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*****I**

REPORT

on the proposal for a European Parliament and Council decision establishing a
Community action programme to promote bodies active at European level in
the field of culture
(COM(2003) 275 – C5-0262/2003 – 2003/0115(COD))

Committee on Culture, Youth, Education, the Media and Sport

Rapporteur: Ulpu Iivari

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 28 May 2003 the Commission submitted to Parliament, pursuant to Article 251(2) and Article 151(5) of the EC Treaty, the proposal for a European Parliament and Council decision establishing a Community action programme to promote bodies active at European level in the field of culture (COM(2003) 275 – 2003/0115 (COD)).

At the sitting of 30 June 2003 the President of Parliament announced that he had referred this proposal to the Committee on Culture, Youth, Education, the Media and Sport as the committee responsible and the Committee on Budgets and the Committee on Budgetary Control for its opinion (C5-0262/2003).

The Committee on Culture, Youth, Education, the Media and Sport had appointed Ulpu Iivari rapporteur at its meeting of 8 July 2003.

It considered the Commission proposal and draft report at its meetings of 29-30 September and 20 October 2003.

At the latter meeting it adopted the draft legislative resolution by 26 votes in favour, 3 votes against and 1 abstention.

The following were present for the vote: Michel Rocard, chairman; Vasco Graça Moura, vice-chairman; Mario Mauro, vice-chairman; Theresa Zabell, vice-chairman; Ulpu Iivari, rapporteur; Nuala Ahern (for Daniel Marc Cohn-Bendit), Pedro Aparicio Sánchez, Christopher J.P. Beazley, Christine de Veyrac (for Marielle de Sarnez), Bárbara Dührkop Dührkop (for José María Mendiluce Pereiro, pursuant to Rule 153(2)), Saïd El Khadraoui (for Barbara O'Toole), Cristina García-Orcoyen Tormo (for Domenico Mennitti), Marie-Hélène Gillig (for José María Mendiluce Pereiro), Lissy Gröner, Cristina Gutiérrez Cortines (for Francis Decourrière), Ruth Hieronymi, Ulpu Iivari, Arlette Laguiller (for Geneviève Fraisse), Lucio Manisco, Maria Martens, Camilo Nogueira Román (for Giorgio Celli), Juan Ojeda Sanz, Gérard Onesta (for Eurig Wyn), Doris Pack, Roy Perry, Christa Prets, Marieke Sanders-ten Holte, Walter Veltroni (for Giorgio Ruffolo), Peder Wachtmeister (for Stavros Xarchakos), Sabine Zissener and Myrsini Zorba (for Gianni Vattimo).

The opinion of the Committee on Budgets is attached.

The Committee on Budgetary Control decided on 8 September 2003 not to deliver an opinion.

The report was tabled on 20 October 2003.

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a European Parliament and Council decision on establishing a Community action programme to promote bodies active at European level in the field of culture (COM(2003) 275 – C5-0262/2003 – 2003/0115(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2003) 275¹),
 - having regard to Article 251(2) of the EC Treaty and Article 151(5) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C5-0262/2003),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Culture, Youth, Education, the Media and Sport and the opinion of the Committee on Budgets (A5-0359/2003),
1. Approves the Commission proposal as amended;
 2. Asks for the matter to be referred to it again, should the Commission intend to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1 Recital 4

(4) Heading A-3042 of the general budget of the European Communities for the financial year 2003 and previous financial years provides support for organisations of European cultural interest.

(4) Heading A-3042 of the general budget of the European Communities for the financial year 2003 and previous financial years provides support for organisations of European cultural interest. ***These organisations pursue aims of general European interest.***

Justification

¹ Not yet published in the OJ.

Cultural organisations play an important role in promoting European culture and cultural co-operation. The nature and activities of cultural organisations advancing the idea of Europe fulfil the description of bodies pursuing an aim of general European interest laid down in Art. 162 of the Commission Regulation on the implementation of the Financial Regulation and therefore are eligible for exception from the principle of gradual reduction of annual grants.

Amendment 2

Recital 11

The European Parliament, the Council and the Commission, when adopting the Financial Regulation, undertook to achieve the objective of ensuring that this basic act comes into force as from the financial year 2004.

The European Parliament, the Council and the Commission, when adopting the Financial Regulation, undertook to achieve the objective of ensuring that this basic act comes into force as from the financial year 2004 ***taking into consideration the budgetary remarks in the context of implementation.***

Justification

In the negotiations of the new Financial Regulation, a common agreement was reached to preserve EP's rights to identify beneficiaries of grants through earmarking in the budget. This right has been formalised in the statement to article 108 of the Financial regulation.

