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REPORT

on the thirteenth annual Commission Report on the Structural Funds
(2001)
(COM(2002) 591 - 2003/2019(INI))

Committee on Regional Policy, Transport and Tourism

Rapporteur: Helmuth Markov

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By letter of 30 October 2002, the Commission forwarded to Parliament its thirteenth annual report on the Structural Funds (2001) (COM(2002) 591) which had been referred for information to the Committee on Regional Policy, Transport and Tourism and to 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.

At the sitting of 13 February 2003 the President of Parliament announced that the Committee on Regional Policy, Transport and Tourism had been authorised to draw up an own-initiative report, pursuant to Rules 47(2) and 163 of the Rules of Procedure, and that 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 had been asked for their opinions.

The Committee on Regional Policy, Transport and Tourism had appointed Helmuth Markov rapporteur at its meeting of 21 January 2003.

The Committee considered the draft report at its meetings of 22 April and 21 May 2003.

At the last meeting it adopted the motion for a resolution by 46 votes to 1, with 0 abstentions.

The following were present for the vote: Gilles Savary, acting chairman and vice-chairman; Helmuth Markov, vice-chairman; and rapporteur; Sylviane H. Ainardi, Emmanouil Bakopoulos, Rolf Berend, Graham H. Booth (for Rijk van Dam), Philip Charles Bradbourn, Gerard Collins, Christine de Veyrac, Den Dover (for James Nicholson), Garrelt Duin, Alain Esclopé, Markus Ferber (for Georg Jarzembowski), Jacqueline Foster, Mathieu J.H. Grosch, Catherine Guy-Quint (for Danielle Darras), Konstantinos Hatzidakis, Ewa Hedkvist Petersen, Dieter-Lebrecht Koch, Brigitte Langenhagen (for Reinhard Rack), Giorgio Lisi, Nelly Maes, Sérgio Marques, Emmanouil Mastorakis, Bill Miller (for John Hume), Camilo Nogueira Román, Josu Ortuondo Larrea, Karla M.H. Peijs, Wilhelm Ernst Piecyk, Joaquim Píscarreta (for Francesco Musotto), Giovanni Pittella (for Giovanni Claudio Fava), Samuli Pohjamo, Bernard Poignant, Adriana Poli Bortone, José Javier Pomés Ruiz, Alonso José Puerta, Marieke Sanders-ten Holte (for Luciano Caveri), Ingo Schmitt, Elisabeth Schroedter (for Margie Sudre), Brian Simpson, Renate Sommer, Dirk Sterckx, Ari Vatanen, Herman Vermeer, Mark Francis Watts, Brigitte Wenzel-Perillo (for Dana Rosemary Scallon) and Jan Marinus Wiersma (for Ulrich Stockmann).

The opinions of the Committee on Employment and Social Affairs and the Committee on Fisheries are attached; the Committee on Budgets and the Committee on Women's Rights and Equal Opportunities decided on 18 February 2003 and 23 January 2003 respectively not to deliver opinions.

The report was tabled on 22 May 2003.

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the thirteenth annual Commission Report on the Structural Funds (2001)

(COM(2002) 591 - 2003/2019(INI))

The European Parliament,

- having regard to the thirteenth Commission report (COM(2002) 591),
 - having regard to Rules 47(2) and 163 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 Employment and Social Affairs and the Committee on Fisheries (A5-0186/2003),
- A. Whereas, although it was possible in 2001 to clear the backlog of payments predating 1994, the total volume of outstanding amounts is still far too large,
- B. Whereas no reduction in the development gap can be observed in most Member States, although it is noticeable that the per capita GDP of all regions has moved closer to the Community average,
- C. Whereas the Council Regulation amending Regulation (EEC) No 1260/1999¹ laying down general provisions on the Structural Funds was adapted in 2001 in respect of the outermost regions, islands and areas (on the basis of Article 299 of the Treaty),
- D. Whereas the selection criteria for eligibility for aid of Objective 1 regions need, with a view to the imminent enlargement of the EU, to be geared to the clearly calculable per capita GDP figure, with attention being paid to particular features of island and mountain regions and areas with low population densities,
- E. Whereas the persistence of relative inequalities within Member States clearly demonstrates the shortcomings in the implementation of the Structural Funds and the Cohesion Fund,
- F. Whereas the constraints of economic and budgetary stability that require compliance with the Maastricht criteria, while they are an important measure for preserving currency stability, are sometimes used by the Member States as an excuse for cutting public investments, which are urgently needed particularly in less developed regions, thereby jeopardising in some cases the joint financing of EU projects,
- G. Whereas more success was achieved with incorporating into structural policy the (economic, social and ecological) sustainability called for at the Gothenburg Summit,
- H. Whereas it has not been possible to lower unemployment rates in the EU, despite the decisions of the Lisbon Summit concerning the objective of full employment,
- I. Whereas effective specific job creation plans for women are not being implemented,

