

# EUROPEAN PARLIAMENT

1999



2004

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*Session document*

FINAL  
**A5-0202/2002**

28 May 2002

## REPORT

(a) on the twelfth annual report on the Structural Funds (2000);  
(b) on the annual report of the Cohesion Fund 2000;  
(c) on the annual report of the Instrument for Structural Policy for  
Pre-Accession (ISPA) 2000  
(COM(2001) 539, COM(2001) 602 and COM(2000) 616 – C5-0006/2002 –  
2002/2009(COS))

Committee on Regional Policy, Transport and Tourism

Rapporteur: Maurizio Turco

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## PROCEDURAL PAGE

By letters of 3, 22 and 31 October 2001, the Commission forwarded to Parliament: (a) the twelfth annual report on the Structural Funds (2000); (b) the annual report of the Cohesion Fund 2000; (c) the annual report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2000 – (COM(2001) 539, COM(2001) 602 and COM(2001) 616 – 2002/2009 (COS)).

At the sitting of 16 January 2002 the President of Parliament announced that he had referred these reports to the Committee on Regional Policy, Transport and Tourism as the committee responsible and to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Budgets, the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs, the Committee on Legal Affairs and the Internal Market, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Consumer Policy, the Committee on Fisheries, and the Committee on Women's Rights and Equal Opportunities for their opinions (C5-0006/2002).

The Committee on Regional Policy, Transport and Tourism had appointed Maurizio Turco rapporteur at its meeting of 26 November 2001.

It considered the Commission reports and the draft report at its meetings of 21 March 2002 and 21 and 22 May 2002.

At the latter meeting it adopted the motion for a resolution by 45 votes to 1, with 2 abstentions.

The following were present for the vote: Luciano Caveri, chairman; Gilles Savary and Rijk van Dam, vice-chairmen; Maurizio Turco, rapporteur, Emmanouil Bakopoulos, Rolf Berend, Philip Charles Bradbourn, Felipe Camisón Asensio, Luigi Cocilovo, Gerard Collins, Danielle Darras, Garrelt Duin, Giovanni Claudio Fava, Markus Ferber (for Carlos Ripoll y Martínez de Bedoya), Fernando Fernández Martín (for José Javier Pomés Ruiz, pursuant to Rule 153(2)), Jacqueline Foster, Jean-Claude Fruteau (for Michel J.M. Dary), Mathieu J.H. Grosch, Konstantinos Hatzidakis, Ewa Hedkvist Petersen, Roger Helmer (for Christine De Veyrac), Georg Jarzembowski, Giorgio Lisi, Sérgio Marques, Emmanouil Mastorakis, Erik Meijer, Joaquim Miranda (for Helmuth Markov), Francesco Musotto, James Nicholson, Camilo Nogueira Román, Josu Ortuondo Larrea, Marit Paulsen (for Dirk Sterckx), Karla M.H. Peijs, Wilhelm Ernst Piecyk, Alonso José Puerta, Reinhard Rack, Isidoro Sánchez García, Dana Rosemary Scallon, Ingo Schmitt, Brian Simpson, Renate Sommer, Ulrich Stockmann, Margie Sudre, Joaquim Vairinhos, Ari Vatanen, Herman Vermeer, Mark Francis Watts and Brigitte Wenzel-Perillo (for Dieter-Lebrecht Koch).

The opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Budgets, the Committee on Employment and Social Affairs, the Committee on Fisheries, and the Committee on Women's Rights and Equal Opportunities are attached; the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs, the Committee on Legal Affairs and the Internal Market and the Committee on the Environment, Public Health and Consumer Policy decided on

23 January 2002, 8 January 2002, 24 January 2002 and 22 January 2002 respectively not to deliver opinions.

The report was tabled on 28 May 2002.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

## MOTION FOR A RESOLUTION

**European Parliament resolution on (a) the twelfth annual report on the Structural Funds (2000); (b) the annual report of the Cohesion Fund 2000; (c) the annual report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2000 (COM(2001) 539, COM(2001) 602 and COM(2001) 616 – C5-0006/2002 – 2002/2009(COS))**

*The European Parliament,*

- having regard to the Commission reports (COM(2001) 539, COM(2001) 602 and COM(2000) 616 – C5-0006/2002),
  - having regard to Regulation (EEC) No 2081/1993<sup>1</sup>, particularly Article 16 thereof, and Regulation (EEC) No 2082/1993<sup>2</sup>, particularly Article 31 thereof,
  - having regard to the Court of Auditors annual report for 2000<sup>3</sup>, drawn up pursuant to Article 248 of the EC Treaty, and its Special Report No 10/2001<sup>4</sup>,
  - having regard to its resolution of 7 February 2002 on the second Commission report on economic and social cohesion, drawn up pursuant to Article 159 of the EC Treaty<sup>5</sup>,
  - having regard to Rule 47(1) of its Rules of Procedure,
  - having regard to the report of the Committee on Regional Policy, Transport and Tourism and the opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Budgets, the Committee on Employment and Social Affairs, the Committee on Fisheries and the Committee on Women's Rights and Equal Opportunities (A5-0202/2002),
- A. whereas sound and efficient implementation of the Structural Funds, guaranteed by appropriate systems of assessment and supervision, is of vital importance to the reliability and efficiency of the Community institutions, bearing in mind also the fact that the new Member States which will soon be joining the Union have income per caput far below the average for the EU of Fifteen,
- B. whereas 2000 was the first year in which Structural Fund and Cohesion Fund assistance was coordinated as provided for in the regulations adopted in 1999,
- C. whereas the simplification and acceleration of the procedures promised by the Commission with the adoption of new regulations seem to have had no effect,
- D. whereas, pursuant to Article 274 of the EC Treaty, the Commission is responsible for verifying that the day-to-day management of the programmes entrusted to the Member

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<sup>1</sup> OJ L 193, 31.7.1993, p. 5.

<sup>2</sup> OJ L 193, 31.7.1993, p. 20.

<sup>3</sup> OJ C 359, 15.12.2001, p. 1.

<sup>4</sup> OJ C 314, 8.11.2001.

<sup>5</sup> Texts adopted, Item 13.

States is adequate and the Member States are required to cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management,

- E. whereas in its annual report for 2000 and its Special Report No 10/2001, the Court of Auditors has once again detected serious and in some cases persistent shortcomings in the management and control systems of the Commission and Member States,
- F. whereas the Court believes<sup>1</sup> that checks should meet internationally accepted standards, including provisions stipulating that those carrying out the checks should be independent of those implementing the project,
- G. whereas the combined out-turn percentages in the first year of the period 2000-2006 for Structural Fund Objectives 1, 2, and 3 indicate delays of the kind that occurred in 1994, because the improvement called for failed to materialise; whereas budget out-turn in 2000 was such that only 51.8% of the available appropriations were committed for the objectives, Community initiatives, and innovative measures as a whole,
- H. whereas, with regard to the Structural Funds, it was only thanks to the 7% advance and automatic annual commitment that it was possible to attain rates of implementation of 13% for commitments and 5% for payments,
- I. whereas, as regards Objective 1, only 19% of appropriations were committed in 2000 and 3.3% were paid; whereas, as regards Objective 2, only three Member States (Denmark, Finland, and Sweden) adopted SPDs in 2000, with the result that the volume of commitments totalled just 15% and the payment percentage 5%; and whereas, as regards Objective 3, the volume of budget commitments stood at just 10% and the volume of payments at 4.5%, owing to delays in the adoption of CSFs of SPDs,
- J. whereas the guidelines for innovative measures were not adopted until the beginning of 2001 and whereas in 2000 no operations or projects in that category had yet been launched,
- K. whereas the operations subsidised by the Structural Funds, the Cohesion Fund, or the Instrument for Structural Policy for Pre-Accession must comply with the fundamental provisions of environmental legislation, since this is a corner-stone of sustainable development,
- L. whereas the European employment strategy programmes were due to start in 2000 and whereas ESF programmes were supposed to give priority to employment policies, in keeping with the process set in motion in Luxembourg,

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<sup>1</sup> Special report No 10/2001, paragraphs 37-41 and 61-62, OJ C 314, 8.11.2001.

