



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Regional Development

2009/2232(INI)

26.2.2010

DRAFT REPORT

on transparency in regional policy and its funding
(2009/2232(INI))

Committee on Regional Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on transparency in regional policy and its funding (2009/2232(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union, and in particular Articles 174-178 thereof,
- having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund¹,
- having regard to Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund²,
- having regard to Council Regulation (EC) No 284/2009 of 7 April 2009 amending Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund concerning certain provisions relating to financial management³,
- having regard to Regulation (EC) No 397/2009 of the European Parliament and of the Council of 6 May 2009 amending Regulation (EC) No 1080/2006 on the European Regional Development Fund as regards the eligibility of energy efficiency and renewable energy investments in housing⁴,
- having regard to the decision of the European Parliament of 22 April 2008 on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section III – Commission⁵,
- having regard to the decision of the European Parliament of 23 April 2009 on discharge in respect of the implementation of the European Union general budget for the financial year 2007, Section III – Commission⁶,
- having regard to its resolution of 19 February 2008 on transparency in financial matters⁷,
- having regard to its resolution of 21 October 2008 on governance and partnership at

¹ OJ L 210, 31.7.2006, p. 25.

² OJ L 371, 27.12.2006, p. 1.

³ OJ L 94, 8.4.2009, p. 10.

⁴ OJ L 126, 21.5.2009, p. 3.

⁵ OJ L 88, 31.3.2009, p. 23.

⁶ OJ L 255, 26.9.2009, p. 24.

⁷ OJ C 184 E, 6.8.2009, p. 1.

national and regional levels and a basis for projects in the sphere of regional policy¹,

- having regard to its resolution of 24 March 2009 on the implementation of the Structural Funds Regulation 2007-2013: the results of the negotiations on the national cohesion strategies and the operational programmes²,
 - having regard to the study published by the European Parliament entitled ‘The Data Transparency Initiative and its Impact on Cohesion Policy’,
 - having regard to the Commission Green Paper of 3 May 2006 on the European Transparency Initiative (COM(2006)0194),
 - having regard to the Commission’s communication of 21 December 2009 entitled ‘20th annual report on implementation of the structural funds (2008)’ (COM(2009)0617/2),
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development (A7-0000/2010),
- A. whereas the European Transparency Initiative (ETI) was adopted by the Commission in 2005, followed by the publication of the Green Paper in 2006 with the aim of improving the transparency, openness and accountability of EU governance, and whereas providing public information on the recipients of EU funds is a cornerstone of the ETI,
- B. whereas, under the shared management system, information on beneficiaries of EU funds is managed at Member State level, and whereas, in the absence of a specific EU obligation or a strong ‘steer’ from the Commission, the level to which such information is made public differs substantially from Member State to Member State, making an EU-wide comparison difficult,
- C. whereas no link has been established between the ETI and the more regulated and binding issue of financial controls and auditing,
- D. whereas the ETI should have a significant effect in terms of ensuring transparent partnerships in the upstream and downstream phases of the cohesion programming cycle, and whereas, however, the regulations do not spell out the specific extent to which partners should be involved in the different programming processes or specify arrangements for such involvement,
- E. whereas there is insufficient prior information about Commission decisions on the funding of major projects, and thus a lack of transparency, and whereas this should be remedied,
1. Considers that transparency in respect of cohesion policy and its programming cycle, allocation of expenditure and access to information for potential beneficiaries of the Structural Funds are key prerequisites for achieving the overall objectives of cohesion policy, and that transparency should therefore be introduced as a guiding cross-sectoral principle in the cohesion programming process;

¹ Texts adopted, P6_TA(2008)0492.

² Texts adopted, P6_TA(2009)0165.

Disclosure of data on beneficiaries of cohesion funding

2. Notes with satisfaction that, in compliance with the ETI requirements, interactive maps providing links to the lists of ERDF and Cohesion Fund beneficiaries available on the respective national or regional websites are published on the website of the Commission's Directorate General for Regional Policy;
3. Calls on the Commission and the Member States to make these Member State databases fully searchable and compatible, so as to facilitate an EU-wide overview of the data presented, while preserving their local relevance; is of the view that, in this respect, dual-language versions (local language(s)-English) should be considered;
4. Stresses that the usefulness of the data provided on beneficiaries needs to be improved in terms of both content and presentation; calls, therefore, on the Commission to define a more detailed and prescriptive format specifying the structure, form and content of the information to be provided;
5. Calls for additional essential information to be provided when publishing the lists of beneficiaries; recommends, therefore, that besides the current minimum requirements, consideration be given to including location and comprehensive contact details, summaries of approved projects, types of support (e.g. loans, grants, venture capital, etc.) and a description of the project partners (e.g. legal status, size, etc.) as elements of the disclosure of beneficiaries;
6. Asks that, for programmes under the European Territorial Cooperation objective, all beneficiaries – and not only the lead beneficiaries – be listed;
7. Underlines that full compliance with the ETI requirements could be better ensured by means of stronger regulations and sanctions in cases of non-compliance;

