



EUROPEAN PARLIAMENT

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Committee on Economic and Monetary Affairs

2011/0276(COD)

21.3.2012

DRAFT OPINION

of the Committee on Economic and Monetary Affairs

for the Committee on Regional Development

on the proposal for a regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC)

No 1083/2006

(COM(2011)0615 – C7-0335/2011 – 2011/0276(COD))

Rapporteur: Nikolaos Chountis

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SHORT JUSTIFICATION

In the light of the announced new Multiannual Financial Framework for the period from 2014 to 2020 and the ‘Smart Regulation’, the Commission is proposing a new regulation simplifying fund rules. It observes that the diversity and fragmentation of rules governing spending programmes for the current period are perceived as complicated and difficult to manage and control. It also notes that the funds pursue complementary policy objectives and that their effectiveness can accordingly be maximised through the coordination thereof subject to a common set of basic rules and requirements.

The Commission proposal for a regulation comes at a particularly sensitive moment, given the serious impact of the economic and financial crisis on growth in many Member States and its disastrous effects in social terms. Many Member States are being hit by recession and the unravelling of their social fabric, while employment and poverty are on the increase throughout the EU.

This has had an enormous impact on the European regions, aggravating existing inequalities on the one hand and adding further imbalances on the other. In this context, regional and cohesion policies have a vital role to play.

The financial crisis, coupled with the increased pressure on Member State budgets, means that national funding for the implementation of European programmes and productive public investment projects is limited. The funds accordingly provide the necessary project financing and can to a large degree contribute to economic recovery in Member States affected by the crisis and the help reduce social inequalities.

Measures to increase the scale, effectiveness and flexibility of funding operations could help to support those activities which generate economic growth and promote policies designed to achieve full employment, thereby reducing the number of those out of work.

The rapporteur takes the view that the Commission proposal for a regulation laying down common provisions for funds providing support under cohesion policy could, subject to certain conditions, help increase their effectiveness and ensure optimum use of funding.

He does not, however, agree with the Commission proposal to include cohesion policy, together with its objectives and funding, under the long-term Europe 2020 strategy, taking the view that this would distort and undermine its true purpose. Cohesion policy is intended to ensure balanced and harmonious growth in the Member States, with a view to achieving genuine economic and social cohesion. However, the policies followed to date under the Europe 2020 strategy are, on the contrary, aggravating the consequences of the crisis and increasing social inequalities, unemployment and poverty.

The rapporteur also rejects any attempt to establish a link between cohesion policy and related funds on the one hand and the Stability and Growth Pact, economic governance and any economic and financial convergence between Member States on the other. He takes the view that cohesion policy must not be linked with the capacity of Member States to implement alternative anti-cyclical economic policies and that funding for European regions must not depend on compliance with macroeconomic objectives imposed by EU economic

policies. Penalising the Member States will not increase the effectiveness of cohesion policy and the deferment of payments will be a severe blow for recipient Member States in difficulty.

He welcomes the proposal to increase by 10% funding for Member States in financial difficulties. He believes that the immediate implementation of this increase and the updating of funding procedures will help in the implementation of projects designed to ensure sustainable development and full employment.

Finally, he considers that eligibility for funding should be based on actual growth and not only economic expansion and accordingly recommends the use of indicators in addition to GDP to ensure that account is taken of other economic, social and environmental factors.

AMENDMENTS

The Committee on Economic and Monetary Affairs calls on the Committee on Regional Development as the committee responsible to incorporate the following amendments in its report:

Amendment 1

Proposal for a regulation

Recital 3 a (new)

Text proposed by the Commission

Amendment

(3a) The economic and financial crisis has severely affected the Member States and their citizens and has had a major impact on all European regions. Many Member States are being affected by economic recession and a deterioration of social conditions, while at the same time unemployment is reaching record levels. This is leading to fresh inequalities between the regions in terms of growth and the aggravation of existing inequalities. In this context, cohesion policy fulfils a particularly important purpose, making a decisive contribution to stimulating the economy, promoting sustainable growth and narrowing social inequalities. Given that a crisis will increase pressure on national financial resources, the CSF Funds provide the resources essential to deal

with the consequences of the crisis. It is accordingly necessary to introduce greater flexibility into cohesion policy measures and maximise and optimise the use of CSF Funds.