Amendment 3

Recital 12 a (new)

In the interest of transparency, any beneficiary of a grant from the budget of the European Communities should indicate this in a prominent place, such as a website homepage or an annual report.

Justification

Transparency.

Amendment 4

Article 1, paragraph 2, introductory sentence

2. The programme covers the following activities:

2. The general objective of the present programme is to support the activities of these bodies.

The programme covers the following

activities:

Justification

Text missing from English-language version of the Commission proposal.

Amendment 5

Article 3

1. Operating grants *for the ongoing work programme of a body pursuing an aim of general European interest in the field of culture or an objective forming part of the European Union's policy in this area* shall be awarded in accordance with the overall criteria laid down in the Annex.

2. Grants for actions specified in the programme *shall be awarded in accordance with the overall criteria laid down in the Annex. Actions shall be selected* by means of a call for proposals.

- **Group 1:** Operating grants *directly* awarded *to the beneficiaries referred to under point 3 of the Annex.*

- **Group 2:** *Operating grants awarded to the beneficiaries explicitly named in budget lines entirely pre-assigned by the budgetary authority.*

- **Group 3:** Grants for actions specified in the programme *awarded* by means of a call for proposals.

Justification

The legal act should identify with more transparency the different awarding criteria in respect of the provisions of the Financial regulation.

Amendment 6

Article 4 a (new)

Article 4a

The Commission shall be responsible for implementing this programme in accordance with the provisions in the Annex.

Justification

The Commission's responsibility for implementing the programme should be stated explicitly and not, as is the case in the proposal, merely implicitly.

Amendment 7 Article 5, paragraph 1

1. The financial framework for the implementation of the programme for the period specified in Article 1(3) is EUR

1. The financial framework for the implementation of the programme for the period specified in Article 1(3) is EUR

30.92 million.

38.83 million.

Justification

The financial framework for the implementation of the programme must take Budget 2004, rather than Budget 2003, as its starting point. It must also incorporate a minimum increase of 2% for inflation between Budget 2003 and Budget 2004.

Amendment 8

Article 6, paragraph -1 new

(-1) The Commission shall present annually a short report on the implementation of the programme to the European Parliament, the Council and the Committee of the Regions.

Justification

Consistency with the frequency of reporting on implementation provided for in Article 8 of the Decision (Parliament and Council Decision No. 508/2000/EC, 14 February 2000) establishing the Culture 2000 framework programme.

Amendment 9

Annex, point 1

1. ACTIVITIES SUPPORTED

The general objective laid down in Article 1 is to strengthen Community action in the field of culture and increase its effectiveness by supporting the bodies working in this field.

This support takes the form of one of two types of grant:

- either an operating grant to co-finance expenditure associated with the permanent work programme of a body which pursues an aim of general European interest in the field of culture or an objective forming part

1. ACTIVITIES SUPPORTED

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This support takes the form of one of two types of grant:

- either an operating grant to co-finance expenditure associated with the permanent work programme of a body which pursues an aim of general European interest in the field of culture or an objective forming part

of the European Union's policy in this area (parts 1 and 2);

- or a grant to co-finance a specific action in this area (part 3).

The main activities of these bodies that are likely to contribute to the strengthening and effectiveness of Community action in the field of culture are as follows:

- representation of stakeholders at Community level;

- dissemination of information *on* Community action;

- networking of bodies active in the cultural field;

- representation *and informing of the* regional and minority language communities of the European Union;

- finding and disseminating of information in the legislation, education and media fields;

- preservation of the main sites and archives associated with the deportations, *symbolised by* the memorials which have been raised on the sites of the former camps, and *the keeping alive of the memory of* the victims at these sites.

of the European Union's policy in this area (parts 1 and 2);

- or a grant to co-finance a specific action in this area (part 3).

The main activities of these bodies that are likely to contribute to the strengthening and effectiveness of Community action in the field of culture are as follows:

- representation of stakeholders at Community level;

- dissemination of information *about* Community action;

- networking of bodies active in the cultural field;

- representation *of, and disseminating information about,* regional and minority language communities of the European Union;

- finding and disseminating of information in the legislation, education and media fields;

- *fulfilling the role of cultural 'ambassador', promoting awareness of Europe's common cultural heritage;*

- preservation of the main sites and archives associated with the deportations *to concentration camps, maintenance of* the memorials which have been raised on the sites of the former camps, and *commemorating* the victims at these sites.

