009 a communication (‘Driving European recovery’) which outlined a number of points to help member States design and implement effective employment policies (COM(2009)0114). The Spring Council set three key priorities: maintaining employment, creating jobs and promoting mobility; upgrading skills and matching labour market needs; and increasing access to employment. The Employment Summit of 7 May 2009 featured an exchange of views on these priorities.

On 3 June 2009 the Commission adopted a Communication on a shared commitment for employment (COM(2009)0257) with the aim to step up cooperation between the European Union and the Member States as well as between EU social partners on the three key priorities set by the Spring Council. In this Communication the Commission announced to come up with a proposal for a new microfinance facility for employment, which would be financed (EUR 100 million) out of the existing budget (not mentioning Progress) and could leverage more than EUR 500 million in a joint initiative with international financial institutions particularly the EIB group.

Commission proposal

Amending the Decision No 1672/2006/EC is needed to reallocate part of the Progress budget for the European microfinance facility. The proposal is to reallocate EUR 100 million for the facility.

The commission states that the reallocation will require Progress to be more effective in its operations, more strategic in its planning and more focused in its activities. The proposal will also require further promoting cross-cutting across policy sections and linkages with other EU instruments, such as transnational cooperation under the European Social Fund or support for social dialogue. It will increase the efficiency and consistency of EU action in support of EU objectives and priorities in the areas of employment and social solidarity.

Parliaments' position

During the meeting of the EMPL Committee on 3 September 2009 it voted on its opinion regarding the budget 2010. The Committee adopted an amendment which opens a separate budget line for the European Microfinance Facility. The financial and economic crisis is now turning into an employment and social crisis, therefore the rapporteur is of the opinion that

reallocating money from Progress is giving the wrong signal since Progress is targeting the most vulnerable groups. It is the common responsibility of Member States and the EU to implement the Progress Programme effectively under the present circumstances. Therefore the proposal by the Commission to amendment Decision No 1672/2006/EC of the European Parliament and of the Council establishing a Community Programme for Employment and Social Solidarity has to be rejected.

In the report on the European Microfinance Facility (COM(2009)0333) an alternative way of financing the Facility is presented.

5.11.2009

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Employment and Social Affairs

on the proposal for a decision of the European Parliament and of the Council amending Decision No 1672/2006/EC of the European Parliament and of the Council establishing a Community Programme for Employment and Social Solidarity - Progress (COM(2009)0340 – C7-0052/2009 – 2009/0091(COD))

Rapporteur: Alain Lamassoure

SHORT JUSTIFICATION

The Commission has proposed the establishment of the new financial instrument: European Microfinance Facility for Employment and Social Inclusion in order to give unemployed the chance for new start an open the way to entrepreneurship for some of Europe's most disadvantaged groups.

A financial envelope of EUR 100 million over four years (from 2010 to 2013) has been proposed by the Commission, which should be made available by re-allocating this amount from the Progress programme.

In this respect and in order to make the necessary financial adjustments, the Commission has proposed to modify the Progress programme legal basis and to respectively reduce the Progress financial envelope by EUR 100 million.

Your Draftsman would like to recall that, under the terms of the 2006 Interinstitutional Agreement, the financial envelope of the Progress programme has been increased by EUR 100 million (in current prices) at the request of the European Parliament, following difficult negotiations with the Council

Progress programme for Employment and Social Solidarity was established to support the implementation of the objectives of the European Union in employment, social affairs and equal opportunities, as set out in the Social Agenda, as well as to contribute to the achievements of the EU 'Lisbon' Growth and jobs Strategy.

In this respect, your Draftsman expects a full implementation of both programmes.

While welcoming the Commission proposal establishing the Microfinance Facility for employment and social inclusion, your Draftsman notes the reduction of the Progress programme financial envelope.

Form the budgetary point of view, your Draftsman would like to underline that the qualitative and quantitative assessment of the Progress programme in its 3rd year of implementation is rather good. The average implementation rate over the last two years and a half goes beyond 80% in commitments and payments. Despite a few areas identified for improvements, the evaluation of the programme in the annual performance and monitoring reports for 2007 and 2008 has been positive.

On the other hand, in the context of the budget procedure 2010, the committee on budgets has clearly expressed its opinion to fund the new financial instrument via external means, a change of nomenclature and by using the margin. Your Draftsman recalls the principle that new programmes should not be financed from a reduction of existing priorities. The European Parliament has used the margin of heading 1a to allocate appropriate funding to the new instrument.