Or. el

Amendment 2

Proposal for a regulation Recital 3 b (new)

Text proposed by the Commission

Amendment

(3b) Cohesion policy and its objectives and CSF Funds must not be included under the Europe 2020 strategy. Cohesion policy was designed to ensure balanced and harmonious growth in the Member States and not as a complement to EU macroeconomic policies. Furthermore, the objectives of the Europe 2020 strategy and the measures taken in the context thereof have proved ineffective in dealing with the crisis and have in fact aggravated the adverse impact thereof, increasing unemployment and poverty. Cohesion policy must support alternative growth policies seeking genuine convergence and sustainable growth. Measures taken in this context must promote solidarity, job creation and long-term employment, the provision of high quality public services, environmental justice and the reduction of unemployment and social exclusion.

Or. el

Amendment 3

Proposal for a regulation Recital 19

Text proposed by the Commission

Amendment

(19) Establishing a closer link between cohesion policy and the economic governance of the Union will ensure that the effectiveness of expenditure under the CSF Funds is underpinned by sound economic policies and that the CSF Funds can, if necessary, be redirected to addressing the economic problems a country is facing. This process has to be gradual, starting with amendments to the Partnership Contract and to the programmes in support of Council recommendations to address macroeconomic imbalances and social and economic difficulties. Where, despite the enhanced use of CSF funds, a Member State fails to take effective action in the context of the economic governance process, the Commission should have the right to suspend all or part of the payments and commitments. Decisions on suspensions should be proportionate and effective, taking into account the impact of the individual programmes for addressing the economic and social situation in the relevant Member State and previous amendments to the Partnership Contract. When deciding on suspensions, the Commission should also respect equality of treatment between Member States, taking into account in particular the impact of the suspension on the economy of the Member State concerned. The suspensions should be lifted and funds be made available again to the Member State concerned as soon as the Member State takes the necessary action. ***deleted***

Or. el

Justification

Any attempt to establish a link between cohesion policy and its objectives and funds on the one hand with the Stability and Growth Pact, economic governance and economic and financial convergence between the Member States on the other is inadmissible. Imposition of macroeconomic conditions is out of step with both the announced objectives and actual purpose of cohesion policy.

Amendment 4

Proposal for a regulation

Recital 19 a (new)

Text proposed by the Commission

Amendment

(19a) Cohesion policy must be linked to neither the Stability and Growth Pact nor the economic governance package, which makes it more stringent. Their points of departure are undeniably different and their objectives diametrically opposed. The purpose of cohesion policy is not to impose stringent macroeconomic and financial conditions necessitating austerity measures or to penalise Member States. On the contrary, cohesion policy is designed to reduce and remedy inequalities and problems arising from implementation of market economy principles in the European regions, thereby helping to reduce inequalities in terms of growth in the Member States and promote economic and social cohesion, with a view to achieving genuine convergence.

Or. el

Amendment 5

Proposal for a regulation Recital 22 a (new)

Text proposed by the Commission

Amendment

(22a) The 10% increase in CSF Fund appropriations for Member States encountering financial problems and receiving economic assistance, together with the possibility of amending and updating operational programmes where Member State or local and regional authorities consider necessary, will make it possible to deploy CSF Funds in a more flexible manner with a view to stimulating the economies of Member States affected by the crisis and dealing with social inequalities.

Or. el

Amendment 6

Proposal for a regulation Recital 55 a (new)

Text proposed by the Commission

Amendment

(55a) The economic and financial crisis has revealed the inadequacy of GDP as the sole indicator of eligibility for assistance from the CSF Funds. It is necessary to assess more accurately the actual development levels of European regions and the contribution which Member States can make to project implementation so as to ensure a more appropriate and fairer distribution of funding to the Member States. For this reason it is considered urgently necessary to introduce additional indicators.