Justification

Clarity. Underlines the role of cultural organisations operating at European level in 'bringing the common cultural heritage to the fore' (TEC Article 151(1)).

Amendment 10 Annex, point 3, paragraph 2 a (new)

In this regard, funding shall be provided for the list of organisations already included under budget heading 15.04.01.03

(ex-A-3042) for the financial year 2004. However, this list shall be subject to the outcome of the external evaluation commissioned by the Commission, which Parliament shall obtain and analyse at the earliest opportunity.

Justification

If this programme is adopted before 2004 as planned, it is vital that funding for the lists already included in the 2004 budget and approved by the culture and budget committees is actually provided. At the same time, in order to guarantee the usefulness of the grants paid out as a result, Parliament must be able to analyse in detail the outcome of the external evaluation into the organisations concerned.

Amendment 11
Annex, point 3 c (new)

The priorities, themes and types of activities of calls for proposals will be communicated to the European Parliament before proceeding to the call for proposal.

Justification

In order to keep control over the Commission's priorities when issuing a call for proposals the criteria (priorities, themes and actions) must be communicated to the EP so that there can be a dialogue between the Commission and the relevant committees. Such a procedure could also serve as an alternative for current practice of earmarking under action 2 of the programme.

Amendment 12
Annex, Part 4

Applications for operating grants shall be assessed in the light of:

- the quality of the planned activities;
- the European added value of the planned activities;
- the lasting nature of the planned activities;
- the visibility of the planned activities;

Applications for operating grants shall be assessed in the light of:

- the exchange of experiences promoting a greater cultural diversity;***
- the mobility of art and artists;***
- the quality of the planned activities;
- the European added value of the planned activities;

- the representativeness of the bodies.

Grants shall be awarded on the basis of a work programme approved by the European Commission.

- the lasting nature of the planned activities;
- the visibility of the planned activities;
- the representativeness of the bodies.

Grants shall be awarded on the basis of a work programme approved by the European Commission.

Under any part of the programme, any beneficiary of a grant shall indicate in a prominent place, such as a website homepage or an annual report, that it has received funding from the budget of the European Communities.

Justification

Transparency.

Amendment 13 Annex, point 5.3

5.3. Pursuant to Article 113(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, the principle of gradual reduction shall not apply to ***operating*** grants to the European Bureau for Lesser-Used Languages ***and*** the Mercator network centres, since they are bodies pursuing an objective of general European interest.

5.3. Pursuant to Article 113(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, the principle of gradual reduction shall not apply to grants to the European Bureau for Lesser-Used Languages, ***to*** the Mercator network centres ***and to cultural organisations advancing the idea of Europe***, since they are bodies pursuing an objective of general European interest.

Justification

Cultural organisations play an important role in promoting European culture and cultural co-operation. The nature and activities of cultural organisations advancing the idea of Europe fulfil the description of bodies pursuing an aim of general European interest laid down in Art. 162 of the Commission Regulation on the implementation of the Financial Regulation and therefore are eligible for exception from the principle of gradual reduction of annual grants.

5.6. Pursuant to Article 113(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, operating grants so awarded, if renewed, shall be gradually decreased. This reduction shall apply from the third year onwards, at a rate of 2.5 per cent per year. In order to observe this rule, which applies without prejudice to the co-financing rule mentioned above, the percentage of Community co-financing corresponding to the grant awarded for a given financial year shall be at least 2.5 points below the percentage of Community co-financing corresponding to the grant awarded for the previous financial year.

5.6 Delete

Justification

Cultural organisations play an important role in promoting European culture and cultural co-operation. The nature and activities of cultural organisations advancing the idea of Europe fulfil the description of bodies pursuing an aim of general European interest laid down in Art. 162 of the Commission Regulation on the implementation of the Financial Regulation and therefore are eligible for exception from the principle of gradual reduction of annual grants.

EXPLANATORY STATEMENT

BACKGROUND

1. For many years, a number of grants from the Community budget to support organisations and activities that reinforce the European message have been financed from appropriations in Part A (administrative appropriations) of the Commission budget. The main reason for this is that there are no basic acts (i.e. legal bases) allowing them to be classified as operational expenditure (covered by Part B of the Commission budget). Their inclusion in Part A means that they are regarded as Commission administrative expenditure, for which a separate legal base is not required..