¹ OJ L 161, 26.6.1999, p.1.

- J. Whereas the thirteenth annual report for 2001 once again presents and evaluates the quantitative aspects (number of projects approved, level of commitment and payment appropriations) in differentiated form but does not produce any specific data about the qualitative improvements achieved in regional development,
- K. Whereas qualitative improvement of regional development constitutes a priority for the Union's economic and social development, particularly in the run-up to enlargement,
- L. Whereas flexibility in applying the Structural Funds regulation must be further increased and it should be made possible to carry out redesignations among the various programmes,
- M. Whereas the simplifications made to administrative procedures have not yet yielded the expected results and particular criticism attaches to the lack of clarity over the division of powers and responsibilities between Commission and Member States,
- N. Whereas a balance has still not been achieved between Commission and Member States in the monitoring of procedures and project results,
- O. Whereas budgetary stability and especially the total avoidance of deficits in Member States which have Objective 1 regions cannot be achieved by cutting state investment and in so doing infringing the additionality principle,

I Programme implementation

- 1. Criticises the fact that only in 2001 was all the programming documentation for Objective 1, Objective 2, Objective 3 and the Community initiatives for 2000-2006 period adopted, meant unacceptable delay before it could be used by Member States;
- 2. Deplores the fact that the thirteenth annual report (2001) fails to discuss the qualitative improvements brought about by means of the Structural Funds;
- 3. Notes that this resulted in underuse of payment appropriations of on average 30% for Objectives 1 and 2 and 60% for Objective 3, whilst Community initiatives show an implementation rate of 89% for commitment and payment appropriations;
- 4. Notes that the first quarter of the new Structural Funds period 2000-06 was taken up with preparatory programming and that actual spending is only expected to reach a steady level in 2004 - more than two-thirds into the period;
- 5. Believes that this disrupts the flow of project work at ground level and demands that such problems be prevented in the future e.g. by separating the work on old and new programmes or through differentiated periods for different funding streams; truly radical options must be considered in the mid-term review of the Structural Funds to take place in 2003;
- 6. Notes that take-up under Objective 3, which the European Social Fund (ESF) finances alone, is particularly poor: just 40% of payments foreseen for 2000-01 were made (compared to 70% under Objectives 1 and 2) with most of even this comprising the automatic advance

from the Commission, thus not reflecting real implementation; asks if the Commission could do more to share information and good practice between the Directorates-General involved;

7. Recognises that these problems are in part caused by welcome moves to decentralise the Funds but is concerned that Member States are not yet shouldering their new responsibilities - for example, audits/inspections in 2001 revealed "important differences in quality" of national control work;
8. Takes note of the fact that, according to Commission findings, the Member States concentrated their efforts in 2001 on completion of the projects financed under the 1994-1999 programmes, which means that the delays in implementing the Structural Funds are attributable not only to guidance issued too late by the Commission and inadequate coordination between Commission and Member States but also to decisions by the Member States;
9. Calls for a detailed analysis to be carried out in the Mid-Term Review of efficiency in the use of resources, coherence with other Community policies and the contribution of the funded projects to the sustainable development of the regions, and for the Commission, on the basis of the results of this analysis, to militate for changes in the programmes, with a view to improving the use of appropriations for sustainable regional development;
10. Calls on the Commission to examine whether, in the preparation of the Mid-Term Review, the partnership principle has been implemented for the individual programmes and whether the opinions of the partners have in fact influenced the Mid-Term Review;
11. Maintains that entire responsibility for the Structural Funds should be assigned to a single authority and a single minister in each Member State so as to improve coordination among the numerous departments involved at Community, national, and regional level;
12. Calls on the Commission, in the light of the heavy demand for projects involving innovative measures under the ERDF, to top up the total funding of Euro 400 million earmarked for this programme by reallocating resources at the expense of programmes that are less in demand;