Or. el

Amendment 7

Proposal for a regulation Recital 85

Text proposed by the Commission

(85) In order to safeguard the Union's financial interests and provide the means to ensure effective programme implementation, there should be measures allowing for the suspension by the Commission of payments at the level of priority axis or operational programme.

Amendment

(85) In order to safeguard the Union's financial interests and provide the means to ensure effective programme implementation, there should be measures allowing for the suspension by the Commission of payments at the level of priority axis or operational programme.
Decisions to suspend payment should not be linked to the economic policies of Member States but only to the detection of serious infringements of the system of project management, control and monitoring and spending irregularities concerning which Member States have failed to take corrective measures.

Or. el

Amendment 8

Proposal for a regulation Recital 90

Text proposed by the Commission

(90) The Commission should be empowered to adopt, by means of implementing acts, as regards all CSF Funds, decisions approving the Partnership Contracts, decisions on the allocation of the performance reserve, ***decisions suspending payments linked to Member States' economic policies***, and, in the case of decommitment, decisions to amend decisions adopting programmes; and as regards the Funds, decisions identifying the regions and Member States fulfilling the

Amendment

(90) The Commission should be empowered to adopt, by means of implementing acts, as regards all CSF Funds, decisions approving the Partnership Contracts, decisions on the allocation of the performance reserve, and, in the case of decommitment, decisions to amend decisions adopting programmes; and as regards the Funds, decisions identifying the regions and Member States fulfilling the Investment for growth and jobs criteria, decisions setting out the annual breakdown

Investment for growth and jobs criteria, decisions setting out the annual breakdown of commitment appropriations to the Member States, decisions setting out the amount to be transferred from each Member State's CF allocation to the Connecting Europe Facility, decisions setting out the amount to be transferred from each Member State's Structural Funds allocation for food for deprived people, decisions adopting and amending operational programmes, decisions on major projects, decisions on joint action plans, decisions suspending payments and decisions on financial corrections.

of commitment appropriations to the Member States, decisions setting out the amount to be transferred from each Member State's CF allocation to the Connecting Europe Facility, decisions setting out the amount to be transferred from each Member State's Structural Funds allocation for food for deprived people, decisions adopting and amending operational programmes, decisions on major projects, decisions on joint action plans, decisions suspending payments and decisions on financial corrections.

Or. el

Justification

The imposition of compliance with macroeconomic conditions is in accordance with neither the proclaimed objectives nor the actual purpose of cohesion policy. Funding for European regions cannot be suspended for non-compliance by certain Member States with macroeconomic or financial objectives.

Amendment 9

Proposal for a regulation

Article 21

Text proposed by the Commission

Amendment

Article 21

deleted

Conditionality linked to the coordination of Member States' economic policies

1. The Commission may request a Member State to review and propose amendments to its Partnership Contract and the relevant programmes, where this is necessary:

(a) to support the implementation of a Council recommendation, addressed to the Member State concerned and adopted in accordance with Articles 121(2) and/or 148(4) of the Treaty, or to support the implementation of measures addressed to

the Member State concerned and adopted in accordance with Article 136(1) of the Treaty;

(b) to support the implementation of a Council recommendation addressed to the Member State concerned and adopted in accordance with Article 126(7) of the Treaty;

(c) to support the implementation of a Council recommendation addressed to the Member State concerned and adopted in accordance with Article 7(2) of Regulation (EU) No .../2011 [on the prevention and correction of macroeconomic imbalances], provided that these amendments are deemed necessary to help correct the macroeconomic imbalances;

(d) to maximise the growth and competitiveness impact of the available CSF Funds pursuant to paragraph 4, if a Member State meets one of the following conditions:

(i) Union financial assistance is made available to it under Council Regulation (EU) No 407/2010;

(ii) medium-term financial assistance is made available to it in accordance with Council Regulation (EC) No 332/2002;

(iii) financial assistance in the form of an ESM loan is made available to it in accordance with the Treaty establishing the European Stability Mechanism.