2. Three developments now mean that this way of financing grants cannot continue:

a) In May 1998, the European Court of Justice ruled that all Community expenditure must have a legal base. The only exceptions are: expenditure arising from the prerogatives of one or more of the institutions, pilot projects, preparatory measures, and administrative appropriations for each institution. This principle is now enshrined in Article 49(2) of the Financial Regulation, which governs all Community expenditure.

b) Under Article 41 of the Financial Regulation, the Commission budget is now an Activity-Based Budget. This means that it aims to show the full cost (bringing together all administrative and operational expenditure) of each Community activity. As a consequence, the distinction between former Part A and Part B of the Commission budget is no longer made.

c) The Financial Regulation contains a whole Title (Title VI) devoted entirely to rules for the award of grants. It emphasises the principles of transparency, equal treatment, non-cumulation of grants, non-retroactivity, and co-financing. It is important to establish basic acts which enable authorising officers to follow clearly defined principles in approving and managing grants: authorising officers need such clear guidance if they are to comply both with the Financial Regulation and with the wishes of the Budgetary Authority.

3. The intention to establish legal bases for grants currently in Part A of the Commission budget was publicly announced by the Commission in a declaration linked to the approval of the Financial Regulation.

THE COMMISSION PROPOSAL

4. This Commission proposal is for the establishment of a multi-annual programme (2004-2008) for grants to promote bodies active at European level in the field of culture. In essence, it seeks to provide a separate legal base for the award of grants from the following budget lines:

- 15 04 01 01 (ex-A-3015) European Bureau for Lesser-Used Languages and Mercator
- 15 04 01 02 (ex-A-3035) Preservation of Nazi concentration camp sites as historical

- memorials
- 15 04 01 03 (ex-A-3042) Subsidy for cultural organisations of advancing the idea of Europe
- 15 01 04 17 Subsidy for cultural organisations of advancing the idea of Europe - Expenditure on administrative management

It is based on Treaty Articles 151 (Culture) and has been drafted in compliance with the Financial Perspective and its implementing rules: the proposal is to be adopted in codecision by Parliament and Council (the latter acting unanimously).

5. The programme will cover 'the ongoing work programme of a body which pursues an aim of general European interest in the field of culture or an objective forming part of the European Union's policy in this area' (Article 1(2)(a)) or 'a specific action in this area' (Article 1(2)(b)). Article 1(2) also states that: 'These activities must contribute, or be capable of contributing, to the development and implementation of Community cooperation policy and actions in the field of culture'.

6. To be eligible for a grant, a body must meet satisfy a number of requirements set out in Article 2 and in the Annex, such as:

- being an independent and non-profit-making legal person primarily active in the field of culture, with an objective aimed at the public good;
- having been legally established of more than two years and having had its annual statement of accounts for the preceding two years certified by a registered auditor.

7. Part 1: Grants under Part 1 of the programme will be awarded directly to the European Bureau of Lesser-Used Languages (EBLUL) and to the Mercator network of information and documentation centres. At least 10% of these bodies' budgets must be cofinanced from non-Community sources, but grants awarded under this part of the programme will not be subject to the principle of gradual reduction set out in Article 113(2) of the Financial Regulation.

8. Part 2: Grants under Part 2 of the programme are intended to support the activities of other bodies pursuing an aim of general European interest in the field of culture or an objective forming part of the European union's policy in this area. Annual operating grants may be awarded in one of two ways:

- Following a call for proposals
- Without publication of a call for proposals, if the total amount of the budget line is pre-assigned by the budgetary authority to named beneficiaries.

In either case, at least 20% of the budgets of the bodies awarded grants under this part of the programme must be cofinanced from non-Community sources: such cofinancing may be partly contributed in kind. In line with the principle of gradual reduction set out in Article 113(2) of the Financial regulation, with effect from the third year of any grant, the percentage of Community cofinancing made up by a grant awarded for a given financial year shall be at least 2,5 points below the percentage of Community made up by a grant awarded for the previous financial year.

9. Part 3: Grants under this part of the programme are intended to contribute to 'European and international preservation of Nazi concentration camp sites as historical

memorials' and will be awarded following an annual call for proposals. Concretely, they will support 'actions to preserve the main sites and archives associated with the deportations, symbolised by the memorials which have been raised on the sites of the former camps, and to keep alive the memory of the victims at these sites.' A grant awarded under this part of the programme may not cover more than 75% of the eligible costs of the action concerned.

10. Management: The Commission announces that it may entrust all or part of the tasks of managing the programme to an executive agency in line with Article 55 of the Financial Regulation.