II Coordination with other financial instruments

13. Welcomes the fact that the Member States have, at the Commission's urging, drawn up strategic framework plans for coordinating measures under the Cohesion and Structural Funds and calls for these framework plans to be integrated generally into the operational programmes of the Structural Funds;
14. Welcomes the close coordination with the EIB and the EIF which has led to the allocation of additional funding for EU projects totalling Euro 31.2 billion, including Euro 14.5 billion in individual loans and Euro 5 billion in global loans in the most disadvantaged regions; endorses the practice of calling on bank experts for rapid evaluations of major projects under the Structural Funds and generally advocates their greater involvement in audit and financial control;

15. Is in favour of the EIF guaranteeing all portfolios involving loans and the venture capital fund for SMEs; is also in favour of expanding the areas of intervention, in particular, to cover support for seed capital funds and to include research and development in the allocation of micro-loans; notes, however, that the EIF's lending conditions have in some cases proved unsuitable, particularly for poor regions where there is no capital base or very high unemployment, or in cases where women wish to set up their own businesses; considers it of urgent importance, therefore, that other forms of venture capital should be tried;
16. Shares the approach of deploying resources from the Cohesion Fund, the ERDF and the ISPA programme in a focussed manner as part of TEN in the accession countries with a view to boosting environmentally safe modes of transport, modernising infrastructure and substantially expanding links with the accession countries;
17. Takes note of the Commission's efforts to support improved connections between regional railway lines and the TEN but calls for an integrated plan of transport routes agreed with the Member States to be produced;

III Compatibility with other Community policies

18. Criticises the fact that the poor start to the new Structural Fund period has considerably hampered ESF projects in the regions; calls for the presentation of new planning options at the mid-term review in order to avoid any future repetition of this situation;
19. Enjoins the Member States to make the Lisbon process for the attainment of full employment more the centrepiece of their employment policy and calls in this connection on the Commission to propose measures for achieving synergies between the European employment strategy and the National Action Plans (NAPs);
20. Insists that better synergies between the ESF and the European Employment Strategy (EES) be developed; fully exploiting the fact that ESF requires a qualitative understanding of its impact - and yet no mention is made of the 2001 Communication² that attempted to analyse the ESF in 2000-06 by reference to the EES;
21. Expects that the Social Fund contribution to the European Employment Strategy will in future also be assessed qualitatively, the better to evaluate the innovative character of the Social Fund;
22. Notes the work in 2001-2002 on preparing for and launching the EQUAL Community Initiative and particularly welcomes the participation of Hungary and the Czech Republic; trusts that the Commission will be making a more fulsome report evaluating the preparation and implementation of the first of the two rounds of EQUAL and, in particular, the impact

² COM(2001) 16 of 23.1.2001

and/or value added of the 'transnational' requirement for EQUAL Development Partnerships;