- M. whereas the number of mistakes noted by the Court of Auditors in intermediate payment declarations has not changed from previous years and whereas the most frequent mistakes are of the same kind as those previously detected in various Member States,
- N. whereas the audits and inspections carried out have revealed considerable errors and irregularities in ERDF, ESF, and EAGGF Guidance Section expenditure; whereas the frauds in the cases investigated by OLAF involve a total of EUR 114.2 m,
- O. whereas in order to ensure that Community aid is effective, *ex ante* assessment should not focus solely on cost-benefit analysis, but should also include other quantitative and qualitative indicators,
- P. whereas, with regard to the ISPA, the Court believes that the Commission has neither properly assessed the needs for technical assistance nor defined priorities,
- Q. whereas the implementation of ISPA has required a substantial commitment on the part of each applicant country and whereas the Commission should have provided guidelines and technical advice in good time, in the form of manuals, working methods and rules in order to assist the applicant countries in making the necessary commitment,

*The Structural Funds: programming period 2000-2006*

1. Notes that the adoption of new forms of Structural Fund assistance for the programming period 2002-2006 has been much slower than planned or desired and that this delay has resulted in substantial underutilisation of commitment and payment appropriations; asks the Commission to determine whether distinctions might in future be made between the programming periods of the objective programmes and the Community initiatives so as to avert gaps between programming periods and ensure that the programme drafting stages and negotiations did not all take place at the same time;
2. Wonders whether the failure to adopt most of the SPDs for Objective 2 will lead to implementing difficulties in future;
3. Deplores the fact that, by 2001, the Commission had not begun to assess Regulation (EC) No 2064/97 and calls on the Commission to ensure, as a matter of the utmost urgency also identified by the Court of Auditors, that the simplification of implementing procedures for structural measures promised in Agenda 2000 takes effect as quickly as required in the light of the seriousness of the problems detected;
4. Calls for the lengthening delays that affected the implementation of Structural Fund and Cohesion Fund resources in 2000 to be put right immediately, as is essential in order to attain the goals charted for the crucial 2000-2006 programming period;

5. Stresses that the programming period 2000-2006 is experiencing the same implementing difficulties as the previous period and that, as pointed out by the Commission itself in its annual report, the rates of implementation for 2000, the first year of the new framework programme, are similar to those recorded in 1994;
6. Maintains that the Structural Funds and the Cohesion Fund must be coordinated more closely to attain the goal of cohesion and regional development;
7. Points out that, for the new Community initiatives, despite the fact that, for reasons of efficiency, they have been simplified and their number reduced to four large initiatives (Leader, Interreg, EQUAL and URBAN), the rate of budgetary implementation was zero, both for commitments and payments, because no measures were approved;
8. Criticises the Commission and the Member States for their failure to approve and implement actions under the Community initiatives in good time to ensure that these instruments genuinely have a positive impact during the programming period;
9. Calls for the annual reports to include the necessary information on the manner in which the principles of sustainable development endorsed at Göteborg have been applied to Structural Fund and Cohesion Fund programmes;
10. Notes that the report says nothing about the implementation of measures to incorporate CAP and CFP programmes and R. & D. into cohesion and regional development policy;
11. Calls, given the new needs for transport routes that will arise when new Member States join the Union, for a specific effort to be made to use the Cohesion Fund and the Structural Funds to develop the trans-European networks, especially the European high-speed rail network, with a view to extending them to the outermost mainland regions of the EU of Fifteen in the period from 2000 to 2006;
12. Wonders whether the new programming rules really make it possible to ensure transparency of budget management and avoid liquidity bottlenecks;
13. Expresses its concern at the closure of programmes from earlier periods; is particularly surprised to learn that at the end of 2000, 11 years after the closure of commitments and 9 years after the final date for making payments, 35 programmes from before 1989 were still open;
14. Takes note of the technical assistance measures undertaken on the Commission's initiative under the CSFs, OPs and SPDs, but points to the total lack of transparency in the table relating to technical assistance commitments under the ESF for the year 2000;
15. Points out that it is not clear from the Commission report whether the coordination and strategic convergence between objectives will be improved under the new programming;



*Structural Funds: Additionality and control*

16. Takes note of the information provided by the Commission concerning the *ex ante* verification of additionality, but points out that the data still do not seem to allow for comparison between Member States and in some cases are based on figures and results that are still provisional;
17. Calls therefore on the Commission and Member States to use comparable criteria and final statistics when carrying out the next intermediate verification of additionality;
18. Reminds the Commission that it has already urged it to look more closely at the problems relating to the verification of additionality in annual reports; urges the Member States to comply strictly with the additionality principle and to cooperate with the Commission to ensure greater transparency in the application of this fundamental principle;
19. Calls on the Commission to strengthen its controls over the implementation of programmes by considerably increasing the number of on-the-spot checks and taking steps to establish objective criteria for assessing their effectiveness and quality;
20. Believes that Parliament should be able to oversee the quality and usefulness of programmes more effectively and at an earlier stage than is now the case; maintains that, in addition to the annual reports, it has to have the benefit of clear and open channels through which to obtain information and organise follow-up; requests that the European Parliament, in its capacity as a supervisory body, be informed of the names of the national or regional bodies most to blame for the shortcomings encountered by the Court of Auditors, since this is required in order to ensure that the Court's reports are not perceived to undermine the validity of the general regional funding system;
21. Urges the Member States to report annually on the carrying-out of the compulsory checks on the use of EU funds;
22. Calls also on the Commission to include in its annual report a section detailing the measures it has taken in response to the criticisms expressed by Parliament in previous years and in connection with the specific action proposed in this report;
23. Calls on the Commission to make the control systems introduced in recent years more effective and ensure that the management procedures used by national bodies and the control procedures applied under Regulation (EC) No 2064/97 genuinely help to guarantee the legitimacy and regularity of operations financed from Community funds;

*Structural Funds: Financial management*

24. Welcomes the fact that a large number of programmes from the programming period which ended in 1999 have been closed and can only urge the Commission to close any other such programmes still under way as quickly as possible or to provide for decommitments to terminate these programmes;
25. Stresses also that 73 operational programmes are still open from the period 1989-1993; notes that the final deadlines and the threat of strict coercive measures frequently proposed by the Commission to rationalise Structural Fund assistance seem to have once again been disregarded; proposes, therefore, that aid be withdrawn from projects in countries which, through their own persistent fault, have failed to meet deadlines and reallocated to countries or regions which have recorded good budget out-turn;
26. Deplores the poor rate of implementation of commitment appropriations (55.3%) and payment appropriations (79.4%) and questions the accuracy of the budget forecasts, given the experience which the Commission gained in the management of the Structural Funds during the 1980s; notes that in 2001 the rate of implementation improved as regards commitment appropriations (99.6%), but deteriorated as regards payment appropriations (68.6%)<sup>1</sup>, so that the volume of appropriations outstanding will have increased by EUR 9 400 million;
27. Regrets the fact that the Commission report was made available only at the end of October 2001, i.e. too late to be taken into account during the 2002 budget procedure; calls on the Commission, in future, to submit the reports before the end of August each year;
28. Regrets the fact that the Commission has failed to supply satisfactory explanations for the late adoption of programmes, in particular those which were ready for adoption in late 2000; takes the view that this delay is the root cause of the modest rate of implementation of commitment appropriations; calls on the Commission to make every effort to determine the causes with a view to rectifying the problems and simplifying the adoption and management arrangements;
29. Calls on the Commission, in future, to include in its reports more detailed information regarding the arrangements for the co-financing of projects and programmes;
30. Deplores the fact that the report supplies no specific information concerning the appropriations outstanding under the various Structural Funds;
31. Urges that, in the future, the reports should not be confined to a summary of the rate of implementation and a description of the activities carried out, but that they should also include a more scientific assessment, based on objective criteria, outlining the economic and social impact on the regions which have received Structural Fund support; these criteria may include the number of jobs created, the gross regional product, infrastructure projects completed and trade with other regions; urges, further,

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<sup>1</sup> Provisional figures.

that the reports should give details of the spill-over effects of the measures financed under the Structural Funds;

*Programmes and social questions*

32. Notes that the Commission did not adopt the general guidelines for the programmes until the preparation of programmes in the Member States and regions was already well under way;
33. Regrets in this connection, in particular, the fact that
  - only half of the operational programmes under Objective 1 CSFs were able to be adopted;
  - the list of areas eligible under Objective 2 – which is only the starting-point for programming – was not completed until July 2000;
  - as a result of the late adoption of the guidelines and the new design of the EQUAL Community Initiative, national programmes were not able to be adopted until March 2001; expresses its concern that, in many cases, development partnerships have to date not yet even been constituted, which means that work is hardly likely to actually start before 2002;
34. Points out that the innovative measures provided for under the Structural Funds Regulations were completely absent in 2000;
35. Points out that, in all areas, as a consequence of the delays, financial implementation is lagging well behind the figures in the financial perspective and in general does not exceed the flat-rate advance of 7% of financing and that consequently Member States and regions will inevitably face greater pressure from the point of view of absorbing funds during the remaining years of the programming period; warns that, under the n+2 rule, a huge loss of Structural Fund financing is likely if the capacity of Member States to absorb funds proves inadequate;
36. Calls, therefore, on the Commission and the Member States to comply strictly and in good time with the requirements laid down in the Structural Funds Regulations, and therefore legally binding, concerning the exchange of information and adoption procedures; also calls on the Commission, in cooperation with all relevant partners, systematically to review administrative procedures with the aim of simplifying them as far as possible;
37. Regrets in a general way that the Commission's annual reports on the Structural Funds do not represent an adequate basis for effective monitoring of the implementation of the Structural Funds, since they restrict themselves solely to an *ex post* evaluation; therefore urges the Commission in future to give an account of the effects of the observed state of implementation on subsequent years, and to include up-to-date data;

