Basic information

2015/2052(INI) INI - Own-initiative procedure	Procedure completed
European Structural and Investment Funds and sound economic governance: guidelines for the implementation of Article 23 of the Common Provisions Regulation See also 2011/0276(COD) **Subject** 4.70.01 Structural funds, investment funds in general, programmes 5.10.01 Convergence of economic policies, public deficit, interest rates	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
REGI Regional Development	BLANCO LÓPEZ José (S&D)	22/09/2014
	Shadow rapporteur POLČÁK Stanislav (PPE) TOMAŠIĆ Ruža (ECR) JAKOVČIĆ Ivan (ALDE) ANDERSON Martina (GUE/NGL) ROPĖ Bronis (Verts/ALE) D'AMATO Rosa (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	LEWANDOWSKI Janusz (PPE)	17/04/2015
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	LÓPEZ Javi (S&D)	10/03/2015

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	DOMBROVSKIS Valdis

Key events

Date	Event	Reference	Summary
30/07/2014	Non-legislative basic document published	COM(2014)0494	Summary
12/03/2015	Committee referral announced in Parliament		
17/09/2015	Vote in committee		
29/09/2015	Committee report tabled for plenary	A8-0268/2015	Summary
27/10/2015	Debate in Parliament		
28/10/2015	Decision by Parliament	T8-0385/2015	Summary
28/10/2015	Results of vote in Parliament		
28/10/2015	End of procedure in Parliament		

Technical information

Procedure reference	2015/2052(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Amendments and repeals	See also 2011/0276(COD)
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	REGI/8/01128

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE552.059	21/04/2015	
Amendments tabled in committee		PE557.243	22/05/2015	
Committee opinion	BUDG	PE554.917	24/06/2015	
Committee opinion	EMPL	PE557.113	24/06/2015	
Committee report tabled for plenary, single reading		A8-0268/2015	29/09/2015	Summary
Text adopted by Parliament, single reading		T8-0385/2015	28/10/2015	Summary

European Commission

Document type	Reference	Date	Summary

Commission document (COM)	COM(2014)0494	30/07/2014	Summary
Commission response to text adopted in plenary	SP(2016)67	15/03/2016	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	IT_SENATE	COM(2014)0494	04/02/2015	

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

2015/2052(INI) - 30/07/2014 - Non-legislative basic document

PURPOSE: to provide guidelines on the application of the measures linking effectiveness of the European Structural and Investment Funds to sound economic governance.

BACKGROUND: in the period 2014-2020, support from the **European Structural and Investment Funds (ESI funds) is closely linked to the respect of EU economic governance**.

Regulation (EU) No 1303/2013, the Common Provisions Regulation (CPR) on the five ESI funds, lays down the provisions linking the effectiveness of the funds to sound economic governance. This conditionality applies through two distinct mechanisms:

- **a first strand**, whereby the Commission may request a Member State to **reprogramme** part of its funding when this is justified by the economic and employment challenges identified under various economic governance procedures; and
- **a second strand**, whereby the Commission is obliged to propose a **suspension of ESI funding** when certain stages in the various economic governance procedures are reached.

In 2014, Member States are negotiating their Partnership Agreements and programmes with the Commission. These will determine the multiannual strategy for implementing the Member State's allocation from the five ESI Funds over the seven years of the programming period (2014-20). The Commission expects to approve Partnership Agreements and most programmes in the course of 2014.

Reprogramming under the Common Provisions Regulation is only possible as of 2015 and until 2019. This should only be used in cases where it could have a higher impact than the existing allocation of the funds in the implementation of the relevant CSRs, relevant Council recommendations or in the economic adjustment programmes.

CONTENT: this Communication follows up on the commitment given by the Commission to issue, not later than 6 months from the entry into force of the Common Provisions Regulation, **guidelines** in the form of a Communication of the Commission explaining how it envisages that the provisions on measures linking effectiveness of ESI Funds to sound economic governance will be applied.

These guidelines may be summarised as follows:

Review and types of amendments to Partnership Agreements and programmes:

- in cases where a reprogramming request is triggered in the context of the European Semester, it will be as soon as possible after the adoption of the relevant CSRs by the Council and, in any case, no later than **four months** after the Council's adoption. This will be compatible with the indicated reprogramming deadlines and avoid interference with the subsequent round of CSRs. In case of reprogramming requests to address Council recommendations in the context of excessive macroeconomic imbalances, the Commission will consider similar deadlines;
- the Commission will **duly justify** any reprogramming request and provide sufficient details regarding the programmes and priorities to be reinforced or downsized according to the specific case, including an indication of the expected financial implications;
- in any reprogramming request, **the Commission will ask a Member State to review its Partnership Agreement and programmes**. This will serve to respond adequately to the economic and employment challenges identified in the relevant CSR, relevant Council recommendation, or memorandum of understanding (in the case of Member States under financial assistance);
- the first, clear-cut case of failing to take effective action is when a Member State simply fails to submit — within the deadlines provided for by the Regulation — either a **preliminary response** or a proposal for amendment of its Partnership Agreement and the programmes concerned;
- the action undertaken by the Member State will be **assessed on the basis of objective criteria**. In case of failure to take effective action, the Commission will explain in detail why amendments proposed by the Member State are considered to be insufficient.

Suspension of payments: if the Member State fails to take effective action within the deadlines set by the Common Provisions Regulation (CPR), the Commission can make a proposal to the Council to suspend part or all of the payments for the programmes or priorities concerned. The Commission may propose to the Council a suspension:

- the Commission would consider proposing suspension in the **case of 'no action'**, i.e. if the Member State fails to provide any preliminary response to the Commission request or any proposal to amend its Partnership Agreement and programmes within the deadlines provided for by the Regulation;
- the suspension will be set at the amount necessary to provide the **right incentives** to the Member State to comply with the Commission request;
- any suspension will take account of mitigating factors: (i) the size of the suspension as a share of national **GDP** to ensure equality of treatment across Member States; (ii) the economic and social circumstances of Member States, taking into consideration **exceptional circumstances**;
- the Commission will **not propose any suspension** of those programmes or priorities that are to be increased as a result of a reprogramming or considered to be of critical importance.

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

2015/2052(INI) - 28/10/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 482 votes to 100 with 51 abstentions, a resolution 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).

A proposal for a replacement resolution, tabled by the GUE/NGL group, was rejected in plenary by 54 votes to 521 with 89 abstentions.

Linking effectiveness of the ESI Funds to sound economic governance: it was recalled that 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.

Parliament believed 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. It 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.

The Commission was asked to:

- submit a **white paper** taking account of the effects of public investment in the long term and establishing a typology of quality investments, so that those which produce best effects in the long term can be clearly identified;
- **provide further analytical data** on the impact and significance of the macroeconomic mechanisms for regional development, for the effectiveness of cohesion policy and for the interaction between the European economic governance framework and cohesion policy.

Members States, for their part, were asked to **make best use of the flexibility** existing under the rules of the Stability and Growth Pact.

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.

Members 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: Parliament 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.

They set out the **steps** that were needed for a procedure for constant, clear and transparent collaboration at interinstitutional level.

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

2015/2052(INI) - 29/09/2015 - Committee report tabled for plenary, single reading

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.