OPINION

of the Committee on Regional Development

for the Committee on Budgetary Control

on discharge in respect of the implementation of the European Union general budget for the financial year 2007

Section III - Commission

Rapporteur: Jan Olbrycht
SUGGESTIONS

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

1. Welcomes with interest the findings of the European Court of Auditors (ECA) report and the recommendations aiming at the correct use of structural funds;

2. Notes that the ECA's report for the year 2007 still covers exclusively 2000-2006 projects, since 2007 has essentially been a preparatory phase for the implementation of 2007-2013 programmes; stresses, therefore, that effect of the new rules set out for the 2007-2013 programming period, which are simpler and stricter than those in force until 2006, cannot as yet be assessed;

3. Stresses that cohesion policy remains one of the main policies of the EU; underlines its important role in the EU's response to the financial crisis and its key place in the European Economic Recovery Plan; welcomes, therefore, the actions proposed by the Commission which are aimed at facilitating and accelerating the implementation of cohesion programmes;

4. Notes that the implementation of cohesion policy is subject to a high level of risk and stresses that this fact should be taken into account while assessing the level of error; is of the opinion that effective control measures must be cost effective and proportionate to the requirements of good financial management; underlines the fact that undue complexity must be avoided so as to permit the speedy implementation of programmes;

5. Stresses the need to simplify procedures for the implementation of structural funds, especially management and control systems; notes that the complexity of the system is to a certain extent responsible for irregularities on the part of the Member States; welcomes the simplification measures proposed by the Commission in its revision of the regulations on structural funds 2007-2013 in response to the current financial crisis; eagerly awaits the last package of Commission proposals on simplification measures for the structural funds, foreseen for the beginning of 2009;

6. Notes that such simplification procedures are key in reducing administrative burdens at national, regional and local level; however, stresses the importance of ensuring that such simplification procedures contribute to a reduction in the rate of error in the future;

7. Stresses the importance of the Action Plan adopted by the Commission on 19 February 2008 on strengthening the supervision under shared management for structural actions, which is designed to reduce errors in payment claims from Member States; is confident that this new Action Plan can significantly improve the situation, not least by assisting Member States to develop their ability to ascertain the eligibility of project expenditure; notes that the initial results contained in the first progress report concerning the Action Plan show good progress; however, stresses that it will be 2010 or later before any tangible progress can be evaluated;
8. Notes in particular that the guidance document on management verifications issued by the Commission in June 2008 in the framework of the Action Plan, underlines the importance of preventive measures by the managing authorities through an effective communication strategy with beneficiaries; considers that all information activities directed to beneficiaries are instrumental in reducing errors, especially in field like the eligibility of expenditure;

9. Approves of the Commission's declared position on financial corrections namely that irregularities are likely to be detected and corrected by the multi-annual corrective system; notes that the Commission continuously verifies the data provided by Member States as to its completeness and accuracy and that there has been real progress in providing reliable evidence for corrections by Member States;

10. Welcomes the Commission's Transparency Initiative which could play a greater role eradicating errors in the future;

11. Takes note of the level of error found by the ECA and remarks on the difference of interpretation by the ECA and the Commission as to the amount that should not have been reimbursed (especially the difference of interpretation concerning rules relating to the eligibility of expenditure); stresses the need for further clarification and requires the interpretation of the rules as to the application of financial corrections to be harmonised; also calls on the Member States who have not done so yet to provide as soon as possible annual national declarations on expenditure under shared management;

12. Expresses some satisfaction at the apparent statistical improvement in Member States' control systems but regrets the fact that that many control systems in Member States remain open to the risk of irregularity in reimbursements; considers that further improvement of the effectiveness of the first level control on national and sub-national level is needed; stresses in this respect the important, supervisory role of the Commission;

13. Stresses the point that the level of errors outlined in the ECA report does not necessarily refer to fraud and therefore calls on the Commission and the ECA to make a clear distinction of this in future documents.
RESULT OF FINAL VOTE IN COMMITTEE

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<tr>
<th>Date adopted</th>
<th>12.2.2009</th>
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| Result of final vote | +: 42  
-: 2  
0: 0 |
| Members present for the final vote | Emmanouil Angelakas, Stavros Arnaoutakis, Elspeth Attwooll, Rolf Berend, Victor Boştinaru, Wolfgang Bulfon, Giorgio Carollo, Bairbre de Brún, Gerardo Galeote, Iratxe García Pérez, Monica Giuntini, Ambroise Guellec, Gábor Harangozó, Filiz Hakaeva Hyusmenova, Mieczysław Edmund Janowski, Gisela Kallenbach, Evgeni Kirilov, Miloš Koterec, Constanze Angela Krehl, Florencio Luque Aguilar, Jamila Madeira, Iosif Matula, Miroslav Mikolášik, Lambert van Nistelrooij, Jan Olbyrcht, Maria Petre, Markus Pieper, Giovanni Robusti, Wojciech Roszkowski, Bernard Soulage, Catherine Stihler, Margie Sudre, Oldřich Vlasák |
| Substitute(s) present for the final vote | Emanuel Jardim Fernandes, Stanisław Jałowiecki, Zita Pleštinská, Samuli Pohjamo, Christa Prets, Flaviu Călin Rus, Richard Seeber, László Surján, Iuliu Winkler |
| Substitute(s) under Rule 178(2) present for the final vote | Sepp Kusstatscher, Toine Manders |