38. Further considers that the annual reports restrict themselves too much to the state of commitments and payments of aid appropriations, thereby neglecting a qualitative assessment; also notes with regret that this evaluation hardly differs from that of the 11th annual report on the Structural Funds (1999);
39. Concurs with the conclusions of the Court of Auditors, in its Special Report 12/2001, that the measures to combat long-term unemployment have not really been effective and calls on the Commission and the Member States to improve the linkage between Structural Fund measures and the European employment strategy;
40. Refers also to the Court of Auditors Special Report 10/2001 and the Court's annual report on the 2000 budgetary year, in which the significant shortcomings and weaknesses relating to the ESF are highlighted;
41. Recalls, as a general point, that appropriations from the Structural Funds should on no account be used to encourage or permit the relocation of existing jobs from one place in the Union to another, but are intended to stimulate the creation of new jobs;

*Structural Funds and equal opportunities*

42. Notes that the new rules governing the Structural Funds for the period 2000-2006 make 'the elimination of inequalities and the promotion of equality between women and men' a central principle of Community policy and measures in this sphere and emphasises the vital importance of incorporating the equal opportunities dimension into the Structural Funds, given that growth, competitiveness and employment can be secured only by mobilising all citizens, both men and women;
43. Takes the view, as the annual report under consideration here shows, that the new programmes drawn up by the Member States attach considerable importance to the principle of incorporating equal opportunities into Structural Fund policy, but that additional efforts are required in order to improve the degree to which the plans and programmes drawn up under the Structural Funds take account of the issue of equal opportunities, in particular in the areas of employment, education and vocational training, entrepreneurship and the reconciliation of working and family life;
44. Points out, however, that the annual report in question does not contain the information required for a proper assessment of the measures implemented to assist women under the Structural Funds and Community initiative programmes, including EQUAL, and the resources earmarked for those measures;
45. Points out that the purpose of incorporating the equal opportunities dimension into the rules governing the Structural Funds is to eliminate the inequalities which persist between women and men throughout the Community; in that connection, calls on the Member States, pursuant to the general regulation governing the Structural Funds, to incorporate in their plans and programmes, data and information, broken down by sex, dealing, in particular, with rates of activity and inactivity, unemployment and long-term unemployment, participation in the labour market in all sectors of activity

and at all levels of responsibility and the establishment and development of undertakings, and to lay down specific targets for measures designed to secure greater equality between the sexes;

46. Welcomes the efforts made by some Member States to help workers reconcile family and professional life by improving childcare services, and draws attention to the need to adopt, throughout the Community, similar measures designed to improve social amenities, such as childcare services and services to assist the elderly and persons dependent on care;
47. Welcomes the decision to hold, on 14 and 15 June 2002 in Santander, Spain, under the auspices of the Spanish Presidency, a seminar on 'the Structural Funds, women and employment' and hopes that the proceedings of that seminar will result in the introduction of new specific programmes designed to increase the participation of women on the labour market;

#### *Structural Funds and fisheries*

48. Calls upon the Commission to publish, on a regular basis, an updated account on the projects being financed by the Member States in the fisheries sector, including details on the amounts programmed for each measure;
49. Calls upon the Commission to conduct a detailed analysis on the operations which have been financed under the previous Financial Instrument for Fisheries Guidance (1994-1999) and the extent to which they contributed to the objectives of the common fisheries policy;
50. Urges the Commission to maintain the FIFG funds for fleet conversion and improvement, and particularly for the development of aquaculture;

#### *Cohesion Fund*

51. Calls on the Commission to forward to the European Parliament the assessment of the economic impact of Cohesion Fund assistance with regard to both individual projects and overall activity;
52. Wonders whether and in what way the *ex post* evaluation of projects already completed for the 1994-1999 period has been used for the new phase, given that the Commission is not fully satisfied with the quality of the *ex ante* evaluation;
53. Wishes to know what training measures the Commission intends to introduce to ensure that the criteria on which *ex ante* evaluation is based are standardised among Member States and are significant in terms of quality;
54. Calls on the Commission to continue its rigorous checks to ensure that the rules of transparency are observed in relation to public contracts;
55. Deplores the inadequate rate of implementation of commitment appropriations

(84.4%) and payment appropriations (57%); notes that in 2001 the rate of implementation improved as regards both commitment appropriations (100%) and payment appropriations (62.8%)<sup>1</sup>, albeit that this still points to an increase in the volume of appropriations outstanding, which has reached EUR 1 176 million;

56. Calls on the Commission, when it submits forthcoming reports, to give more detailed information concerning the projects financed, their contribution to ensuring compliance with Community environmental law, the resources employed to eliminate bottlenecks in the transport sector and the extent to which rail projects have resulted in a shift away from road transport;
57. Deplores the fact that the report gives no specific details concerning the appropriations outstanding under the Cohesion Fund;

#### *ISPA*

58. Notes that the Commission committed approximately one third of the funds earmarked for 2000 during the first year of programming;
59. Wishes to see implementation stepped up considerably so as to guarantee full use of these resources, which are vital to the balanced development of the applicant countries;
60. Wonders, however, whether the beneficiary countries really have the capacity to submit projects suitable for funding to the Commission; accordingly, calls on the Commission to examine whether it would be preferable not to increase the appropriations earmarked for technical assistance so as to avoid high levels of under-utilisation during the period 2000-2006;
61. Notes the consistency between the environmental measures funded and the implementation of the Community's environment policy and calls on the Commission to take full account of the need to maintain such consistency;
62. Is concerned by the fact that Hungary figures on the updated list – published on 7 September 2001 – of countries or territories not cooperating with the FATF (Financial Action Task Force on money laundering) and having serious deficiencies;
63. Calls on the ten ISPA beneficiary countries to pursue their efforts to adapt their national administrative structures to Community requirements; maintains that if programmes are to be implemented effectively, sufficient administrative capacity and human resources have to be provided on every tier of government;
64. Calls on the Commission from now on only to approve ISPA projects which are consistent with national development plans, genuine development potential and the EU's horizontal policies, and in particular with Directives 97/11/EC, 2001/42/EC,

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<sup>1</sup> Provisional figures.

2000/60/EC and 92/43/EEC; further calls for the corridor approach to be replaced by the territorial approach where transport is concerned, in order to generate cohesion effects including access to infrastructure; calls, finally, for investment in traffic management to be given priority, since this is more cost-effective;

65. Calls on the Commission to allow groups of projects, particularly in the field of environmental investment, in order to prevent projects being enlarged simply to meet the ISPA criteria, and calls on it to commission external studies where there are doubts regarding cost-effectiveness; points out that Natura 2000 was adopted as a precondition for accession and that its implementation must therefore be accelerated;
66. Calls on the Commission to make the candidate countries aware of all the opportunities for Technical Assistance (TA) and to ensure that TA is used primarily for strengthening the democratic and oversight aspects relating to administrative action, as well as enhancing the capacity of NGOs and the two sides of industry; on the other hand, calls for banks not to be supported by 100% TA subsidies;
67. Calls on the Commission to draw up future annual plans with greater precision, and to report on participatory procedures, shortcomings in project proposals, reasons for rejection, cost-benefit analyses, compliance with EU horizontal policies, shortcomings with regard to scrutiny and an internal efficiency analysis of implementation of the Regulation;

*ISPA: programming, management and control*

68. Welcomes the rate of implementation of commitment appropriations (96.1%), but deplores the almost total failure to implement payment appropriations (1.5%) and questions the accuracy of the budget forecasts; notes that, in 2001, the rate of implementation improved as regards commitment appropriations (99.6%) and, more significantly, as regards payment appropriations, albeit that this still points to an increase in the volume of appropriations outstanding, which has reached EUR 147 million;
69. Calls on the Commission, when it submits forthcoming reports, to give more detailed information concerning the projects financed, their contribution to ensuring compliance with Community environmental law, the resources employed to eliminate bottlenecks in the transport sector and the extent to which rail projects have resulted in a shift away from road transport;
70. Urges that future reports should not be confined to a summary of the rate of implementation and a description of the activities carried out, but that they should also include an assessment which illustrates the progress made, by virtue of this instrument, towards meeting the conditions laid down in the *acquis communautaire* in the environment sphere and the resources employed with a view to eliminating bottlenecks in the transport sector; urges, further, that future reports should outline the spill-over effects of the measures financed under the pre-accession instrument;

71. Would also like to know what control measures have been adopted by the Commission for checking that Community funds have been used properly in the beneficiary countries; urges the Commission to carry out more regular checks in all the countries which receive support under the pre-accession structural instrument, given that such checks have a deterrent effect;
72. Urges that future reports should contain more detailed information concerning the arrangements for the co-financing of projects and programmes (contributions from national budgets, national loans, loans granted by international financial institutions, etc.); emphasises that the rate of co-financing (64%) is well below the ceiling of 75% (or 85% in certain cases), suggesting that the leverage effect has been substantial;
73. Urges that, in the future, the reports should not be confined to a summary of the rate of implementation and a description of the activities carried out; urges, further, that the reports should outline the spill-over effects of the measures financed under the Cohesion Fund;
74. Believes that in future years the Commission must strive in particular to:
- improve the quality of projects, using instruments capable of assessing their impact and promoting the projects which perform best;
  - monitor project management closely, making sure that Community rules and procedures are scrupulously applied;
  - promote decentralised project management as far as possible, with the proviso mentioned above;
75. Instructs its President to forward this resolution to the Council, Commission and the Member States.



