

# Protection of the financial interests of the European Union: Hercule III programme (2014-2020)

2011/0454(COD) - 23/11/2012 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (EPP, RO) on the proposal for a regulation of the European Parliament and of the Council on the Hercule III programme to promote activities in the field of the protection of the European Union's financial interests.

The committee recommends that the position of the European Parliament adopted in first reading following the ordinary legislative procedure should amend the Commission proposal as follows:

**The Programme's added value:** Members consider that the Programme should also contribute to:

- an **increased transparency** in the use of the funds relating to the protection of the financial interests of the Union, including the fight against cigarette smuggling and counterfeiting;
- an **increased cooperation and coordination** within the Commission's services, between the Commission and the Member States and between the different Member States.

**Key performance indicators**, including target levels and baselines, shall be developed by the Commission in order to assess the effectiveness of the Programme, and in particular its specific objective.

Members feel that the **operational objectives** of the Programme should be found in the main body of the proposed Regulation rather than in the Annexes.

**Eligible actions:** the proposed Regulation should **provide finance for the maintenance costs of technical equipment purchased under the Programme**. The equipment co-financed by the Programme shall be used exclusively for the protection of the financial interests of the Union.

Furthermore, the organisation of targeted specialised training shall aim at exchanging experience and **best practices** between the relevant authorities in the Member States, and third countries, including specialised law enforcement services, as well as representatives of international public organisations.

**Types of financing and financing:** at the request of the Commission, beneficiaries of the Programme shall transmit **detailed data** about their activities funded under the Programme in order to increase transparency and accountability as well as to assess the effectiveness and efficiency of the Programme.

Members require that the **co-financing rate** for grants awarded under the programme shall **not be less than 50%** and shall not exceed 80 % of the eligible costs. The cofinancing rate shall not exceed: (i) **90 % of the eligible costs in cases of vulnerable and high-risk Member States**; (ii) **30%** of the eligible costs in respect of the funding of the maintenance of technical material purchases under the Programme.

The **co-financing rate** shall be inversely proportional to the total amount per annum the Member States receive as revenue derived from the agreements concluded by the Commission and Member States with four major tobacco companies.

**Multianual work plans:** in order to implement the Programme, the Commission shall adopt annual work programmes to carry out the multiannual work plans and indicative timetables for the call of proposals for the period covered by the multiannual work plan. The annual work programmes shall specify the criteria for the awarding of a grant covering the maintenance of the technical equipment purchased under the Programme.

The Commission shall **provide the European Parliament and the Council, with information on the annual implementation of the Programme on an annual basis.**

**Protection of the financial interests of the Union:** the European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union.

**Implementation:** in order to provide for a detailed but flexible framework for implementation, the power to adopt **delegated acts** shall be delegated to the Commission in respect of: (i) the revision of the operational objectives and general allocation of funds, (ii) the adoption of key performance indicators, (iii) the eligible actions, (iv) the establishment of criteria defining vulnerable and high-risk Member States for co-financing, and (v) the updating or revision of the multiannual plans.

**Financial envelope:** the report points out that the financial envelope specified in the legislative proposal is only an indication to the legislative authority and cannot be fixed until agreement is reached on the proposal for a regulation laying down the **multiannual financial framework for the years 2014-2020.** The amendments proposed by the committee stress the role of the budgetary authority in this regard.