23. Is concerned that only 30% of bids for Article 6 ESF innovative projects in the first round were selected (compared to c.80% under the ERDF), implying considerable wasted effort by project promoters; asks therefore whether the Commission is offering adequate pre-application guidance; further asks whether any follow-up has been given to the EP's repeated request for an in-depth evaluation of the implementation of innovative measures in previous periods as a basis for their more effective development in the future¹;
24. Commends the strong attention given to gender equality (through the double principle of gender mainstreaming and specific measures for women) in the ESF Regulation; understands, however, that the use of gender mainstreaming in the programming and implementation stages, even in the ESF, has been disappointing; believes that analysing proposed budgets by gender will be an important future development; urges that the other Structural Funds should catch up in terms of both promoting projects for women and reflecting gender in future regulations.
25. Calls on the Commission to examine whether the award of structural funds is in line with the Community principle of equality of opportunity between men and women, and whether the promotion of women's employment in all funds reflects the proportion of the unemployed which they make up; calls, therefore, for a report to be submitted to Parliament on this subject; calls further on the Commission to examine, in that report, whether the promotion of women founding businesses takes place on the basis of the principle of equal opportunities; Urges the Member States to implement effective specific programmes to create jobs for women;
26. Welcomes the Commission's attempt to establish a framework for the NAPs and awaits a detailed analysis of the linkage between regional development and employment policy;
27. Welcomes the fact that in 2001 for the first time the effectiveness of the process of integrating environmental concerns into Structural Policy was evaluated and good results were recorded; calls on the Commission to monitor more strictly the full and early implementation of environmental impact assessments;
28. Calls on Member States to make a general practice of, and apply, the best experience acquired in constructing networks between regional and national environmental authorities in all areas of decentralised structural policy management;
29. Takes the view that Structural Fund measures of direct benefit to companies should not be allowed to conflict with EU competition law only once a certain size of project is reached; urges that these rules be applied very flexibly in the interests of regional aid objectives;³⁰.
Considers that there is a an urgent need for improved coordination of structural interventions with other Community instruments for the sustainable development of rural areas, and calls in this connection for more use to be made of the forum developed in the Leader programme as an approach to the participation of the various actors;
31. Calls on the Commission to step up its work on reform of the procedural rules for Council

¹ A5-0328/2001, OJ C 112E, 9.5.2002, p. 193

Regulation (EC) 994/98¹ on the application of Articles 87 and 88 of the Treaty to certain categories of horizontal state aid and, for example, to include aid for further vocational training of staff, the reintegration of the unemployed and market access for SMEs;

32. Recommends that comparable rules be applied to aid intended solely for regional development as in the case of the award of public procurement contracts;
33. Welcomes the implementation of the Lisbon strategy (e-Europe) with the earmarking of Euro 6 billion for 2000-2006 for the development of the information society since this can help overcome the development deficit, particularly in the Objective 1 areas;

IV Evaluation and monitoring

34. Notes that the most successful programmes are based on simple and effective procedures that are also proportionate to the financial volume;
35. Points out that the Commission, together with the Member States, is developing procedures to prevent payments from being executed without monitoring of expenditure, and calls for the intensity of reasonable financial controls to be stepped up and infringements by Member States in allocating appropriations to be dealt with through sanctions;
36. Urges the Commission to bring greater pressure to bear on the Member States to develop computer-aided accounting systems enabling a uniform comparative analysis to be made of national financial and monitoring systems;
37. Commends the Commission's emphasis on partnership with and within Member States at all stages of the Funds; asks for a frank, thorough analysis of the problems hinted at by the Commission in terms of how partnership should work at implementation stage; and requests more information on the participation of NGOs in the Management Committees, including participation by NGOs representing discriminated and socially excluded groups;
38. Awaits clarification from the Commission, despite the progress achieved in cooperating with Member States, as to how the principle of partnership is realised in the course of programme implementation;
39. Awaits an estimate from the Commission at the mid-term review of the Structural Funds and operational programmes as to how Regulation 1260/99² has actually helped to simplify procedures, enhance quality and boost transparency;
40. Calls on the Commission, with a view to clarifying responsibilities between the Commission and Member States, to carry out a full review not only of procedures but also of existing legislation and to lay down a framework before commencement of the next programming period;
41. Notes that one reason for difficulties in the implementation of structural fund appropriations

¹ OJ L 142, 14.5.1998, p.1.

² OJ L 161, 26.6.1999, p.1.

arises from the interface between national rules and EU legislation; the regulation of details at EU level unnecessarily restricts the scope for national bodies to act, which in turn reduces effectiveness;

42. Calls on the Member States to adopt measures at national, regional and local level over an appropriate period of time in order to implement the Commission recommendations on simplification of administrative procedures and standardised information;
43. Supports the Commission proposal to apply a penalty system in cases where the discrepancy between Member States' financial forecasts and the actual situation exceeds 25%;