## EXPLANATORY STATEMENT

The current report examines three annual reports by the Commission: the twelfth annual report on the Structural Funds, which describes the implementation of the Structural Funds for the first programming year of the period 2000-2006; the annual report of the Cohesion Fund 2000, which concerns the activities of the Cohesion Fund for the first year of the programming period 2000-2006 and the first annual report on the activities of the ISPA, which was set up in the context of Agenda 2000.

### **Adoption of Structural Fund operational programmes for the period 2000-2006**

The twelfth annual report on the Structural Funds outlines the implementation of Structural Fund regulations during 2000. The management of the Structural Funds in 2000 covered actions relating to four programming periods: the new period 2000-2006, the previous period 1994-1999, the period 1989-1993, and the period before the 1988 reform.

Once again, it can be seen that there is a major disparity between budget forecasts and actual implementation. In fact, the new forms of Structural Fund assistance for the programming period 2000-2006 were adopted so belatedly that they resulted in a seriously inadequate use of both commitment and payment appropriations. This explains the poor rates of implementation – 13% for the commitments and 5% for payments – which in truth were attained only thanks to the 7% advance and automatic annual commitments. As the Commission acknowledges, the implementation rates for the first year of the new framework programme were similar to those recorded in 1994. This means that the programming period 2000-2006 is facing the same implementing difficulties as the previous period.

With regard to new Community initiatives (Leader, Interreg, EQUAL and URBAN), the fact that no measures were approved – budget implementation was zero for both commitments and payments – raises doubts as to whether the Commission is really able to approve and implement Community initiative measures in good time to ensure that this instrument can have a genuine positive impact during the programming period. Furthermore, the failure to adopt most of the SPDs for Objective 2 could lead to further implementation difficulties.

As pointed out by the Court of Auditors, the simplification and speeding-up of implementing procedures for structural measures promised in the strategic document 'Agenda 2000' (scaling down objectives and Community initiatives, greater concentration, simplification of programming, administration and financial management) do not seem to have been followed up in the programming for 2000-2006.

Although the Commission has made considerable efforts with regard to the closure of programmes from previous periods, there is still a substantial backlog. At the end of 2000, eleven years after the closure of commitments and nine years after the final date for payments, 35 programmes dating from before 1989 were still open. In addition, 73 operational programmes are still open from the period 1989-1993. Despite the imposition of final deadlines and the threat of strict coercive measures frequently proposed by the Commission, it seems therefore that the rationalisation of Structural Fund measures has once again been neglected.

## **Compliance with the additionality principle**

The Structural Fund resources allocated to each Member State for individual objectives may not be used as a substitute for public (or similar) structural expenditure by the Member States in the region covered by the objective in question. The Member States must maintain their structural expenditure for each objective and each region concerned at the same level at least as during the previous programming period. The additionality principle is central to the 'philosophy' of the Structural Funds and should continue to be the main guarantee that Community structural policy provides added value compared to national regional policies. It is therefore important for the Commission to ensure compliance with this principle.

It is regrettable, then, that the data provided by the Commission concerning *ex ante* verification of additionality do not yet appear to be comparable for the Member States concerned and in some cases are actually based on provisional figures and results. Parliament can only reiterate its frequent appeals to the Commission to examine more closely the problems relating to verification of additionality in the annual reports, and to the Member States to comply scrupulously with the additionality principle and cooperate with the Commission to ensure greater transparency in the application of this fundamental principle.

## **Assessment and control**

There is general agreement that sound and efficient implementation of the Structural Funds, guaranteed by appropriate assessment and monitoring systems, is of crucial importance to the reliability and efficiency of the Community institutions. Article 274 of the Treaty requires the Commission to ensure that the day-to-day management of the programmes entrusted to the Member States is adequate, while the Member States are required to cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management.

Supervision of Structural Fund assistance is first and foremost the task of the Member States. Nevertheless, the Commission also plays an important role, first because what is involved is the monitoring of European budgetary resources, in other words expenditure for which the Commission bears political responsibility, and second because experience has shown that national controls do not always produce the desired results when it comes to monitoring European budgetary funds.

In its annual report for 2000 and its Special Report No 10/2001, the Court of Auditors has again detected serious shortcomings in the management and control systems of the Commission and Member States. The most frequent errors in intermediate payment declarations are similar to those previously recorded in various Member States.

The calls frequently made by Parliament for stronger and more effective controls over the legitimacy and regularity of operations funded by the Community must be reiterated. During the remaining years of the Community support frameworks, the Commission should appreciably step up the number of on-the-spot checks and take steps to establish objective criteria for assessing their efficiency and quality, undertaking to provide the European Parliament, as a supervisory body, with more detailed and transparent reports on shortcomings identified during financial controls and submit a list of measures to increase transparency and strengthen controls over the use of resources, thereby curbing the scope for abuses. These

recommendations also apply to the Member States, which should report annually on the implementation of compulsory controls over the use of EU funds.

Your rapporteur believes that financial control is the sector on which greater attention must be focused in future in order to ensure proper application of Structural Fund regulations in the Member States and to avoid undermining the European Union's credibility in the field of economic and social cohesion policy and, in particular, financial control of European budget resources. The Agenda 2000 reform, which has involved greater decentralisation of regional policy, should go hand in hand with improved control measures by the Commission. Your rapporteur feels sure that the Committee on Regional Policy, Transport and Tourism will continue to pay close attention to this issue.

### **Cohesion Fund activities for the first year of the programming period 2000-2006**

Article 130d of the Treaty of Maastricht (Article 161 of the EC Treaty) provides for the establishment of a Cohesion Fund. Preceded by the temporary financial instrument for cohesion, the Cohesion Fund was set up in May 1994 by a Council regulation, after Parliament's assent had been secured. Since then, the Fund has provided substantially equivalent amounts of funding to trans-European transport network sectors, particularly roads and railways, and to the environment, mainly for the treatment of waste water, drinking water supplies and the treatment of waste.

With reference to the report on the activities of the Cohesion Fund during the first year of the programming period 2000-2006, your rapporteur wishes to highlight the general dissatisfaction felt by the Commission with regard to the quality of *ex ante* evaluation and wants to know what training measures the Commission intends to introduce to ensure that the criteria used by the different Member States for *ex ante* evaluation are uniform and significant in terms of quality. There are also grounds for wondering whether the *ex post* evaluation of completed projects for the preceding period 1994-1999 has been used for the new phase.

It should also be stressed that the number of checks carried out by the Commission for the financial year 2000 was inadequate, the units responsible having carried out fewer controls than in previous years.

The Commission should scrupulously check compliance with transparency rules governing public contracts. The Commission should also take steps to forward to the European Parliament its assessment of the economic impact of Cohesion Fund assistance with regard both to individual projects and the Fund as a whole.

### **ISPA and the road to enlargement**

The ISPA programme (Instrument for Structural Policy for Pre-Accession) was set up in the framework of Agenda 2000 and designed to support the efforts of the ten applicant countries to adapt to Community rules in the environment and transport sectors. In 2000, during the first year of operation of the fund, the ISPA management committee approved 85 projects; 75 of these were subsequently approved by the Commission, while 10 were held over to 2001.

The following table shows the ISPA budget for 2000 by individual country.

