European Structural and Investment Funds and sound economic governance: guidelines for the implementation of Article 23 of the Common Provisions Regulation

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The Committee on Regional Development adopted an own-initiative report by José BLANCO LÓPEZ (S&D, ES) on the European Structural and Investment Funds and sound economic governance: in response to the Commission communication on the guidelines on the application of the measures linking effectiveness of the European Structural and Investment Funds to sound economic governance according to **Article 23** of Regulation (EU) 1303/2013 on the common provisions (the CPR).

The Guidelines concern the first strand of **measures linking the effectiveness of the ESI Funds to sound economic governance** under Article 23 CPR. This relates to a reprogramming and a suspension of payments which are not compulsory, unlike the second strand of Article 23 CPR, which requires the suspension of commitments or payments where Member States fail to take corrective action in the context of the economic governance process.

Members believe that the achievement of the ESI Funds' policy objectives and goals should not be hindered by the economic governance mechanisms, while acknowledging their relevance in contributing to a stable macroeconomic environment and an efficient, effective and result-oriented cohesion policy. They considered that Article 23 of the CPR must only be used as a last resort to contribute to an efficient implementation of the ESI Funds.

Reprogramming under Article 23 CPR: Members made the following observations:

- any decision regarding reprogramming or suspension under Article 23 CPR **must only be used in exceptional situations**, and must be well-weighed, thoroughly justified and implemented in a cautious fashion, with indication of the programmes or priorities concerned in order to ensure transparency and allow for verification and review;
- **frequent reprogramming would be counter-productive and should be avoided** in order not to disrupt fund management or undermine the stability and predictability of the multiannual investment strategy and to prevent any negative impacts.

The report welcomed the cautious approach of the Commission with regard to reprogramming and its intention to keep it to the minimum necessary. It called for an '**early warning' approach** in order to inform Member States concerned of the launching of the reprogramming procedure under Article 23 CPR, and emphasised that any reprogramming request should be preceded by consultation of the monitoring committee.

The Commission is asked to:

- carry out, in close cooperation with the Member State concerned, a **comprehensive analysis of all available options** other than the application of Article 23 CPR to address issues that may trigger a reprogramming request;
- **evaluate the impact and cost-efficiency** at regional and local levels of any measures adopted under Article 23 CPR;

- read Article 23 CPR in line with the principle of **proportionality**, by taking into account the situation of those Member States and regions which face socio-economic difficulties.

Members recalled that strong **institutional coordination** is essential for ensuring the right policy complementarities and synergies. They considered it essential to **ensure transparency and accountability** by giving Parliament democratic oversight of the system of governance in the context of Article 23 CPR.

Suspension of payments: the report emphasised the penalising nature of any suspension of payments, and asked the Commission to **use its discretionary power** to propose the suspension of payments with **utmost caution**, after due consideration of all relevant information and elements arising from and opinions expressed through the structured dialogue.

Role of the European Parliament: Members regretted that the Guidelines do not make any reference to the role of Parliament, despite the fact that the CPR was adopted under the ordinary legislative procedure. They considered that the **involvement of Parliament should be formalised by way of a clear procedure** allowing Parliament to be consulted at all stages as regards the adoption of reprogramming requests or of any proposals and decisions on suspension of commitments or payments.