V Challenges of enlargement

44. Values the evidence that structural policies help reduce economic disparities between Member States (though disparities between regions *within* Member States have grown - and the Commission should amend existing allocation criteria so as to reduce these disparities); requests more such "impact" analysis; notes that this will be key from 2004 when the area/population of the EU will have increased by one-third but its GDP by only 5%; indeed, given the current income-related criteria for Objective 1 status and the effect of the accession of the new Member States (i.e. to raise existing Member States' relative income levels against the enlarged EU average), calls for transitional measures to be developed for regions that currently have Objective 1 status but that might no longer qualify in the future;
45. Points out that, with a view to future full involvement of the accession countries in EU structural and cohesion policy and in view of already existing shortcomings in national administrative and monitoring procedures and in interministerial coordination where the utilisation of EU aid funding is concerned, it is absolutely essential that comprehensive measures be taken on the part of the Commission to prepare and train staff in order to guarantee proper management of the European Funds;
46. Calls on the Commission to give the new Member States the option of drawing up their single programming documents as early as possible so as to ensure that delays do not already start to occur in the first year of programme implementation;
47. Requests 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 spent for each measure;
48. Calls upon the Commission to conduct a detailed analysis on the operations which have been financed under the previous FIFG (1994-1999) and the extent to which they contributed to the objectives of the Common Fisheries Policy.
49. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

1. Execution of the programmes:

The interinstitutional agreement on budgetary discipline¹ incited the Commission to use almost 100% of available appropriations in 2001². This compared favourably with the previous year when only 58% of available appropriations were utilised. However, only 69% of payment appropriations were used, which is the lowest since 1999.

In the Commission's view, the main reason for budgetary underexecution in 2000 and 2001 was that Member States gave priority to completing projects financed under the 1994-1999 programmes for which the deadline for eligibility was 31 December 2001.

Effective financial management requires accurate forecasting. However, the large discrepancies between Member States' forecasts and their implementation remains a major concern. To incite Member States to be more attentive to this need, your rapporteur supports the Commission's suggestion that a sanctions regime could be developed and imposed when forecasts deviate from reality by more than 25%.

Another requirement for sound management is the existence of simple though comprehensive procedures. Unfortunately, the management of the Structural Funds still suffers from slow and cumbersome procedures. The Court of Auditors points out in their conclusions that:

"Contrary to its objectives, the programming of the 2000-2006 period has not been characterised by swifter and simpler procedures..."

In the Court's view, the continued uncertainty as to the responsibilities of the Member States and the Commission coupled with the complex nature of current legislation in terms of programming, management and booking of expenditure are root causes that must be addressed in time for future programming.

The Commission is aware of the shortcomings of the present situation and has informed us that Commissioner Barnier has launched an initiative on ways of simplifying the implementation of the Structural Funds. It is, however, clear to your rapporteur that the attempts at simplification made so far are insufficient. Consequently, there should be a full review of both procedures and decision-making structures so as to clarify responsibilities and establish a pre-established programming framework which should be completed before the start of the next programming period.

1.1. ERDF:

➤ Management problems:

The Commission draws the attention of Parliament to the problems caused by highly different national administrative systems. These range from a lack of authority over the intermediate bodies performing functions, for which the management authority is ultimately responsible, through an insufficiency in issuing guidance and instructions to intermediate bodies on EU rules to job descriptions and staff training. Paying authorities in the Member States suffer from similar deficiencies. The Commission should assist Member States to establish a plan of corrective action together with a timetable for implementation.

¹ Interinstitutional agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure

² Report of the Court of Auditors

In its comment on implementation of Articles 7 and 10 of Regulation (EC) N° 2083/93 (direct expenditure), audit enquiry, the Commission informs Parliament that the second wave of audits covering 36 projects in nine Member States cannot be considered as completed. The reason for this inordinate delay is explained by reference to continuous delays with the contractor. This explanation is, in my view, unacceptable for by failing to give more details it gives the impression that some of the fault may lay with the management of Commission services.

➤ **Financial control:**

In almost 50% of cases the Commission noted the lack or incompleteness of accounting documentation. In 33% of cases the accounting rules were not adequately followed and, in another 33%, checks on staff and expert costs were deficient. Faults of this type are often symptomatic of fraud and, indeed, the Commission informs us that one case has been transmitted to OLAF for investigation. If this type of problem is still being encountered in the existing Member States, Parliament can only wonder what is likely to happen after enlargement to countries which, by definition, lack experience in managing projects in the framework of the Structural Funds.