**Transport/environment balance  
Percentage of commitment appropriations**

Beneficiary country	Transport		Environment		Technical assistance		TOTAL	
	ISPA Funds €	%	ISPA Funds €	%	ISPA Funds €	%	ISPA Funds €	%
<b>Bulgaria</b>	52 000 000	49,98	52 045 600	50,02	0	0	104 045 600	10,43
<b>Czech Republic</b>	41 671 864	59,54	27 588 844	39,42	728 000	1,04	69 988 708	7,02
<b>Estonia</b>	11 331 126	40,15	15 808 281	56,02	1 080 000	3,83	28 219 407	2,83
<b>Hungary</b>	43 825 000	49,81	42 573 123	48,38	1 592 580	1,81	87 990 703	8,82
<b>Latvia</b>	19 925 328	42,62	26 568 260	56,83	255 000	0,55	46 748 588	4,69
<b>Lithuania</b>	34 042 528	65,16	18 200 000	34,84	0	0	52 242 528	5,24
<b>Poland</b>	173 085 066	56,39	130 258 589	42,44	3 614 000	1,18	306 957 655	30,77
<b>Romania</b>	118 627 137	49,59	120 601 333	50,41	0	0	239 228 470	23,98
<b>Slovakia</b>	30 853 200	72,66	11 606 372	27,34	0	0	42 459 572	4,26
<b>Slovenia</b>	7 500 000	38,20	11 175 275	56,91	960 000	4,89	19 635 275	1,97
<b>TOTAL</b>	<b>532 861 249</b>	<b>53,42</b>	<b>456 425 677</b>	<b>45,76</b>	<b>8 229 580</b>	<b>0,83</b>	<b>997 516 506</b>	

The projects, which form part of overall investment strategies for each individual country designed to ensure that measures are as coherent as possible, are submitted and approved individually. Funding may also be provided for technical assistance projects.

### **Need to improve management**

Despite being able to draw on the experience of other Community programmes such as PHARE and having been based on the tried and tested model of the Cohesion Fund, the ISPA experienced a somewhat slow and problematic initial phase. Nevertheless, the subdividing of projects into the environment and transport sectors has largely been respected.

In addition, the average rate of Community subsidy of 64% (maximum possible 75%) reflects a sound ability on the part of the applicant countries to find national and/or private resources to co-finance Community operations. If this percentage is maintained, it may be possible to fund additional projects with the same Community funds.

There have been some technical weaknesses in the preparation of national strategies, particularly as regards economic and financial analyses, and it is to be hoped that the technical assistance projects funded during 2000 can overcome these structural shortcomings in the applicant countries. As the Court of Auditors' annual report points out (p. 303), this is the only real way of overcoming the risk of not establishing the most pertinent strategies and not identifying the most suitable projects. Furthermore, according to the Court, the Commission has neither properly assessed the needs for technical assistance nor defined priorities.

It is clear that the implementation of the ISPA has required a major commitment on the part of all applicant countries and that the Commission should have provided guidelines and technical

advice in good time, in the form of manuals, working methods and rules, in order to assist the applicant countries in making the necessary commitment. In addition, the Commission should provide greater information on the control measures it has adopted to check that Community funds are being properly used in the beneficiary countries.

The ten ISPA beneficiary countries should pursue their efforts to adapt their national administrative structures to Community requirements. In this connection, the fact that Hungary figures on the updated list – published on 7 September 2001 – of countries or territories not cooperating with the FATF (Financial Action Task Force on money laundering) and having serious deficiencies, is a cause for concern.

Your rapporteur believes that in future years the Commission must strive in particular to improve the quality of projects, using instruments capable of assessing their impact and promoting the projects which perform best, and monitor project management closely, making sure that Community rules and procedures are scrupulously applied.

17 April 2002

## **OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS, HUMAN RIGHTS, COMMON SECURITY AND DEFENCE POLICY**

for the Committee on Regional Policy, Transport and Tourism

on the annual Commission report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2000  
(COM(2001) 616 – C5-0006/2002 – 2002/2009(COS))

Draftsman: Elisabeth Schroedter

### **PROCEDURE**

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy appointed Elisabeth Schroedter draftsman at its meeting of 24 January 2002.

It considered the draft opinion at its meetings of 26 March and 15/16 April 2002.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Geoffrey Van Orden, acting chairman; Christos Zacharakis, vice-chairman; Elisabeth Schroedter, draftsman; Ole Andreasen, Alexandros Baltas, André Brie, John Walls Cushman, Joseph Daul (for Philippe Morillon), Pere Esteve, Glyn Ford, Michael Gahler, Per Gahrton, Gerardo Galeote Quecedo, Jas Gawronski, Vitaliano Gemelli (for Franco Marini), Alfred Gomolka, Vasco Graça Moura (for José Pacheco Pereira), Joost Lagendijk, Alain Lamassoure, Jules Maaten (for Bob van den Bos), Nelly Maes (for Reinhold Messner), Cecilia Malmström, Emilio Menéndez del Valle, Raimon Obiols i Germà, Doris Pack (for Jürgen Schröder), Jacques F. Poos, Lennart Sacrédeus (for Gunilla Carlsson), Jannis Sakellariou, José Ignacio Salafranca Sánchez-Neyra, Jacques Santer, Amalia Sartori, Ioannis Souladakis, The Earl of Stockton (for Johan Van Hecke), Ilkka Suominen, Hannes Swoboda, Charles Tannock, Maj Britt Theorin (for Magdalene Hoff), Demetrio Volcic, Jan Marinus Wiersma and Matti Wuori .

## SHORT JUSTIFICATION

This opinion concerns the annual Commission report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2000 (COM(2001) 616 – C5-0006/2002 – 2002/2009(COS)).

### **Implementation problems arising from shortcomings in the Regulation**

The need for economic and social cohesion locally in the candidate countries is not always compatible with the projects eligible for assistance as described in Article 2 of the ISPA regulation: where transport is concerned, these are concentrated exclusively in the TINA Corridors. To a certain extent, the corridors are being constructed to bypass centres of economic development, and are downgrading many countries into mere transit states. Accordingly, the draftsman proposes a return to the territorial approach which was discussed in Helsinki (1997). Investment should focus on the more cost-effective activity of traffic management and on the new priorities of the White Paper on European transport policy (COM(2001) 370). Contradictions with candidate countries' national development plans, which are only now being drawn up, cannot be ruled out, and ISPA plans must accordingly be adjusted, if necessary.

Where the environment is concerned, the demand that the maximum number of people be covered resulted in over-optimistic projected growth rates and in the planning of mains connections between towns and adjacent rural areas which are not the most cost-effective solution; independent reviews are therefore essential. The reason is that groups of projects are not deemed eligible for the € 5 million threshold, as Parliament had proposed when the Regulation was at the draft stage.

Environmental projects are concentrated on water supply and water treatment projects, and also waste management plans in some areas. Natural 2000 projects, in respect of which the *acquis* must be transposed by the time of accession, and preparations for which are creating major problems in some countries, e.g. Slovakia, were ignored, although this is precisely where greater investment certainty could be created.

### **Shortcomings in the implementation of Technical Assistance (TA)**

Where Technical Assistance (5% in total) is concerned, the Commission may use only 2% for its share of the operation. Nothing emerges from the ISPA report about TA expenditure on strengthening administrative capacity; only direct and indirect Commission support expenditure is shown, with the exception of TA payments (100% subsidy) to the EIB and the EBRD for work carried out by experts. It may well be doubted whether the banks, which have a direct stake in the completion of projects in terms of their own profits, are suitable bodies for making independent assessments of projects and their sustainability. Where the 3% Technical Assistance made available to the candidate countries is concerned (e.g. support for implementation of EIA, planning forums, with their democracy-enhancing effects, studies of alternative solutions), there is no information about the way in which the resources were used.

## **Effect of ISPA on the implementation of the *acquis***

In 2000 the candidate countries were required to apply key elements of environmental impact assessment. The essential aspects were screening, impact analysis and public participation. According to the Commission's comments, this last point was inadequately implemented. There was formal '*ex post*' participation' by the population affected, but this had virtually no influence on the EIA.

The effects of lack of capacity and low pay in public administrations, particularly at non-central level, can also be seen in the ability to implement horizontal EU policies at the project preparation stage. The Commission has held seminars to provide information for non-central administrations in the candidate countries about the implementation of EIA and tender procedures. The two sides of industry were excluded, although it is known that only a partnership approach in participatory procedures ensures the swift, smooth implementation of EU rules, and strengthens democratic administrative action at local level.

The extent to which compatibility with Natura 2000 was ensured remains an open question, and one which is not addressed in the annual report. It is true that in response to inquiries it was confirmed that the candidate countries are responsible, in the context of implementation of the *acquis*, for drawing up a checklist of sensitive areas, but there is no indication in the ISPA report as to whether this was required ahead of time, or as to how this checklist influenced the selection of ISPA projects or their execution. Experts have ascertained that TINA plans threaten some 40 potential IBA sites; this necessitates alternatives, including the zero option and SEA studies, in respect of any implementation planning, which entails earmarking TA. Cases such as those of the Krena Gorge in Bulgaria (Tissato side, national nature reservoir and potential IBA site) and the Biebrza Marshes in Poland (potential IBA) must be reviewed and adjusted before building work starts.