11. Budget: Since the Commission proposal is related to a Treaty article involving codecision, the Commission proposes (in accordance with Article 33 of the 1999 Interinstitutional Agreement on budgetary discipline) that the Parliament and Council adopt a multi-annual budget to cover the entire life of the programme. The proposal will not alter the heading of the Financial Perspective to which the funding of the grants is attached, Heading 5 (administrative expenditure). Starting from levels of appropriations for the relevant budget lines in budget 2003, the Commission proposes a multi-annual budget of EUR 30,92 million, the annual appropriations to be authorised by the Budgetary Authority within the limits of the Financial Perspective. This total reflects an assumed future inflation rate of 2% per year over the lifetime of the programme.

12. The proposed breakdown of this multi-annual budget (2004-2008) between the different parts of the programme is as follows:

(Commitments in EUR millions to three decimal places)

	2004	2005	2006	2007	2008	Total
EBLUL & Mercator	1,050	1,071	1,092	1,114	1,137	5,464
Cultural organisations	4,338	4,425	4,513	4,604	4,696	22,576
Concentration camp sites	0,400	0,408	0,417	0,424	0,431	2,080
TOTAL	5,788	5,904	6,022	6,142	6,264	30,120

To the total of EUR 30,120 million in grants, must be added expenditure on technical and administrative assistance, in the form of an annual contribution of EUR 0,2 million to an executive agency in years 2005-2008 (total EUR 0,8 million). Since the Commission assumes that the executive agency will take charge of running the programme from 2005 onwards, its own direct staff costs will amount to no more than EUR 0,28 million over the lifetime of the programme.

13. Transitional provisions: The Communication which accompanies the package of proposals to create multi-annual programmes to replace the current A-lines states the following: 'When the Financial regulation was approved, the three institutions declared that they *understood to attain that objective [adoption of a framework regulation] to ensure that the regulation enters into force by 2004*. In principle, the basic acts should therefore be adopted by the legislature in order to be applicable by 2004. In the event of failure to achieve that objective, the Commission will propose transitional derogations enabling grants to be awarded in 2004, pending adoption of the basic acts.'

RAPPORTEUR'S COMMENTS

14. Late adoption: The proposal is to be adopted under the codecision procedure, involving up to two readings each by Parliament and Council and, if necessary, a conciliation process. The Commission's adoption of this proposal only at the end of May 2003 is thus regrettable, since there is now a real risk that the proposal will be adopted only in spring 2004: it is possible that beneficiary organisations will receive the first tranches of their grants only in late summer 2004. Since the need to replace the current A-lines with multi-annual programmes was evident even before the adoption of the Financial Regulation, it is not obvious why adoption by the Commission took place so late.

15. Selection procedure: In respect of Part 2 of the programme (cultural organisations), the Commission proposal foresees the possibility of full earmarking of beneficiaries by the Budgetary Authority. Your rapporteur notes that earmarking is at variance with the need for transparency in the selection of beneficiaries: having sought legal advice, she also questions whether earmarking is compatible with the Financial Regulation (which the Parliament helped to shape). 16. Multi-annual support: Cultural organisations and networks supported hitherto on the former budget line A-3042 have consistently complained that the uncertainty about their funding from one year to the next has hampered their mounting multi-annual projects. Your rapporteur believes that the work of successful applicants for funding would be aided if they were able to conclude multi-annual framework agreements with the Commission, , lasting for the whole or part of the life of the programme. This would be in line with the provisions of other Commission proposals e.g. COM (2003) 272 to support youth organisations.

17. Budget: The starting point for the multi-annual budget should be Budget 2004, rather than Budget 2003: the budget for each part of the programme should then be increased by 2% each year to take account of likely inflation.

18. In total, the rapporteur proposes a multi-annual budget for the programme, allowing for the Commission's contribution (EUR 0,8 million) to the planned executive agency, of EUR 38,83 million. The breakdown of this total is shown in the attached Financial Statement.

19. Transparency: Recipients of grants should acknowledge publicly, in prominent places, such as their website home pages and their annual reports, that their activities are in part funded by the European Community.