1.2. ESF

➤ **The Structural Funds and employment policy:**

As the Commission points out the ESF has become a major component for the implementation of the National Action Plans for employment. The lack of standardisation in the presentation of NAPs does, however, complicate the identification of the activating or innovative contribution of the ESF. Your rapporteur was pleased to note in this respect that the Commission has adopted the recommendations of the ESF committee and has included them in its outline for the 2002 NAPS.

➤ **Management problems and financial control:**

The Commission informs us that the planned number of preventive audits on a first evaluation of the descriptions of management and control systems had to be reduced because of overwork or missing descriptions. This explanation indicates that the Commission has failed to deploy sufficient human resources to undertake the work in hand. Parliament should ask it to take the necessary corrective measures. Once again the inability of Member States to supply adequate information is evident. Parliament should insist that deficient Member States assume the responsibility and consequences of their inadequacy. These consequences could take the form of penalties to be paid in cases of persistent failure.

➤ **ESF-innovative measures:**

Whilst in 2001 implementation of Community initiatives seem to have proceeded well, the picture as to innovative measures is less encouraging. Only 25% of the projects proposed for ESF assistance on the subject of 'adjustment to the new economy' were approved and the call for projects on the second topic 'a local employment strategy' was published too late in the year for any estimation of the response.

1.3 EAGGF and FIGG programmes:

Except in general terms, the information supplied by the Commission fails to enable Parliament to form an opinion as to the correct management of these funds. We are told that that as far as the EAGGF is concerned the Commission encountered:

- ❖ Difficulties in reconciling the expenditure declared to the Commission with the underlying transaction;
- ❖ Cases of ineligible expenditure items or projects;
- ❖ Late or unsatisfactory application of Regulation (EC) 2064/97.

1.4 OLAF inspections:

Two thirds of the new cases opened by OLAF in 2001 concerned the ESF. The inspections uncovered cases involving failure of beneficiaries to provide part-finance, non-compliance with the rules on public procurement, ineligible expenditure, declarations of expenditure predating actual expenditure and payment claims inconsistent with projects realised on the ground.

Member States also notified 1190 cases of irregularity or fraud involving a total of € 199 120 000. The Commission draws Parliament's attention to the fact that, although there has been a significant increase in the number of cases notified to the Commission, no action is taken on many of the cases notified, although the time allowed for the closure of certain programmes has expired. Your rapporteur welcomes the fact that, in future, the new regulation will require Member States to send the Commission a yearly statement of recoveries pending which will facilitate the financial monitoring and charging to the Member State of amounts lost due to its negligence.

1.5 Concluding remarks on financial management and general management problems:

It is clear from the Commission's Report that problems in both general management and financial management of the Structural Funds subsist both at the level of the Commission and at the level of the Member States. As far as the Commission is concerned it would appear that certain services responsible for the execution of on-the-spot checks or audits may require a reinforcement of their staff on a permanent or punctual basis, whilst the information supplied by DG Agriculture and DG Fish to the DG responsible for Regional policy should include more detailed information as to the identification of projects and Member States where problems have been encountered.

The Member States, however, seem to be to blame for most of the difficulties encountered. Whilst it is clear that there are some problems inherent in the structure of national administrations which cannot be solved by any degree of harmonisation, there are measures which can and should be taken to reduce the frequency with which errors occur. Simplification of procedure based on the adoption by Member States of established 'best practice' is one of the ways favoured by the Commission. Promoting adequate training of staff in the services of the Administrations and Regional Authorities is another, whilst the standard presentation of comparable information is yet a third. The frequency with which these problems arise is bound to increase after enlargement unless serious efforts are made by all concerned. Effective action can take place whilst fully respecting the principles of subsidiarity. However, despite numerous ongoing efforts made to simplify, modernise, regulate, promulgate guidelines and assist Member States, similar problems are drawn to Parliament's attention year after year: problems with forecasts, poor quality or absence of justifications for payments, insufficiency of training and information in national administrations or in subsidiary bodies. It is your rapporteur's view that the number of cases of delays incurred in the programming, payment demands, or other similar problems which characterise the management of the Structural Funds, could be reduced if:

- ❖ Roles and responsibilities were more clearly defined between the Commission and the Member States;
- ❖ The Commission's power to harmonise the presentation of information was clearly understood, and accepted by both the central and subsidiary authorities concerned in the Member States;
- ❖ Both inductive and, where appropriate, coercive means were used to enforce compliance with dates and presentation of information.