## **CONCLUSIONS**

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy calls on the Committee on Regional Policy, Transport and Tourism, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Calls on the Commission from now on only to approve ISPA projects which are consistent with national development plans, genuine development potential and the EU's horizontal policies, and in particular with Directives 97/11/EC, 2001/42/EC, 2000/60/EC and 92/43/EEC; further calls for the corridor approach to be replaced by the territorial approach where transport is concerned, in order to generate cohesion effects including access to infrastructure; calls, finally, for investment in traffic management to be given priority, since this is more cost-effective;
2. Calls on the Commission to allow groups of projects, particularly in the field of environmental investment, in order to prevent projects being enlarged simply to meet the ISPA criteria, and calls on it to commission external studies where there are doubts regarding cost-effectiveness; points out that Natura 2000 was adopted as a



precondition for accession and that its implementation must therefore be accelerated;

3. Calls on the Commission to make the candidate countries aware of all the opportunities for Technical Assistance (TA) and to ensure that TA is used primarily for strengthening the democratic and oversight aspects relating to administrative action, as well as enhancing the capacity of NGOs and the two sides of industry; on the other hand, calls for banks not to be supported by 100% TA subsidies;
4. Calls on the Commission to draw up future annual plans with greater precision, and to report on participatory procedures, shortcomings in project proposals, reasons for rejection, cost-benefit analyses, compliance with EU horizontal policies, shortcomings with regard to scrutiny and an internal efficiency analysis of implementation of the Regulation.

20 March 2002

## **OPINION OF THE COMMITTEE ON BUDGETS**

for the Committee on Regional Policy, Transport and Tourism

on the twelfth annual report on the Structural Funds (2000)  
(COM(2001) 539 – C5-0006/02 – 2002/2009(COS))

on the annual report of the Cohesion Fund (2000)  
(COM(2001) 602 – C5-0006/02 – 2002/2009(COS))

on the annual report of the Instrument for Structural Policy for Pre-Accession (ISPA) (2000)  
(COM(2001) 616 – C5-0006/02 – 2002/2009(COS))

Draftsman: Giovanni Pittella

### **PROCEDURE**

The Committee on Budgets appointed Giovanni Pittella draftsman at its meeting of 22 January 2002.

It considered the draft opinion at its meeting of 19 March 2002.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Terence Wynn, chairman; Reimer Böge and Francesco Turchi, vice-chairmen; Giovanni Pittella, draftsman; Ioannis Averoff, Joan Colom i Naval, Den Dover, Göran Färm, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, María Esther Herranz García, Juan de Dios Izquierdo Collado (for Bárbara Dührkop Dührkop), Constanze Angela Krehl, Wilfried Kuckelkorn, John Joseph McCartin, Jan Mulder, Juan Andrés Naranjo Escobar, Guido Podestà, Amalia Sartori (for Markus Ferber), Gerhard Schmid (for Jutta D. Haug), Esko Olavi Seppänen (for Chantal Cauquil), Per Stenmarck, Rijk van Dam (for Michel Raymond), Kyösti Tapio Virrankoski and Brigitte Wenzel-Perillo.

## CONCLUSIONS

The Committee on Budgets calls on the Committee on Regional Policy, Transport and Tourism, as the committee responsible, to incorporate the following points in its motion for a resolution:

### *Structural Funds*

1. Welcomes the fact that a large number of programmes from the programming period which ended in 1999 have been closed and can only urge the Commission to close any other such programmes still under way as quickly as possible or to provide for decommitments to terminate these programmes; takes the view, however, that other possibilities should be explored so that sums unused as at 31 December 2001 can be recovered and reprogrammed in order to assist regions which have achieved the best performances and/or projects which have not received sufficient funding;
2. Deplores the poor rate of implementation of commitment appropriations (55.3%) and payment appropriations (79.4%) and questions the accuracy of the budget forecasts, given the experience which the Commission gained in the management of the Structural Funds during the 1980s; notes that in 2001 the rate of implementation improved as regards commitment appropriations (99.6%), but deteriorated as regards payment appropriations (68.6%)<sup>1</sup>, so that the volume of appropriations outstanding will have increased by EUR 9 400 million;
3. Regrets the fact that the Commission report was made available only at the end of October 2001, i.e. too late to be taken into account during the 2002 budget procedure; calls on the Commission, in future, to submit the reports before the end of August each year;
4. Regrets the fact that the Commission has failed to supply satisfactory explanations for the late adoption of programmes, in particular those which were ready for adoption in late 2000; takes the view that this delay is the root cause of the modest rate of implementation of commitment appropriations; calls on the Commission to make every effort to determine the causes with a view to rectifying the problems and simplifying the adoption and management arrangements;
5. Calls on the Commission, in future, to include in its reports more detailed information regarding the arrangements for the co-financing of projects and programmes;
6. Deplores the fact that the report supplies no specific information concerning the *appropriations outstanding* under the various Structural Funds;
7. Urges that, in the future, the reports should not be confined to a summary of the rate of implementation and a description of the activities carried out, but that they should also include a more scientific assessment, based on objective criteria, outlining the economic and social impact on the regions which have received Structural Fund support; these

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<sup>1</sup> Provisional figures.

criteria may include the number of jobs created, the gross regional product, infrastructure projects completed and trade with other regions; urges, further, that the reports should give details of the spill-over effects of the measures financed under the Structural Funds;

8. Draws the Commission's attention once again to the need to introduce criteria which make it possible to determine as precisely as possible the impact of the additionality principle, whether within individual Member States or in terms of comparisons among the Member States;
9. Reiterates the need for Parliament to play a more active role in the monitoring of the implementation of the Funds and for it to be represented, as an observer, at all the stages of the comitology process and at all the negotiations between the Commission and the Member States provided for under Community law;
10. Applauds the cooperation between the Commission and the EIB and other financial institutions; calls for details of that cooperation to be given in the reports;

#### Cohesion Fund

11. Deplores the inadequate rate of implementation of commitment appropriations (84.4%) and payment appropriations (57%); notes that in 2001 the rate of implementation improved as regards both commitment appropriations (100%) and payment appropriations (62.8%)<sup>1</sup>, albeit that this still points to an increase in the volume of appropriations outstanding, which has reached EUR 1 176 million;
12. Calls on the Commission, when it submits forthcoming reports, to give more detailed information concerning the projects financed, their contribution to ensuring compliance with Community environmental law, the resources employed to eliminate bottlenecks in the transport sector and the extent to which rail projects have resulted in a shift away from road transport;
13. Deplores the fact that the report gives no specific details concerning the *appropriations outstanding* under the Cohesion Fund;
14. Urges the Commission to carry out more regular checks in all the countries which receive support under the Cohesion Fund, given that such checks have a deterrent effect;
15. Urges that, in the future, the reports should not be confined to a summary of the rate of implementation and a description of the activities carried out; urges, further, that the reports should outline the spill-over effects of the measures financed under the Cohesion Fund;

#### *Instrument for Structural Policy for Pre-Accession*

16. Welcomes the rate of implementation of commitment appropriations (96.1%), but deplores the almost total failure to implement payment appropriations (1.5%) and

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<sup>1</sup> Provisional figures.

questions the accuracy of the budget forecasts; notes that, in 2001, the rate of implementation improved as regards commitment appropriations (99.6%) and, more significantly, as regards payment appropriations, albeit that this still points to an increase in the volume of *appropriations outstanding*, which has reached EUR 147 million;

17. Calls on the Commission, when it submits forthcoming reports, to give more detailed information concerning the projects financed, their contribution to ensuring compliance with Community environmental law, the resources employed to eliminate bottlenecks in the transport sector and the extent to which rail projects have resulted in a shift away from road transport;
18. Urges that future reports should not be confined to a summary of the rate of implementation and a description of the activities carried out, but that they should also include an assessment which illustrates the progress made, by virtue of this instrument, towards meeting the conditions laid down in the *acquis communautaire* in the environment sphere and the resources employed with a view to eliminating bottlenecks in the transport sector; urges, further, that future reports should outline the spill-over effects of the measures financed under the pre-accession instrument;
19. Urges the Commission to carry out more regular checks in all the countries which receive support under the pre-accession structural instrument, given that such checks have a deterrent effect;
20. Urges that future reports should contain more detailed information concerning the arrangements for the co-financing of projects and programmes (contributions from national budgets, national loans, loans granted by international financial institutions, etc.);
21. Emphasises that the rate of co-financing (64%) is well below the ceiling of 75% (or 85% in certain cases), suggesting that the leverage effect has been substantial.