FINANCIAL STATEMENT*

* to be attached to the draft report, in accordance with article 159, para 3 (c) of the Rules of Procedure (only if the financial framework proposed differs from the Commission proposal)

Report: A5-0359/2003

Rapporteur: Ulpu IIVARI

1. DESCRIPTION

1.1. Title of action: Community action programme to promote bodies active at European level in the field of culture

1.2. Policy area(s): 15: Education and culture
Activit(y/ies): 15.04 Culture and language

1.3 ABB nomenclature (traditional nomenclature)

15.04.01.01 (ex-A-3015) European Bureau for Lesser-Used Languages (EBLUL) and Mercator Network

15.04.01.02 (ex-A-3035) Preservation of Nazi concentration camp sites as historical monuments

15.04.01.02 (ex-A-3042) Grants for organisations of European cultural interest

15.01.04.17 Grants for organisations of European cultural interest - expenditure on administrative management

2. OVERALL FIGURES

21. Period of application:

2004-2008

2.2. Global cost and multiannual programming:

(Financial intervention + technical assistance + human resources)

						€ million
	2004	2005	2006	2007	2008	Total
Commitments	7,524	7,67	7,818	7,971	8,127	39,11

3. COMPATIBILITY WITH FINANCIAL PROGRAMMING AND FINANCIAL PERSPECTIVE

☒ Version compatibility

☐ Version partial incompatibility

☐ Version total incompatibility

4. FINANCIAL IMPACT

Commitments *(in € million)*

Breakdown	2004	2005	2006	2007	2008	Total
EBLUL & Mercator	1,200	1,224	1,248	1,273	1,299	6,244
Cultural organisations	5,308	5,414	5,522	5,633	5,746	27,623
Concentration camp sites	0,800	0,816	0,832	0,849	0,866	4,163
Total	7,308	7,454	7,602	7,755	7,911	38,03

9 October 2003

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Culture, Youth, Education, the Media and Sport

on the proposal for a European Parliament and Council decision on establishing a Community action programme to promote bodies active at European level in the field of culture (COM(2003) 275 – C5-0262/2003 – 2003/0115(COD))

Draftsman: Bárbara Dührkop Dührkop

PA_Leg

PROCEDURE

The Committee on Budgets appointed Bárbara Dührkop Dührkop draftsman at its meeting of 10 July 2003.

It considered the draft opinion at its meetings of 9 October 2003.

At the meeting it adopted the following amendments unanimously.

The following were present for the vote: Reimer Böge (acting chairman), Anne Elisabet Jensen (vice-chairwoman), Bárbara Dührkop Dührkop (draftswoman), Kathalijne Maria Buitenweg, Joan Colom i Naval, Gérard M.J. Deprez (for Markus Ferber), Manuel António dos Santos, Den Dover, James E.M. Elles, Göran Färm, Salvador Garriga Polledo, Neena Gill, Jutta D. Haug, María Esther Herranz García, Constanze Angela Krehl, John Joseph McCartin, Jan Mulder, Juan Andrés Naranjo Escobar, Joaquim Píscarreta, Guido Podestà, Marieke Sanders-ten Holte (for Johan Van Hecke), Per Stenmarck, Rijk van Dam (for Michel Raymond), Kyösti Tapio Virrankoski, Ralf Walter.

SHORT JUSTIFICATION

Content

Following the entry into force of the new Financial Regulation which requires a basic act for the actions covered by the subsidies of former chapter A-30 (plus subsidies provided under some B lines), the Commission has presented seven proposals establishing action programmes. The subsidies have been grouped according to the articles of the Treaty they refer to. All of them will become multiannual programmes with a financial amount (reference amount for codecisions).

Nevertheless, the rapporteur underlines that four proposals fall under the codecision procedure and three under the conciliation procedure.

Concerning the timetable, the following declaration was agreed at the conciliation of 16 July:

*"The European Parliament and the Council will attempt to finalise their respective positions in the relevant legislative procedures **before the end of November 2003**, and to keep each other and the Commission informed of the progress of these works.*

*The three institutions agree to convene a trialogue before the Council's second reading of the budget, with the objective to reach a common approach and, if possible, to **finally adopt the legal bases before the end of the year 2003.**"*

The rapporteur therefore regrets Commission's late adoption of this proposal, which was only at the end of May 2003, and draws attention to the possible difficulties of completing the procedure within the agreed timetable, not to mention possible difficulties during the conciliation procedure with Council.

In view of a possible delay, the Commission in its Communication which accompanies the package of proposals to replace the current A-lines states the following: *"In the event of failure to achieve that objective, the Commission will propose transitional derogations enabling grants to be awarded in 2004, pending adoption of the basic acts".*

Consequently, the rapporteur considers that the Commission should be prepared to put the transitional provisions in place, if needed.

At its meeting of 25 September, the Conference of Presidents decided that article 162a) of the rules of procedure, enhanced Cupertino, should apply to all aspects resulting from the provisions of the Financial Regulation and that article 63a) would apply to the aspects relating to the financial framework.

The rapporteur will have to look at the coherence of the proposals in close cooperation and the agreement with the specialised committees as required by this article.