20 February 2003

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Regional Policy, Transport and Tourism

on the thirteenth annual report from the Commission on the Structural Funds (2001)
(COM(2002) 591 – C5-0023/2003 – 2003/2019(INI))

Draftsperson: Claude Moraes

PROCEDURE

The Committee on Employment and Social Affairs appointed Claude Moraes draftsperson at its meeting of 26 November 2002.

The committee considered the draft opinion at its meetings of 21 January 2003 and 20 February 2003.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Theodorus J.J. Bouwman, chairperson; Marie-Hélène Gillig, vice-chairperson; Winfried Menrad, vice-chairperson; and Marie-Thérèse Hermange, vice-chairperson; Claude Moraes, draftsperson; Sylviane H. Ainardi, Regina Bastos, Hans Udo Bullmann (for Jan Andersson), Ieke van den Burg, Philip Bushill-Matthews, Chantal Cauquil (for Arlette Laguiller), Alejandro Cercas, Alexander de Roo (for Hélène Flautre, pursuant to Rule 153(2)), Proinsias De Rossa, Harald Ettl, Jillian Evans, Carlo Fatuzzo, Ilda Figueiredo, Fiorella Ghilardotti (for Enrico Boselli), Anne-Karin Glase, Robert Goebbels (for Elisa Maria Damião), Roger Helmer, Stephen Hughes, Anne Elisabet Jensen (for Elspeth Attwooll), Karin Jöns, Jean Lambert, Thomas Mann, Mario Mantovani, Manuel Pérez Álvarez, Bartho Pronk, Lennart Sacrédeus, Herman Schmid, Miet Smet, Gabriele Stauner (for Luigi Cocilovo), Helle Thorning-Schmidt, Anne E.M. Van Lancker, Barbara Weiler and Sabine Zissener (for Enrico Ferri).

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:

Conclusion 1

Notes that the first quarter of the new Structural Funds period 2000-06 was taken up with preparatory programming and that actual spending is only expected to reach a steady level in 2004 - more than two-thirds into the period;

Conclusion 2

Believes that this disrupts the flow of project work at ground level and demands that such problems be prevented in the future e.g. by separating the work on old and new programmes or through differentiated periods for different funding streams; truly radical options must be considered in the mid-term review of the Structural Funds to take place in 2003;

Conclusion 3

Notes that take-up under Objective 3, which the European Social Fund (ESF) finances alone, is particularly poor: just 40% of payments foreseen for 2000-01 were made (compared to 70% under Objectives 1 and 2) with most of even this comprising the automatic advance from the Commission, thus not reflecting real implementation; asks if the Commission could do more to share information and good practice between the Directorates-General involved;

Conclusion 4

Recognises that these problems are in part caused by welcome moves to decentralise the Funds but is concerned that Member States are not yet shouldering their new responsibilities - for example, audits/inspections in 2001 revealed "important differences in quality" of national control work;

Conclusion 5

Points out that the Commission, together with the Member States, is developing procedures to prevent payments from being executed without monitoring of expenditure, and calls for the intensity of reasonable financial controls to be stepped up and infringements by Member States in allocating appropriations to be dealt with through sanctions;

Conclusion 6

Commends the Commission's emphasis on partnership with and within Member States at all stages of the Funds; asks for a frank, thorough analysis of the problems hinted at by the Commission in terms of how partnership should work at implementation stage; and requests more information on the participation of NGOs in the Management Committees, including participation by NGOs representing discriminated and socially excluded groups;

Conclusion 7

Requests a Commission report on the barriers at Member State level that hinder NGOs in accessing the Funds, such as the extent of form filling required, and in particular in relation to the ESF e.g.¹ advance payments only being made to projects with bank guarantees, obstacles to joint work by voluntary and commercial bodies, limits on e.g. unpaid work counting as co-financing, timetables that exclude voluntary groups/partnerships (which may need more time to develop a bid);