20 March 2002

## **OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

for the Committee on Regional Policy, Transport and Tourism

on the twelfth annual report from the Commission on the Structural Funds (2000)  
(COM(2001) 539 – C5-0006/2002 – 2002/2009(COS))

Draftsman: Anne-Karin Glase

### **PROCEDURE**

The Committee on Employment and Social Affairs appointed Anne-Karin Glase draftsman at its meeting of 23 October 2001.

It considered the draft opinion at its meetings of 18 February and 18 and 19 March 2002.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Theodorus J.J. Bouwman, chairman; Marie-Hélène Gillig, Winfried Menrad and Marie-Thérèse Hermange, vice-chairmen; Sylviane H. Ainardi, Jan Andersson, Elspeth Attwooll, Regina Bastos, Philip Bushill-Matthews, Alejandro Cercas, Luigi Cocilovo (for Enrico Ferri), Elisa Maria Damião, Harald Ettl, Jillian Evans, Carlo Fatuzzo, Ilda Figueiredo, Hélène Flautre, Stephen Hughes, Anna Karamanou, Rodi Kratsa-Tsagaropoulou, Jean Lambert, Elizabeth Lynne, Thomas Mann, Mario Mantovani, Ria G.H.C. Oomen-Ruijten (for Roger Helmer), Manuel Pérez Álvarez, Bartho Pronk, Lennart Sacrédeus, Herman Schmid, Peter William Skinner (for Claude Moraes), Miet Smet, Gabriele Stauner (for Raffaele Lombardo), Helle Thorning-Schmidt, Ieke van den Burg, Anne E.M. Van Lancker, Barbara Weiler und Sabine Zissener (for Mario Clemente Mastella).

## SHORT JUSTIFICATION

The analysis of the first year of the new programming period 2000-2006 centres – given the stage reached in terms of implementation – on the drawing-up and implementing of regulations and guidelines and negotiations on programmes. A detailed examination of project implementation, financing, monitoring and evaluation would be beyond the scope of this opinion. These aspects will therefore only be looked at in so far as delays in negotiations on programmes have direct implications for them.

It was a declared objective of the Agenda 2000 negotiations to wrap up the Structural Funds Regulations in time for the 1999 summer recess. With a view to achieving this objective, considerable pressure was put on the European Parliament to swiftly reach an agreement with the Council. In the end, the regulations were adopted in June 1999, in good time before the start of the programming period.

Five months were scheduled for the subsequent negotiations on programmes between the Commission, the Member States and the regions. In fact, however, the negotiations took an average of 10 months. The following reasons have been given by those involved. According to the Commission, Member States did not always forward programming documents and the additional information requested on time and, in some cases, the programming documents submitted had not been drawn up with the necessary care. Member States and regions complain that the Commission's guidelines were presented too late and were difficult to interpret. They also complain about the slow pace of work and the time it takes for the Commission to reply to questions. Deadlines for replies by the Commission should therefore be laid down in connection with negotiations.

The most serious delays concern the Community Initiative EQUAL, probably in part because of the new, very ambitious design. Unfortunately, very low implementation rates are also likely for 2001. In November 2001, the Commission issued guidelines in order to assist development partnerships in finding transnational partners. That implies that, in many cases, the starting point for actual work has not yet even been reached.

One of the goals of reform of the Structural Funds was to simplify and clarify rules on the use of funding and thereby improve implementation rates. For that reason, the n+2 rule was introduced, under which any measure must be adopted within three years of the financing decision. This rule, which is a sensible one in principle, could turn into a trap in view of the significant delays.

The purpose of the Commission's annual reports should be to highlight shortcomings and weak areas and enable them to be rectified quickly. It is not enough simply to refer to implementation rates; a qualitative assessment is rather needed.

### Summary

The goal of a seamless transition from the old to the new programming period has, unfortunately, again not been achieved. Delays in programming will have an impact on all stages of implementation of programmes. The complicated administrative procedures and the substantial delays are leading to a situation of great uncertainty for those taking part in

programmes and the ultimate beneficiaries at local and regional level, who are faced with gaps in their funding and who are concerned about the threat to the continuation of programmes. It is difficult to get companies – particularly smaller companies – to take part in EU projects, in view of the amount of bureaucracy and the fact that procedures take so long.

Little progress is therefore evident for the first year following the reform of the Structural Funds – at least at the administrative level. In order to bring about improvements in this area, the European Parliament wishes to cooperate actively with the Commission and hopes that, in future, more informative annual reports will form the basis for a discussion of benefit to all parties.

## CONCLUSIONS

The Committee on Employment and Social Affairs calls on the Committee on Regional Policy, Transport and Tourism, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Criticises the fact that the objective of a punctual start to the new programming period has again not been achieved, despite the completion of the legislative procedure on time and efforts to simplify administrative procedures;
2. Regrets in this connection, in particular, the fact that
  - only half of the operational programmes under **Objective 1** CSFs were able to be adopted;
  - the list of areas eligible under **Objective 2** – which is only the starting point for programming – was not completed until July 2000;
  - as a result of the late adoption of the guidelines and the new design of the **EQUAL Community initiative**, national programmes were not able to be adopted until March 2001; expresses its concern that, in many cases, development partnerships have to date not yet even been constituted, which means that work is hardly likely to actually start before 2002;
3. Points out that the **innovative measures** provided for under the Structural Funds Regulations were completely absent in 2000;
4. Notes that the Commission did not adopt the general guidelines for the programmes until the preparation of programmes in the Member States and regions was already well under way;
5. Points out that, in all areas, as a consequence of the delays, financial implementation is lagging well behind the figures in the financial perspective and in general does not exceed the flat-rate advance of 7% of financing;
6. Points out that, as a consequence of the delays that have already occurred, Member



States and regions will inevitably face greater pressure from the point of view of absorbing funds during the remaining years of the programming period; warns that, under the n+2 rule, a huge loss of Structural Fund financing is likely if the capacity of Member States to absorb funds proves inadequate;

7. Calls, therefore, on the Commission and the Member States to comply strictly and in good time with the requirements laid down in the Structural Funds Regulations, and therefore legally binding, concerning the exchange of information and adoption procedures; also calls on the Commission, in cooperation with all relevant partners, systematically to review administrative procedures with the aim of simplifying them as far as possible;
8. Regrets in a general way that the Commission's annual reports on the Structural Funds do not represent an adequate basis for effective monitoring of the implementation of the Structural Funds, since they restrict themselves solely to an *ex post* evaluation; therefore urges the Commission in future to give an account of the effects of the observed state of implementation on subsequent years, and to include up-to-date data;
9. Further considers that the annual reports restrict themselves too much to the state of commitments and payments of aid appropriations, thereby neglecting a qualitative assessment; also notes with regret that this evaluation hardly differs from that of the 11th annual report on the Structural Funds (1999);
10. Concurs with the conclusions of the Court of Auditors, in its Special Report 12/2001, that the measures to combat long-term unemployment have not really been effective and calls on the Commission and the Member States to improve the linkage between Structural Fund measures and the European employment strategy;
11. Refers also to the Court of Auditors Special Report 10/2001 and the Court's annual report on the 2000 budgetary year, in which the significant shortcomings and weaknesses relating to the ESF are highlighted;
12. Recalls, as a general point, that appropriations from the Structural Funds should on no account be used to encourage or permit the relocation of existing jobs from one place in the Union to another, but are intended to stimulate the creation of new jobs.

20 March 2002

## **OPINION OF THE COMMITTEE ON FISHERIES**

for the Committee on Regional Policy, Transport and Tourism

on the twelfth annual report on the Structural Funds (2000)  
(COM(2001) 539 – C5-0006/2002 – 2002/2009(COS))

Draftsman: Yves Piétrasanta

### **PROCEDURE**

The Committee on Fisheries appointed Yves Piétrasanta draftsman at its meeting of 22 January 2002.

It considered the draft opinion at its meetings of 24 January, 21 February and 20 March 2002.

At the last meeting it adopted the following conclusions unanimously.

The following were present for the vote: Struan Stevenson, chairman; Brigitte Langenhagen, Rosa Miguélez Ramos and Hugues Martin, vice-chairmen; Yves Piétrasanta, draftsman; Elspeth Attwooll, Pat the Cope Gallagher, Ian Stewart Hudghton, Heinz Kindermann, Giorgio Lisi, Bernard Poignant, Catherine Stihler, Daniel Varela Suanzes-Carpegna and Herman Vermeer (for Niels Busk).

## SHORT JUSTIFICATION

### Introduction

The year 2000 was the first of the new programming period for the Structural Funds, including the Financial Instrument for Fisheries Guidance (FIFG). The report for that year should provide Parliament, and other interested observers, with information on the spending priorities of the different Member States, such as the relative amounts of money which have been programmed for fleet restructuring, for aquaculture, for the processing sector, etc.

