



Committee on Budgets

2016/2302(INI)

27.3.2017

OPINION

of the Committee on Budgets

for the Committee on Regional Development

on the right funding mix for Europe's regions: balancing financial instruments
and grants in EU cohesion policy
(2016/2302(INI))

Rapporteur (*): Eider Gardiazabal Rubial

(*) Associated committee – Rule 54 of the Rules of Procedure

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SUGGESTIONS

The Committee on Budgets calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Emphasises that financial instruments (FIs) act in situations of market failure or suboptimal investment, making it possible to mobilise funding for projects which cannot secure adequate support from the market; notes that they provide complementarity to the grant financing in order effectively to address the EU's policy objectives and to act as a catalyst for further investments; notes that in the 2014-2020 programming period, FI support under cohesion policy can be provided for all thematic objectives and all ESI Funds; emphasises that FIs do not have the same aims as grant schemes and cannot fund the same investments efficiently; insists that, in order successfully to achieve Europe 2020 strategy objectives, EU-supported FIs should not only be economically sustainable, but should also contribute to a smarter, greener and more inclusive EU; points out, furthermore, that the performance of FIs cannot be assessed on the basis of an appraisal of their financial impact alone;
2. Emphasises that the European Fund for Strategic Investments (EFSI) must not substitute the ESI Funds, but should intervene in an additional and complementary way to deliver on the Europe 2020 objectives by creating quality jobs and promoting inclusive and sustainable real-economy growth, and a dynamic labour market, in Europe, and to reduce regional disparities and enhance cohesion;
3. Notes that, according to estimations, allocations in FIs from the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF) would almost double between 2007-2013, when they amounted to EUR 11.7 billion, and 2014-2020, when they would amount to EUR 20.9 billion; notes that the FIs would therefore represent 6 % of the overall cohesion policy allocation in 2014-2020 of EUR 351.8 billion, compared with 3.4 % of the EUR 347 billion allocated in 2007-2013;
4. Notes that the allocations from the CF amounts to approximately EUR 75 billion, representing 11.8% of the total FI's allocations in the 2014-2020 period; welcomes the allocation increase from EUR 70 billion in the 2007-2013 period to EUR 75 billion in the 2014-2020 period; highlights the fact that allocation to the CF should not be diminished, taking into consideration that approximately 34 % of the EU's population live in regions that receives aid from the CF;
5. Notes that by 31 December 2015, only one Member State had reported its intention to combine support from FIs with grants on the basis of Article 37 of the Common Provision Regulation (CPR) and that the intention of the Member States to contribute to FI under Articles 38(1) and 39 CPR was very low; observes that the correct implementation of FIs still causes challenges owing to inconsistent rules (cohesion policy, state aid, public procurement regulations), and believes that there is scope for more synergies between the use of FIs and other types of support; calls, in this regard, on the Commission to study new ways of engaging with the Member States, and with regional and local authorities, with a view to increasing absorption rates and allowing for easier and more transparent use of FIs;

6. Takes note of the total volume of EUR 5 571.63 million of operational programme contributions committed to FIs by 21 Member States by 31 December 2015 in the current Multiannual Financial Framework (MFF), EUR 5 005.25 million of which are from the ERDF and the CF;
7. Is alarmed by the significant delays in the implementation of cohesion policy operational programmes under the current financial perspective; urges the Commission to identify the causes of these delays, and the Member States to tackle them promptly, in particular when it comes to the designation of managing, certifying and auditing authorities; is seriously concerned about the strong possibility of a repetition of the accumulated backlog of unpaid invoices in the second half of the current MFF, as this could seriously impact other EU-funded policies; takes the view that challenges such as migration and security, and current or future political developments in the EU, including the practical implications of Brexit, should not have an adverse effect on investments made under the cohesion policy; emphasises that all necessary steps should be taken to mitigate the negative effects of delayed implementation, especially regarding the risk of limited use and impact of FIs; calls on the Commission to provide tailor-made technical assistance to Member States' regional and local authorities seeking effective ways of simplifying financial management and control systems, and effective and efficient use of FIs;
8. Welcomes the Commission's actions in optimising regulation; emphasises that, despite the improvements, complexity still exists and that issues such as the long set-up time, and the administrative burden for recipients, are disincentives to use financial instruments; calls on the Commission to work closely with the EIB and the EIF to make access to ESI Fund microcredits, loans, guarantees, and equity and venture capital as easy as using grants;
9. Invites the Commission to continue and present annual reports containing concrete information regarding the financing and implementing of financial instruments for the programming period 2014-2020, highlighting the areas that need improvement and offering recommendations in a timely fashion, based on the evolutions of the programme;
10. Stresses the need for more information sessions to be provided to the managing authorities by Commission expert groups such as the Expert group on European Structural and Investment Funds (EGESIF) to ensure better data coverage in reporting requirements, provide advice on tackling the issues causing significant delays in implementation of programmes, and facilitate the exchange of experiences, and encourage good practices, in the implementation of the programme, with a view to avoiding a high backlog of unpaid bills in the second part of the 2014-2020 MFF;
11. Notes that the use of FIs, as well as the implementation of rules governing FIs at a local level, requires the safeguarding of democratic control, in particular by Parliament, as well as of timely and transparent reporting and accountability; emphasises that further harmonisation is needed of the rules governing the combining of different ESI Funds, as well as of the rules governing the mixing of ESI Funds with instruments such as Horizon 2020 and EFSI; believes that the revision of the Financial Regulation and of the 'omnibus regulation' could provide an opportunity to streamline reporting on FIs, thereby providing a better basis for assessing additionality and complementarity between different forms of EU support, in particular between cohesion funds and the EFSI; stresses the importance of making active and efficient use of the EU budget, and welcomes, therefore, all measures