Moreover, the rapporteur cannot avoid mentioning that these proposals intend to give a legal response to an old contentious item in the EU budget and therefore is convinced that the responsibility of Parliament as a co-legislator, adopting a solid legal framework for the future, should prevail over the necessity of the limitation of a timetable.

Contents of the proposals in respect of the provisions of the Financial Regulation

The new Financial Regulation contains a specific title while ruling the scope, the awarding procedure, the payment and the implementation provisions of grants financed by the budget (title VI, articles 108 to 110 and articles 162 to 168 of the implementing rules).

Article 110, paragraph 1¹ of the Financial Regulation foresees that all types of grants are submitted to the rule of call for proposals "save in duly substantiated exceptional cases of urgency or where the characteristics of the beneficiary leave no other choice for a given action".

Article 168, paragraph 1² of the implementing rules clarifies the exceptions and in particular the case of organisations identified in a special legal act.

The rapporteur recalls that these provisions directly result from the negotiations with the Commission and the Council on the Financial Regulation. In fact, the Commission proposals legitimate specific and limited exceptions to the general rules of the Financial Regulation. As a consequence, differentiated awarding conditions are set up between three groups of "bodies" who may be eligible for a subsidy according to different awarding procedures as described below:

Group 1: organisations pre-assigned in the legal act itself for the support of operating grants: **awarded without a call for proposals** on the condition that it respects the criteria laid down in the annex of the regulation and general principles of the Financial Regulation (case of the College of Bruges).

Group 2: the general rule is the **call for proposal**.

However two exceptions are admitted in the field of culture and citizenship only (Com (2003) 275 and Com (2003) 276). Operating grants, allocated to beneficiaries explicitly named in the budget remarks of budget lines entirely pre-assigned, can be allocated **without a call for proposal** in accordance with the criteria laid down in the annex (former budget lines A-3021, A-3026 and A-3042).

Group 3: organisations eligible for a EU subsidy on a specific activity **awarded with a call for proposals** in accordance with the overall criteria laid down in the annex (other cases).

Not all of the seven basic acts contain the three strands. The conditions for the call for tender are defined in the annex of each of the seven proposals for regulation.

¹ Grants shall be subject to an annual programme, to be published at the start of the year, with the exception of crisis management aid and humanitarian aid operations.

This work programme shall be implemented through the publication of calls for proposals save in duly substantiated exceptional cases of urgency or where the characteristics of the beneficiary leave no other choice for a given action

² Grants may be awarded without a call for proposals only in the following cases:

- (a) for the purposes of humanitarian aid, within the meaning of Council Regulation No 1257/96 and aid for crisis situations within the meaning of paragraph 2;
- (b) in other exceptional and duly substantiated emergencies;
- (c) to bodies with a *de jure* or *de facto* monopoly, duly substantiated in the Commission's award decision;
- (d) to bodies identified by a basic act as recipients of a grant.

The rapporteur recognises the efforts made by the Commission to respect Parliament's prerogatives through the budget; however she considers that the exceptions should remain limited and that the calls for proposals should remain the general rule.

The rapporteur is of the opinion that group 2 (ear-marking) is dubious from a legal point of view.

Degressivity and co-financing

In accordance with article 113, paragraph 1 of the new Financial Regulation, the grant may not finance the entire costs of the action, subject to Title IV of part two, nor the entire operating expenditure of the beneficiary body.

In accordance with article 113, paragraph 2 of the new Financial Regulation, degressivity should apply to all operating grants except those bodies pursuing an objective of general European interest. However, article 113 foresees the exception of legal acts which provide for different measures.

The proposals of the Commission do not present a homogeneous approach with respect to the different organisations in these two aspects.

The rapporteur is in favour of harmonising the provisions on a more equal manner.

Annual Report

The Commission will publish an annual report with the list of beneficiaries and the amounts received. The rapporteur agrees on this transparency provision.

Implementation

All the programmes contained in the legal acts (except relations between EU and third countries and organisations working for equality between men and women), will be managed through an executive agency. The others will be managed internally.

The rapporteur supports the Commission's intention to delegate executive tasks to the new executive agencies however she is of the opinion that any attempt at introducing commitology should be rejected.

Budgetary Aspects

Duration of the Programmes

The proposals foresee different durations.

The rapporteur proposes a similar duration for all the programmes until 2008 in order to harmonise the length of the programmes, on the basis of a mid term evaluation, to maintain more coherence between them and to facilitate the budgetary forecasts.

Financial framework

Particularly in the case of codecisions, the rapporteur stresses the advantage of a global decision in the negotiations with Council.