The fisheries sector of the European Union faces many challenges, as has been clearly described by the recent Green Paper from the Commission (COM(2001) 135). The activities which are to be funded are thus important in that they indicate which components of the sector shall benefit from the financial support of the Member States, and which are likely to survive in the coming years.

The annual report of the Structural Funds for 2000 does not contain any detailed information of this kind. It simply notes that a particular Member State is giving priority to, for instance, decommissioning vessels and aquaculture. There are no amounts included.

The Commission has argued that such a summary report is not the appropriate place to publish data on amounts of planned expenditure for the fisheries sector, considering that fisheries represents only 2% of the total envelope for the Structural Funds. Other methods of dissemination may be better able to target those interested in the financial aspects of fishing.

Indeed, in the past year or so, much aggregated data has been published by the European Commission's Directorate General for Fisheries on its website<sup>1</sup>, but most of it relates to the previous programming period of 1994 to 1999. According to data published there, the Community contributed €330 million to projects for the scrapping of vessels (of a total of €546 million of public aid) and €461 million to projects for construction of new vessels or modernisation of existing ones (of a total of €592 million of public aid). On the other hand, only €25 million was spent on marine protected areas and €9 million on socio-economic measures such as early retirement.

### *The Current Programming Period*

For the period 2000 to 2006, the Commission provided provisional information on agreed programmes in each of the measures which are eligible for funding. These data show the following planned expenditures for those measures receiving the most aid (all Member States combined):

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<sup>1</sup> [http://europa.eu.int/comm/fisheries/structures/index\\_en.htm](http://europa.eu.int/comm/fisheries/structures/index_en.htm)

Measure	Planned expenditure 2000-2006 (€ million)
Processing	637 (17% of total)
Construction	533 (15% of total)
Scrapping	402 (11% of total)
Aquaculture	321 (9% of total)
Ports	266 (7% of total)
Modernisation	258 (7% of total)

These figures are preliminary and incomplete: for example the programmes for the Netherlands are not included as they have not been adopted yet. Further, they only indicate planned expenditure, and as such are only an indication of what the Member States view as their priorities.

The priorities of the Member States differ widely. For instance, the two largest targets of aid are as follows:

- ◆ Spain construction, processing
- ◆ Italy scrapping, ports
- ◆ France processing, non-specified
- ◆ Portugal construction, non-specified
- ◆ German processing, ports
- ◆ UK scrapping, processing

The structure of the European fleets continues to be the predominate use of the Structural Funds - when all measures pertaining to fleet restructuring are included (export, reconversion, etc.) the total amount is €1.4 billion, or 38% of the total. Despite having fleets which are widely recognised to be too large for the state of the fishery resources, more money will again be spent on constructing and modernising vessels than on eliminating capacity through scrapping.

#### *Transparency*

As noted above, it is only very recently that the Commission has begun to make information available on the use of the Structural Funds in the fisheries sector. While the steps taken so far are appreciated, much more timely and detailed publication of information would do much to enhance transparency in the use of public funds. For instance, the Commission should publish information on an annual basis as the results of each year's activities have been analysed.

A detailed analysis is necessary of the overall benefits of the Structural Funds. The Green Paper poses the question of whether the FIGG has contributed to the sustainability of fish stocks or whether it has distorted the industry. Have all the monies which have been poured into fleet restructuring produced a fleet which is selective in its fishing practices and produces high-quality products and maximum employment, or have they simply sped up the process of industrialisation by eliminating small vessels and creating large ones, with all of the socio-economic consequences that go along with it? The Commission should attempt to answer this

question in the current debate on the common fisheries policy.

## **CONCLUSIONS**

The Committee on Fisheries calls on the Committee on Regional Policy, Transport and Tourism, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Calls upon the Commission to publish, on a regular basis, an updated account on the projects being financed by the Member States in the fisheries sector, including details on the amounts programmed for each measure.
2. Calls upon the Commission to conduct a detailed analysis on the operations which have been financed under the previous Financial Instrument for Fisheries Guidance (1994-1999) and the extent to which they contributed to the objectives of the common fisheries policy.
3. Urges the Commission to maintain the FIFG funds for fleet conversion and improvement, and particularly for the development of aquaculture.

28 February 2002

## **OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND EQUAL OPPORTUNITIES**

for the Committee on Regional Policy, Transport and Tourism

on the report from the Commission: 12th annual report on the Structural Funds (2000) (COM(2001) 539 – C5-0006/2002 – 2002/2009(COS))

Draftsperson: Christa Prets

### **PROCEDURE**

The Committee on Women's Rights and Equal Opportunities appointed Christa Prets draftsperson at its meeting of 22 January 2002.

The committee considered the draft opinion at its meeting of 26 February 2002.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Anna Karamanou, chairwoman; Marianne Eriksson, vice-chairwoman; Jillian Evans, vice-chairwoman; Lissy Gröner (for Christa Prets, draftsperson); María Antonia Avilés Perea, Regina Bastos, Lone Dybkjær, Fiorella Ghilardotti, Heidi Anneli Hautala, Rodi Kratsa-Tsagaropoulou, Amalia Sartori, Miet Smet, Patsy Sørensen, Joke Swiebel, Helena Torres Marques, Feleknas Uca, Ilda Figueiredo (for Geneviève Fraisse) and Anne E.M. Van Lancker (for Olga Zrihen Zaari).

## CONCLUSIONS

The Committee on Women's Rights and Equal Opportunities calls on the Committee on Regional Policy, Transport and Tourism, as the committee responsible, to incorporate the following points in its motion for a resolution:

1. Notes that the new rules governing the Structural Funds for the period 2000-2006 make 'the elimination of inequalities and the promotion of equality between women and men' a central principle of Community policy and measures in this sphere and emphasises the vital importance of incorporating the equal opportunities dimension into the Structural Funds, given that growth, competitiveness and employment can be secured only by mobilising all citizens, both men and women;
2. Takes the view, as the annual report under consideration here shows, that the new programmes drawn up by the Member States attach considerable importance to the principle of incorporating equal opportunities into Structural Fund policy, but that additional efforts are required in order to improve the degree to which the plans and programmes drawn up under the Structural Funds take account of the issue of equal opportunities, in particular in the areas of employment, education and vocational training, entrepreneurship and the reconciliation of working and family life;
3. Points out, however, that the annual report in question does not contain the information required for a proper assessment of the measures implemented to assist women under the Structural Funds and Community initiative programmes, including EQUAL, and the resources earmarked for those measures;
4. Points out that the purpose of incorporating the equal opportunities dimension into the rules governing the Structural Funds is to eliminate the inequalities which persist between women and men throughout the Community; in that connection, calls on the Member States, pursuant to the general regulation governing the Structural Funds, to incorporate in their plans and programmes, data and information, broken down by sex, dealing, in particular, with rates of activity and inactivity, unemployment and long-term unemployment, participation in the labour market in all sectors of activity and at all levels of responsibility and the establishment and development of undertakings, and to lay down specific targets for measures designed to secure greater equality between the sexes;
5. Calls on the Member States to ensure that organisations dealing with equal opportunities issues are given a role in the monitoring committees, partnerships and other bodies responsible for managing the plans and programmes, and to take steps to ensure the balanced representation of women and men on those bodies;
6. Calls on the Member States to incorporate in the plans and programmes implemented under the Structural Funds a financing plan setting out the resources earmarked for the various measures taken with the aim of enhancing equal opportunities, so that the effectiveness of the measures in question can be properly assessed;
7. Welcomes the efforts made by some Member States to help workers reconcile family

and professional life by improving childcare services, and draws attention to the need to adopt, throughout the Community, similar measures designed to improve social amenities, such as childcare services and services to assist the elderly and persons dependent on care;

8. Calls on the Member States to improve their public transport services, in particular in rural areas, in order to enable more women to join the labour market and to create new sources of employment;
9. Calls on the Member States to give measures to encourage entrepreneurship among women appropriate funding and to provide the aid vital to the establishment of undertakings by women, in particular through the use of microloans;
10. Calls on the Member States to take the steps needed to inform the population groups concerned and the bodies responsible for dealing with equal opportunities issues of the new rules governing the Structural Funds and the scope for the funding of measures designed to enhance equal opportunities, with a view to encouraging the groups concerned to submit proposals for projects;
11. Welcomes the decision to hold, on 14 and 15 June 2002 in Santander, Spain, under the auspices of the Spanish Presidency, a seminar on 'the Structural Funds, women and employment' and hopes that the proceedings of that seminar will result in the introduction of new specific programmes designed to increase the participation of women on the labour market.