2. The Member State shall submit a proposal for amending the Partnership Contract and the relevant programmes within one month. If necessary, the Commission shall make observations within one month from the submission of the amendments, in which case the Member State shall re-submit its proposal within one month.

3. Where the Commission has not made observations or where its observations

have been satisfactorily taken into account, the Commission shall adopt a decision approving the amendments to the Partnership Contract and the relevant programmes without undue delay.

4. By derogation to paragraph 1, where financial assistance is made available to a Member State in accordance with paragraph 1(d) and is linked to an adjustment programme, the Commission may without any proposal from the Member State amend the Partnership Contract and the programmes with a view to maximising the growth and competitiveness impact of the available CSF Funds. To ensure effective implementation of the Partnership Contract and the relevant programmes, the Commission shall become involved in their management as detailed in the adjustment programme or the Memorandum of Understanding signed with the Member State concerned.

5. Where the Member State fails to respond to the Commission's request referred to in paragraph 1 or does not reply satisfactorily within one month to the observations of the Commission referred to in paragraph 2, the Commission may, within three months following its observations, adopt a decision, by means of implementing acts, suspending part or all of the payments for the programmes concerned.

6. The Commission shall suspend, by means of implementing acts, part or all of the payments and commitments for the programmes concerned where:

(a) the Council decides that the Member State does not comply with the specific measures set out by the Council in accordance with Article 136(1) of the Treaty;

(b) the Council decides in accordance with Article 126(8) or Article 126(11) of the Treaty that the Member State

concerned has not taken effective action to correct its excessive deficit;

(c) the Council concludes in accordance with Article 8(3) of Regulation (EU) No [...] /2011 [on the prevention and correction of macroeconomic imbalances] that, on two successive instances, the Member State has not submitted a sufficient corrective action plan or the Council adopts a decision declaring non-compliance in accordance with Article 10(4) of that Regulation;

(d) the Commission concludes that the Member State has not taken measures to implement the adjustment programme referred to in Council Regulation (EU) No 407/2010 or Council Regulation (EC) No 332/2002 and as a consequence decides not to authorise the disbursement of the financial assistance granted to this Member State; or

(e) the Board of Directors of the European stability mechanism concludes that the conditionality attached to an ESM financial assistance in the form of an ESM loan to the concerned Member State was not met and as a consequence decides not to disburse the stability support granted to it.

7. When deciding to suspend part or all of the payments or commitments in accordance with paragraphs 5 and 6 respectively, the Commission shall ensure that the suspension is proportionate and effective, taking into account the economic and social circumstances of the Member State concerned, and respects equality of treatment between Member States, in particular with regard to the impact of the suspension on the economy of the Member State concerned.

8. The Commission shall without delay lift the suspension of payments and commitments where the Member State has proposed amendments to the Partnership Contract and the relevant programmes as

requested by the Commission, which the Commission has approved and, where applicable:

(a) the Council has decided that the Member State complies with the specific measures set out by the Council in accordance with Article 136(1) of the Treaty;

(b) the excessive deficit procedure is held in abeyance in accordance with Article 9 of Regulation (EC) No 1467/97 or the Council has decided in accordance with Article 126(12) of the Treaty to abrogate the decision on the existence of an excessive deficit;

(c) the Council has endorsed the corrective action plan submitted by the concerned Member State in accordance with Article 8(2) of Regulation (EU) No [...] [EIP Regulation] or the excessive imbalance procedure is placed in a position of abeyance in accordance with Article 10(5) of that Regulation or the Council has closed the excessive imbalance procedure in accordance with Article 11 of that Regulation;

(d) the Commission has concluded that the Member State has taken measures to implement the adjustment programme referred to in Council Regulation (EU) No 407/2010 or Council Regulation (EC) No 332/2002 and as a consequence has authorised the disbursement of the financial assistance granted to this Member State;

(e) the Board of Directors of the European stability mechanism has concluded that the conditionality attached to a financial assistance in the form of an ESM loan to the concerned Member State is met and as a consequence has decided to disburse the stability support granted to it.