The Commission has calculated the amounts of the different envelopes on B'2003 with a deflator of 2% per year. The envelopes take on board the figure entered in the A and B parts however they also include additional amounts for technical assistance and comitology as the actions become programmes. This generates additional administrative costs which should not reduce the share of operational appropriations.

The rapporteur considers that the amounts entered in the Budget 2004 should be the basis to evaluate further needs during the period.

AMENDMENTS

The Committee on Budgets calls on the Committee on Culture, Youth, Education, the Media and Sport, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission	Amendments by Parliament
Amendment 1 Recital 11	
The European Parliament, the Council and the Commission, when adopting the Financial Regulation, undertook to achieve the objective of ensuring that this basic act comes into force as from the financial year 2004.	The European Parliament, the Council and the Commission, when adopting the Financial Regulation, undertook to achieve the objective of ensuring that this basic act comes into force as from the financial year 2004 <i>taking into consideration the budgetary remarks in the context of implementation.</i>

Justification

In the negotiations of the new Financial Regulation, a common agreement was reached to preserve EP's rights to identify beneficiaries of grants through earmarking in the budget. This right has been formalised in the statement to article 108 of the Financial regulation.

Amendment 2 Article 3

1. Operating grants *for the ongoing work programme of a body pursuing an aim of general European interest in the field of culture or an objective forming part of the European Union's policy in this area* shall be awarded *in accordance with the overall criteria laid down in the Annex.*

2. Grants for actions specified in the programme *shall be awarded in accordance with the overall criteria laid down in the Annex. Actions shall be selected* by means of a call for proposals.

- **Group 1:** Operating grants *directly* awarded *to the beneficiaries referred to under point 3 of the Annex.*

- **Group 2:** Operating grants awarded *to the beneficiaries explicitly named in budget lines entirely pre-assigned by the budgetary authority.*

- **Group 3:** Grants for actions specified in the programme *awarded* by means of a call for proposals.

Justification

The legal act should identify with more transparency the different awarding criteria in respect of the provisions of the Financial regulation.

Amendment 3 Article 4

Grants under the different actions of the programme shall be awarded in compliance with the provisions set out in the relevant part of the Annex.

1. Grants under the different actions of the programme shall be awarded in compliance with the provisions set out in the relevant part of the Annex.

2. The principles of degressivity in real terms and cofinancing apply to all beneficiaries as follows:

- **bodies identified by a basic act: at least 10% of cofinancing even through contributions in kind, and no degressivity;**

- **bodies explicitly named in the budget lines and bodies selected by calls for proposals: at least 20% of cofinancing even through contributions in kind, and degressivity at a rate of 2.5% from the third year onwards.**

Justification

The legal acts should provide the opportunity to harmonise those principles with the awarding procedures foreseen by the Financial Regulation.

Amendment 4
Annex, point 3

Grants under part 1 of the programme shall be awarded directly to the European Bureau for Lesser-Used Languages (EBLUL) and the Mercator network centres.

In order to award the grants under part 2 of the programme, the Commission shall publish calls for proposals. However, the Commission may award these grants without publication of a call for proposals when the budget heading names a beneficiary explicitly. It may proceed in the same manner when the budget identifies beneficiaries and the amounts allocated to each of them, if the total amount of the budget line concerned is entirely pre-assigned by budgetary authority. In both cases, all other requirements of the Financial Regulation, its Implementing Rules and the basic act apply.

Actions to be supported under part 3 shall be selected on the basis of calls for proposals.

Grants under part 1 of the programme shall be awarded directly to the European Bureau for Lesser-Used Languages (EBLUL) and the Mercator network centres.

The bodies receiving operating grants under part 2 of the programme shall be selected on the basis of calls for proposals.

Multi-annual framework partnership agreements may be concluded with the bodies so selected. The specific grants based on the framework agreements shall be awarded in accordance with the procedures laid down in these agreements. Such grants based on the framework agreements will not be more than 50% of the total budget available for part 2 of the programme.

Annual calls for proposals shall be issued to select additional beneficiaries.

Actions to be supported under part 3 shall be selected on the basis of calls for proposals.

The priority themes and types of activity of calls for proposals will be communicated to the European Parliament before proceeding to the calls for proposal.

Justification

In order to keep control over the Commission's priorities when issuing a call for proposals the priorities, themes and actions must be communicated to the EP so that there can be a dialogue between the Commission and the relevant committees. Such a procedure could also serve as an alternative for the current practice of earmarking under strand 2 of the programme.