Transparency and shared management

8. Calls on the Commission to clarify how the ETI principles should be put into practice in operational terms at the level of operational programmes and their communication plans;
9. Underlines the need to formulate regulations and implementing rules in such a way that procedures are transparent, provide better access to the Structural Funds for potential beneficiaries and reduce administrative burdens for participants; reiterates its view that transparent and clear procedures are factors of good governance, and welcomes in this context the efforts made by the Commission to present simplification proposals;
10. Stresses the importance of accurate and timely information delivery by the Member States as a preventive measure in the context of the control system, and thus the need to establish a link between the ETI and financial controls and auditing; reiterates its view that the early warning system (EWS) should also cover EU funds managed in partnership with Member States;
11. Reiterates its request for the provision of information regarding recoveries and withdrawals under the ETI; urges the Member States to provide this information in full,

and the Commission to make it available to the budgetary authority and the public along with information on financial corrections and fraud;

12. Urges auditors to take a tougher line on communication and information requirements, including ‘naming and shaming’ and the use of financial corrections in cases of non-compliance;
13. Welcomes the efforts made by the Commission and the Court of Auditors to harmonise their auditing methodologies;

Transparency and partnership

14. Highlights the fact that minimum standards of consultation are a component of the ETI, and welcomes the fact that these standards have been promoted and applied by the Commission in respect of cohesion policy; calls, however, on the Commission to allow stakeholders to give appropriate feedback on the quality of the consultation process itself; calls on regions and Member States to draw on existing EU experience in consulting interested parties;
15. Reiterates its view that partnership can contribute to transparency, responsiveness, efficiency and legitimacy in all the phases of cohesion programming and implementation, and can increase commitment to, and public ownership of, programme outputs; calls, therefore, on the Member States and managing authorities to involve partners more closely in all the phases of cohesion programming and implementation at an early stage and to give them full access to all project documents, with a view to making better use of their experience and knowledge;
16. Calls for more guidance from the Commission on how to put the partnership clause into practice under current programmes, and for sufficiently binding rules on partnership in future regulatory texts;
17. Calls for the provision of better-targeted and more regular information to partner organisations, and for enhanced use of technical assistance to support partnership, inter alia by giving partner organisations the opportunity to take part in training events organised for delivery bodies;

Improving transparency in respect of EU funding of major projects

18. Calls for the timely publication of online information, including direct access to project documentation (application, feasibility study, cost-benefit analysis, environmental impact assessment, etc.) on major projects, as soon as possible after the Commission receives an application for funding from a Member State and before it takes any decision on financing; this Commission webpage should allow the submission of comments regarding such projects;
19. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

PUBLIC INFORMATION ON RECIPIENTS OF COHESION FUNDING

Providing public information on the recipients of EU-funds is a corner stone of the European Transparency Initiative (ETI). Articles 30(3) and 53b §2 d) of the Financial Regulation require Member States to provide information on how EU funds under shared management are spent, in particular through the ex-post publication of beneficiaries. As regards the publication of beneficiaries of the Structural Funds and the Cohesion Fund, this obligation is further specified by Commission Regulation (EC) N° 1828/2006. Its Article 7 (1) (d) requires the publication of three categories of information: a) the list of the beneficiaries, b) the names of the operations and c) the amount of the public funding allocated to the operations.

There are many differences between Member States and Managing Authorities in the interpretation of these ETI minimum requirements. They reflect differences both in administrative capacities and cultural and administrative traditions and attitudes. The different approaches to or interpretations of the ETI minimum requirements are made possible by the relatively loose legal framework enshrining the obligation of publishing data about beneficiaries. In particular, there is uncertainty about the definition of beneficiaries and the amount of public funding paid to beneficiary to be published (committed amounts vs. amounts effectively paid).

The Commission limits its role to proposing a common indicative standard for the publication of data and providing the EU public, through its DG REGIO website, with links to Member States' electronic addresses where the requested data on ERDF and Cohesion Fund beneficiaries are published. With the afore-mentioned Funds implemented under 'shared management', these links and their content is the sole responsibility of the Member States and is based on information provided by the Managing Authorities. The variability in the presentation and in the conditions of access to data does not allow a complete comparison at EU level.