aimed at preventing overlaps between EU instruments and at ensuring full coherence and synergy;

12. Encourages the Commission, when preparing the proposal for the next MFF, to conduct an in-depth analysis of the use of the financial instruments since the beginning of the current programming period; stresses that when assessing a financial instrument, the leverage dimension cannot be the only evaluation criteria used; is of the firm opinion that combining various EU resources under harmonised management rules could help optimise the synergies between available sources of financing at EU level; encourages the Commission to reflect on a proper balance between grants and FI in the next financial perspective, and underlines that increasing the use of financial instruments should not lead to a reduction in the Union budget;
13. Underlines the fact that synergies and complementarities between EFSI and ESIF are instrumental in exploiting the full potential of both, as well as in maximising the impact of investments in the Member States and their regions; takes note of the Commission's guidelines for combining EFSI and ESIF finances, but underlines the persistent difficulties – linked to the eligibility criteria, the timeframe for reporting and the application of state aid rules – that hinder their combined usage; welcomes the opportunities provided in the Commission's proposals for revision of the Financial Regulation, and for EFSI 2.0, to address these problems further;
14. Recalls that the social and economic convergence of the EU regions should remain a main priority of the cohesion policy; points out that an assessment of the right funding mix should also include an analysis of how different instruments contribute to the goal of reducing inequalities between regions.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	6.3.2017
Result of final vote	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">+:</div> <div>28</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">-:</div> <div>2</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">0:</div> <div>1</div> </div>
Members present for the final vote	Jonathan Arnott, Jean Arthuis, Richard Ashworth, Reimer Böge, Lefteris Christoforou, Gérard Deprez, José Manuel Fernandes, Eider Gardiazabal Rubial, Esteban González Pons, Ingeborg Gräßle, Monika Hohlmeier, Bernd Kölmel, Vladimír Maňka, Siegfried Mureşan, Liadh Ní Riada, Jan Olbrycht, Paul Rübig, Jordi Solé, Patricija Šulin, Indrek Tarand, Tiemo Wölken, Stanisław Żółtek
Substitutes present for the final vote	Jean-Paul Denanot, Anneli Jäätteenmäki, Andrey Novakov, Tomáš Zdechovský
Substitutes under Rule 200(2) present for the final vote	Inés Ayala Sender, Olle Ludvigsson, Ulrike Rodust, Birgit Sippel, Kathleen Van Brempt

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

28	+
ALDE	Jean Arthuis, Gérard Deprez, Anneli Jäätteenmäki
ECR	Bernd Kölmel
GUE/NGL	Liadh Ní Riada
PPE	Reimer Böge, Lefteris Christoforou, José Manuel Fernandes, Esteban González Pons, Ingeborg Gräßle, Monika Hohlmeier, Siegfried Mureşan, Andrey Novakov, Jan Olbrycht, Paul Rübig, Patricija Šulin, Tomáš Zdechovský
S&D	Inés Ayala Sender, Jean-Paul Denanot, Eider Gardiazabal Rubial, Olle Ludvigsson, Vladimír Maňka, Ulrike Rodust, Birgit Sippel, Kathleen Van Brempt, Tiemo Wölken
Verts/ALE	Jordi Solé, Indrek Tarand

2	-
EFDD	Jonathan Arnott
ENF	Stanisław Żółtek

1	0
ECR	Richard Ashworth

Key to symbols:

+ : in favour

- : against

0 : abstention