Conclusion 8

Such a report should cover the new 'global grants' provision, intended to facilitate smaller organisations' access to Structural Funding; while several Member States failed to implement this mandatory provision, there are some concerns, even where implemented, about the type and range of intermediaries being used - often state bodies that do not easily attract those small or emerging community groups best placed to reach people most excluded from the labour market; this appears to be part of a wider tendency in some Member States for Structural Funds and/or co-financing to be concentrated on public sector or associated activities;

Conclusion 9

Insists that better synergies between the ESF and the European Employment Strategy (EES) be developed; fully exploiting the ESF requires a qualitative understanding of its impact - and yet no mention is made of the 2001 Communication² that attempted to analyse the ESF in 2000-06 by reference to the EES;

Conclusion 10

Expects that the Social Fund contribution to the European Employment Strategy will in future also be assessed qualitatively, the better to evaluate the innovative character of the Social Fund;

Conclusion 11

Notes the work in 2001-2002 on preparing for and launching the EQUAL Community Initiative and particularly welcomes the participation of Hungary and the Czech Republic; trusts that the Commission will be making a more fulsome report evaluating the preparation and implementation of the first of the two rounds of EQUAL and, in particular, the impact and/or value added of the 'transnational' requirement for EQUAL Development Partnerships;

Conclusion 12

Is concerned that only 30% of bids for Article 6 ESF innovative projects in the first round were selected (compared to c.80% under the ERDF), implying considerable wasted effort by project promoters; asks therefore whether the Commission is offering adequate pre-application guidance; further asks whether any follow-up has been given to the EP's repeated request for an in-depth evaluation of the implementation of innovative measures in previous periods as a basis for their more effective development in the future²;

¹ Court of Auditors' report on local actions for employment 2002, OJ C 263, 29.10.2002, p. 22

² COM(2001) 16 of 23.1.2001

² A5-0328/2001, OJ C 112E, 9.5.2002, p. 193

Conclusion 13

Values the evidence that structural policies help reduce economic disparities between Member States (though disparities between regions *within* Member States have grown - and the Commission should amend existing allocation criteria so as to reduce these disparities); requests more such "impact" analysis; notes that this will be key from 2004 when the area/population of the EU will have increased by one-third but its GDP by only 5%; indeed, given the current income-related criteria for Objective 1 status and the effect of the accession of the new Member States (i.e. to raise existing Member States' relative income levels against the enlarged EU average), calls for transitional measures to be developed for regions that currently have Objective 1 status but that might no longer qualify in the future;

Conclusion 14

Commends the strong attention given to gender equality (through the double principle of gender mainstreaming and specific measures for women) in the ESF Regulation; understands, however, that the use of gender mainstreaming in the programming and implementation stages, even in the ESF, has been disappointing; believes that analysing proposed budgets by gender will be an important future development; urges that the other Structural Funds should catch up in terms of both promoting projects for women and reflecting gender in future regulations.

20 May 2003

OPINION OF THE COMMITTEE ON FISHERIES

for the Committee on Regional Policy, Transport and Tourism

on the Thirteenth annual report on the Structural Funds (2001)
(COM(2002) 591 – C5-0023/2003 – 2003/2019(INI))

Draftsman: Patricia McKenna

PROCEDURE

The Committee on Fisheries appointed Patricia McKenna draftsman at its meeting of 20 February 2003.

It considered the draft opinion at its meetings of 22 April and 20 May, 2003.

At the last meeting it adopted the following conclusions by 19 votes to 0, with 1 abstention.

The following were present for the vote: Struan Stevenson, chairman, Brigitte Langenhagen, vice-chairman, Hugues Martin, vice-chairman, Rosa Miguélez Ramos, vice-chairman, Patricia McKenna, draftsman, Elspeth Attwooll, Niels Busk, Arlindo Cunha, Nigel Paul Farage, Ian Stewart Hudghton, Salvador Jové Peres, Heinz Kindermann, Carlos Lage, Vincenzo Lavarra, Giorgio Lisi, Ioannis Marinos, Seán Ó Neachtain, Manuel Pérez Álvarez, Bernard Poignant, Catherine Stihler and Daniel Varela Suanzes-Carpegna.

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. Requests 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 spent for each measure;
2. Calls upon the Commission to conduct a detailed analysis on the operations which have been financed under the previous FIFG (1994-1999) and the extent to which they contributed to the objectives of the Common Fisheries Policy.