While no Member State publishes less than the minimum requirements (although some territorial cooperation programmes do not fully comply), other Member States choose to publish additional information (e.g. objectives of the projects, target groups in case of ESF etc.), but this is not a requirement prescribed in the current legal framework.

TRANSPARENCY OF PROGRAMME DESIGN AND DELIVERY

1) Shared management

Article 69 of Council Regulation N° 1083/2006 states that the "Member State and the Managing Authority for the Operational Programme shall provide information on and publicize operations and co-financed programmes. The information shall be addressed to European Union citizens and beneficiaries with the aim of highlighting the role of the Community and ensure that assistance from the Funds is transparent".

The information and publicity section of Commission Regulation N° 1828/2006 defines the detailed aspects of publicity requirements. All Operational Programmes co-financed by the Structural Funds must be covered by a Communication Plan prepared by the Managing Authority or the Member State and submitted to the Commission for comments and approval. The Communication Plan defines the promotion activities for each Operational Programme and determines how the EU visibility guidelines are implemented. Presentation of the ETI minimum data requirements on publication of beneficiaries forms part of the Communication plan, although there is no formal linkage between the ETI and the Communication Plan. Among their information activities, programme authorities are required to invest in guidance and training of beneficiaries and the bodies involved in implementing programmes. The Commission too provides guidance and training, but if it is to have an impact, this information needs to be passed on down the chain of beneficiaries.

The implementing Regulation requires the creation of an EU network of communication officers with designated responsibility at Managing Authority level. On that basis the INFORM network was established for the ERDF. Coherence at EU level is also provided by a consultative structure through the Coordination Committee of the Funds (COCOF) holding meetings several times a year. It enhances the exchange of information between the different structural funds and stimulates national cooperation in promoting EU structural funding support. Through the arrangement of these networks and their peer pressure the Commission adopts a promotional approach towards ETI rather than imposing the regulation on Managing Authorities, while it is responsibility of the Member States to guarantee the accuracy of published data.

Although in a decentralised delivery system dissemination of information is an essential element of good management and control and helps to prevent problems occurring and to foster compliance, no link is established between the data transparency initiative and the more regulated and binding issue of financial controls and auditing.

2) Partnership

ETI should have an important effect on the rules for a transparent partnership in the upstream and downstream phases of the programming process.

Partnership and, in particular, the involvement of civil society organisations in the programming system of cohesion policy can serve a range of functions. First, it can improve the responsiveness of programmes, by better aligning strategies with policy needs and helping to implement and ameliorate conditions, which should be taken into account: environmental protection, gender equality, social inclusion, needs of the disabled, etc. Second, it can increase the effectiveness of programmes by allowing Managing Authorities to access 'place-based' knowledge which is used to improve the targeting of interventions, consequently improving the absorption of funds and project quality. And third, it can contribute to improved accountability, insofar as the partners act as a transmitter and multiplier of programme information to their constituencies (thus increasing transparency and information) and hold programme authorities to account for the action taken and the results achieved. Thus partnership contributes to enhancing the feeling of public ownership of supported projects and

legitimacy of EU cohesion policy.

Article 11 of Council Regulation (EC) N° 1083/2006 requires partnership to cover the various stages of programme design and delivery: from the preparation, to the implementation, monitoring and evaluation of operational programmes. However, beyond the preamble to the Regulation and the specific article on the partnership principle, there is very little mention of partners or partnership throughout the operational sections of the regulatory texts. No precise and formally binding instructions or guidance have been provided by the Commission on how the partnership principle should be applied in practice. This leaves the actual interpretation on how to comply with Article 11 to the authorities of the Member States and thus the implementation of the partnership principle reliant on domestic traditions and practices. The Commission's role seems to be too passive and observational.

Despite widespread consensus on the importance of partnership for the success and effectiveness of programmes, civil society organisations are more involved in the stages of programme design than in other stages of programme management.

IMPROVING TRANSPARENCY IN EU FUNDING OF MAJOR PROJECTS

According to Article 41 of Council Regulation (EC) N° 1083/2006, the Commission has the authority to approve or reject major projects – i.e. operations that cost above EUR 25 million in the environmental sector or EUR 50 million in other fields - submitted by Member States.

Online publishing of information about major projects prior to decision on their financing is a common practice among international financial institutions, including the European Investment Bank and the World Bank. The European Commission is a regrettable exception. There is no reason why its transparency standards should be lower than those of the EIB. DG REGIO should set up a webpage with an online list of major projects based on the example of the EIB webpage. This webpage should also enable the submission of comments regarding such projects so that the Commission can benefit from a variety of sources of information on the submitted projects, which will enable it to make better, more well-informed decisions.