



EUROPEAN PARLIAMENT

2014 - 2019

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*Committee on Regional Development*

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**2014/2075(DEC)**

21.1.2015

# **OPINION**

of the Committee on Regional Development

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III – Commission and executive agencies  
(2014/2075(DEC))

Rapporteur: Iskra Mihaylova

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## SUGGESTIONS

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

1. Notes that the Court of Auditors ('the Court') has concluded that regional policy remains one of the policy areas which is error prone and that there is not much difference observed in 2013 as compared to 2012, as the most likely error rate for 2013 was set at 6,9 % (as compared to 6,8 % in 2012); notes that this is evidence of the stability of the system and of the significant improvement in the 2007-2013 programming period, as compared to the 2000-2006 programming period; urges the Commission to continue to strictly apply the control provisions; recalls the importance of preventive measures and of simplification in order to reduce errors; emphasises, however, that there is a clear difference between error and fraud and that fraud accounts for 0,2 % of the Union's total budget;
2. Notes that the Court detected serious errors in public procurement (39 % of the estimated error rate), a high frequency of non-compliance with state aid rules (17 % of the estimated error rate), as well as errors in the application of the rules on eligibility of projects (22 % of the estimated error rate) and expenditure (21 % of the estimated error rate); is concerned about the low rates of disbursement of financial engineering instruments to final recipients in 2013; is of the opinion that the Commission should assess the progress made in the financing and implementation of financial instruments and should, together with the Member States, take suitable measures to improve absorption rates and should report to Parliament on the results of such assessments and measures;
3. Emphasises the different approach of the Commission and the Court to the calculation of the error rate in relation to transactions to which the Commission applied flat-rate corrections; calls once again for the standardisation of the methodology, including both error rates calculation and audit work, in order to avoid contradictory findings, while also acknowledging the efforts of the Commission in this respect;
4. Notes the corrective actions taken by the Commission in terms of suspension and interruption of payments; recalls that the increasing levels of suspension and the interruption of payments by the Commission may hinder the smooth implementation of projects as they may disrupt the achievement of the goals of cohesion policy, due to the short time required for the proper absorption of Union funds; requests that the Commission informs Parliament about the real contribution of interruptions and suspensions of payments to reducing irregularities and errors and to assess the impact of the corrective measures implemented over time on the progress towards the policy goals, taking into account a cost-benefit approach to this issue;
5. Urges, in cases where there is no evidence of fraud but where serious deficiencies in management and control systems have been identified, that the Commission only interrupt or suspend payments as a last resort, when all other options have been exhausted, because suspending payments could have serious consequences for the respective programmes and regions severely hit by the crisis, as well as for the achievement of cohesion policy goals as a whole; requests, however, that the Commission make an assessment before taking a decision on the suspension of payments as to what extent it shall really contribute to

reducing the error rate and at the same time, how it will affect the respective region or country, in order also to avoid imposing burdens on regions suffering from socioeconomic difficulties;

6. Notes that 80 % of funding is administered under shared management at Member State level; recalls that the Court found that in one third of the transactions examined, some of the errors detected could have been corrected beforehand as the Member States had sufficient information available to detect them before declaring the expenditure to the Commission;
7. Draws attention to the multiannuality of the cohesion policy management system and emphasises that the final evaluation of irregularities related to the policy implementation will be possible only at the closure of the programming period;
8. Welcomes the reinforced control and audit procedures provided for in the regulatory framework for the 2014-2020 programming period, and in particular regarding the management verifications and controls before the certification of programme annual accounts and the submission of management declarations by the managing authorities to the Commission; notes that the Commission's corrective capacity was further improved by removing the possibility for Member States to re-use funds, resulting in net financial corrections; welcomes the establishment of a Competence Centre on administrative capacity building regarding European Structural and Investment Funds; supports the enhanced result-orientation and thematic concentration of cohesion policy that should ensure a shift from funds absorption criteria towards quality of spending and high added value of the co-financed operations;
9. Requests that the Commission and Member States pay particular attention to simplifying procedures, including those for beneficiaries, which can have benefits for both auditing and decreasing error rates, while in parallel increasing the effectiveness of the management and control systems; is of the opinion that both the Member States and the Commission should implement targeted and timely measures to strengthen administrative and institutional capacity, including effective guidance, training and exchange of good practices and by establishing schemes for retaining qualified and skilled staff, as well as by assisting with audit procedures; requests that the Commission report to Parliament on the concrete results achieved so far as a result of the activities of the Competence Centre, the set up Common Expert Exchange System and the implementation of the Public Procurement initiative and action plan developed by the Competence Centre in collaboration with the competent Commission services; emphasises the importance of the quick and effective transposition of the public procurement directives in all Member States;
10. Recognises the Commission's efforts to move to a performance culture; asks the Commission (DG REGIO) , therefore, to include in its Management Plan and Annual Activity Report an assessment of its work in relation to increasing the efficiency, effectiveness and impact of the cohesion policy; invites the Commission, in addition to the budget execution approach, to check the performance against objectives and better use the evaluations, as well as to support Member States and their Managing Authorities in maximising the quality of their evaluation reports; underlines in this context the need in future to consider and assess project results, investment returns and real added value for

the economy, employment and regional development.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	20.1.2015
<b>Result of final vote</b>	+: 34 -: 0 0: 1
<b>Members present for the final vote</b>	Pascal Arimont, José Blanco López, Franc Bogovič, Victor Bontinaru, Mercedes Bresso, Steeve Briois, Rosa D'Amato, Tamás Deutsch, Michela Giuffrida, Anna Hedh, Ivan Jakovič, Marc Joulaud, Constanze Krehl, Louis-Joseph Manscour, Iskra Mihaylova, Andrey Novakov, Mirosław Piotrowski, Stanislav Polčák, Liliana Rodrigues, Fernando Ruas, Monika Smolková, Ruža Tomašić, Ramón Luis Valcárcel, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Kerstin Westphal, Joachim Zeller
<b>Substitutes present for the final vote</b>	Enrique Calvet Chambon, Iliana Iotova, James Nicholson, Claudia Schmidt, Davor Škrlec, Marco Zullo, Milan Zver