At the same time, the Council shall decide, on a proposal from the

Commission, to re-budget the suspended commitments in accordance with Article 8 of Council Regulation (EU) No [...] laying down the multiannual financial framework for the years 2014 to 2020.

Or. el

Justification

It is unacceptable to establish a link between cohesion policy and the Funds on the one hand with the Stability and Growth Pact, economic governance and economic convergence between Member States on the other. Funding for European regions cannot be suspended for non-compliance by Member States with macroeconomic conditions. The purpose of cohesion policy is to ensure balanced growth and eliminate inequalities. Suspending funding for Member States in difficulties will make the situation worse.

Amendment 10

**Proposal for a regulation
Article 22 – paragraph 2 a (new)**

Text proposed by the Commission

Amendment

2a. The increased interim payments shall be made available as soon as possible to the managing authority, ensuring fully transparent use thereof for making payments for the implementation of the operational programme.

Or. el

Justification

In order to ensure that funding is increased immediately and effectively, the procedure for increasing interim payments should take as little time as possible, while the authorities of Member States encountering temporary financial difficulties should receive such payments as soon as possible.

Amendment 11

Proposal for a regulation

Article 26 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. On the initiative of the Member State and the Commission, and with the agreement of the Member State and the local and regional authorities, the operational programmes may be re-examined and, if necessary, the remainder of the programme adjusted in one or more of the following cases:

(a) following major socioeconomic changes;

(b) in order to take account more effectively or in a different way of major changes in EU national or regional priorities;

(c) if implementation difficulties arise.

Or. el

Justification

It is considered very important to refer directly at the beginning of Article 26 of the new regulation laying down common provisions regarding the funds to the possibility of amending operational programmes and the reasons for this under Article 33 of Regulation 1028/2006, which is to be repealed, and subsequently to follow the established procedure.

Amendment 12

Proposal for a regulation

Article 134 – paragraph 1 – sub-paragraph e

Text proposed by the Commission

Amendment

(e) the Member State has failed to undertake actions set out in the operational programme relating to fulfilment of an ex ante conditionalities;

deleted

Or. el

Justification

The Commission should have the option of suspending all or part of interim payments only for major infringements of management and monitoring procedures or serious spending irregularities.

Amendment 13

Proposal for a regulation

Article 134 – paragraph 1 – sub-paragraph f

Text proposed by the Commission

Amendment

(f) there is evidence resulting from a performance review that a priority axis has failed to achieve the milestones set out in the performance framework; **deleted**

Or. el

Justification

The Commission should have the option of suspending all or part of interim payments only for major infringements of management and monitoring procedures or serious spending irregularities.

Amendment 14

Proposal for a regulation

Article 134 – paragraph 1 – sub-paragraph g

Text proposed by the Commission

Amendment

(g) the Member State fails to respond or does not reply satisfactorily under Article 20(3). **deleted**

Or. el

Justification

The Commission should have the option of suspending all or part of interim payments only for major infringements of the management and monitoring procedures or serious spending irregularities.

Amendment 15

Proposal for a regulation Article 134 – paragraph 2

Text proposed by the Commission

Amendment

2. The Commission may decide, by means of implementing acts, to suspend all or part of interim payments, after having given the Member State the opportunity to present its observations. *deleted*

Or. el

Justification

The Commission should have the option of suspending all or part of interim payments only for major infringements of the management and monitoring procedures or serious spending irregularities.

Amendment 16

Proposal for a regulation Article 134 – paragraph 3

Text proposed by the Commission

Amendment

3. The Commission shall end suspension of all or part of interim payments where the Member State has taken the necessary measures to enable the suspension to be lifted. *deleted*

Or. el

Justification

The Commission should have the option of suspending all or part of interim payments only for major infringements of the management and monitoring procedures or serious spending irregularities.