To this effect, two new budget lines have been created: 04 04 15 for the operational expenditure and 04 01 04 11 for the administrative expenditure. An amount of EUR 37,5 million has been entered for the European Microfinance Facility and of EUR 0,25 million for the administrative expenditure budget line, both in reserve. These reserves could be released once the legal basis will be adopted.

The Committee on Budgets calls on the Committee on Employment and Social Affairs, as the committee responsible, to take on board the views expressed in the current draft opinion.

AMENDMENTS

The Committee on Budgets calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Draft legislative resolution

Paragraph 1 a (new)

Draft legislative resolution

Amendment

1a. Considers that the annual amount will be decided during the annual budgetary procedure, including if necessary through application of point 37 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the European Commission on budgetary discipline and

sound financial management¹(IIA), or by other means foreseen in the IIA;

Amendment 2

Draft legislative resolution Paragraph 1 b (new)

Draft legislative resolution

Amendment

Ib. Considers that the funding of new activities should not jeopardise existing programmes;

Amendment 3

Proposal for a decision Article 1

Text proposed by the Commission

Amendment

1. The financial envelope for implementing the Community activities referred to in this Decision for the period from 1 January 2007 to 31 December 2013 is hereby set at **EUR 643 250 000.**

1. The financial envelope for implementing the Community activities referred to in this Decision for the period from 1 January 2007 to 31 December 2013 is hereby set at **EUR 743 250 000.**

¹ OJ C 139, 14.6.2006, p. 1.

PROCEDURE

Title	Community Programme for Employment and Social Solidarity - Progress
References	COM(2009)0340 – C7-0052/2009 – 2009/0091(COD)
Committee responsible	EMPL
Opinion by Date announced in plenary	BUDG 14.7.2009
Rapporteur Date appointed	Alain Lamassoure 21.10.2009
Date adopted	5.11.2009
Result of final vote	+: 27 -: 0 0: 0
Members present for the final vote	Marta Andreasen, Francesca Balzani, Reimer Böge, Lajos Bokros, Andrea Cozzolino, José Manuel Fernandes, Salvador Garriga Polledo, Ivars Godmanis, Ingeborg Gräßle, Estelle Grelier, Carl Haglund, Jutta Haug, Jiří Havel, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Ivailo Kalfin, Sergej Kozlík, Alain Lamassoure, Janusz Lewandowski, Vladimír Maňka, Barbara Matera, Claudio Morganti, Sergio Paolo Francesco Silvestris, Angelika Werthmann
Substitute(s) present for the final vote	Maria Da Graça Carvalho, Giovanni La Via

PROCEDURE

Title	Community Programme for Employment and Social Solidarity - Progress	
References	COM(2009)0340 – C7-0052/2009 – 2009/0091(COD)	
Date submitted to Parliament	2.7.2009	
Committee responsible Date announced in plenary	EMPL 14.7.2009	
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 14.7.2009	FEMM 14.7.2009
Not delivering opinions Date of decision	FEMM 1.9.2009	
Rapporteur(s) Date appointed	Kinga Göncz 2.9.2009	
Discussed in committee	29.9.2009	4.11.2009
Date adopted	5.11.2009	
Result of final vote	+: 41	–: 4
	0: 0	
Members present for the final vote	Edit Bauer, Mara Bizzotto, David Casa, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Sergio Gaetano Cofferati, Tadeusz Cymański, Frédéric Daerden, Karima Delli, Sari Essayah, Richard Falbr, Ilda Figueiredo, Pascale Gruny, Thomas Händel, Marian Harkin, Roger Helmer, Nadja Hirsch, Vincenzo Iovine, Liisa Jaakonsaari, Danuta Jazłowiecka, Martin Kastler, Olle Ludvigsson, Elizabeth Lynne, Thomas Mann, Elisabeth Morin-Chartier, Rovana Plumb, Konstantinos Poupakis, Sylvana Rapti, Elisabeth Schroedter, Joanna Katarzyna Skrzydlewska, Jutta Steinruck, Traian Ungureanu	
Substitute(s) present for the final vote	Georges Bach, Udo Bullmann, Jürgen Creutzmann, Kinga Göncz, Gesine Meissner, Ria Oomen-Ruijten, Evelyn Regner, Csaba Sógor, Emilie Turunen, Tatjana Ždanoka, Gabriele Zimmer	
Substitute(s) under Rule 187(2) present for the final vote	Peter van Dalen	