European Parliament

2024-2029



Committee on Regional Development

2024/2019(DEC)

30.1.2025

OPINION

of the Committee on Regional Development

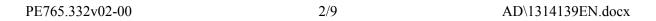
for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2023, Section III - Commission (2024/2019(DEC))

Rapporteur for opinion: Ľubica Karvašová

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OPINION

The Committee on Regional Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following into its proposal for a decision:

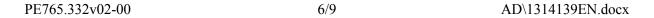
- 1. Underlines that the Commission and the Court of Auditors have repeatedly stated that error is not synonymous with fraud; emphasises that the error rate does not necessarily indicate that the resources have been misspent, nor does it call into question the positive results and added value of cohesion policy; is worried that the Court of Auditors' estimate of the level of error in cohesion might be contributing to a negative image of the policy and of shared management in general; acknowledges that the risk of fraud is nevertheless a cause of concern and should be minimised; stresses therefore the importance of strengthening the single audit principle, reducing duplication, and clearly distinguishing between unintentional errors and fraud;
- 2. Considers that the increase in the error rate for cohesion policy funds is rather symptomatic of the complexity of the rules applicable to this spending area and the insufficient administrative capacity of national, local and regional authorities; notes that overlapping eligibility periods and the simultaneous implementation of the Recovery and Resilience Facility (RRF) and of emergency response measures such as CRII(+), CARE and REACT-EU have created additional complexity for managing authorities;
- 3. Stresses that, in its most recent discharge opinions, the Committee on Regional Development called for an additional advisory support from the Commission to national, local and regional authorities to avoid a situation of administrative overload; recognises the Commission's efforts but, observes that, regrettably, these have not been sufficient to mitigate the error risk; warns that a similar administrative overload might arrive at the end of the RRF eligibility period and the final years of the MFF; underlines the need to address the insufficient administrative capacity of national, local and regional authorities as a matter of urgency; calls on the Commission, in this regard, to provide them with clear guidance, and to increase its support for administrative capacity building, including through staff training, best practice sharing, peer-to-peer reviews and technical assistance to ensure effective fund management:
- 4. Reiterates that the above-mentioned factors, namely the overlapping programming periods and the simultaneous implementation of RRF, CRII(+), CARE and REACT-EU, have also contributed to the delays in the absorption of cohesion policy funds 2021-2027; notes that in 2023 payments for 2021-2027 programmes remained low, at 3.2%, which amounts to a one year delay when compared to the equivalent stage in the previous programming period;
- 5. Draws attention to the Court's review on the main causes of errors in cohesion spending 2014-2020; welcomes the Court's conclusion that the cohesion policy assurance framework has helped reduce the overall error level since 2007, but regrets it has not managed to bring it below the materiality threshold; points out that ineligible expenditure and projects were the most prevalent type of error, followed by non-compliance with state aid and public procurement rules;
- 6. Notes that a significant number of errors were detected on transactions related to 100%

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- co-financed measures; notes that, without taking into account transactions with funding from REACT-EU, CRII+ and CARE, the error rate in Heading 2 would have been 4.3 %;
- 7. Notes the uncertainties regarding the closure of the 2014-2020 programming period and welcomes that the Commission has taken additional steps to address this; emphasises the importance of a successful closure of the 2014-2020 programming period and urges the Commission to implement the Court's recommendations (6.4) in this respect;
- 8. Notes that the latest long-term payment forecast produced by the Commission foresees substantial decommitments as of 2027 unless Member States undertake additional efforts and implement at a much faster pace than in the period 2014-2020; notes that for the CF, ERDF, and ESF+ cohesion policy funds, the Commission forecast total decommitments for 2024-2027 at €2.2 billion, more than five times its 2022 forecast of €0.4 billion; warns that for Just Transition Fund (JTF), the low implementation in 2023 puts important amounts at risk from 2025 onwards; calls on the Commission and on the Member States to use all the available possibilities to avoid decommitments;
- 9. Reiterates its previous calls for further simplification, which would make cohesion policy funding more accessible for beneficiaries and, at the same time, help reduce the risk of errors, especially in a context marked by the adoption of extraordinary legislative measures that have boosted flexibility in fund management;
- 10. Reminds that the 2021-2027 CPR already introduced far-reaching simplification and flexibility measures, but that it is still early to draw lessons from the current programming period; urges the Commission and the Member States to continue their cooperation in the current programming period to streamline unnecessarily complex rules and procedures wherever possible, work on a common interpretation of certain legal requirements and avoid gold-plating; furthermore, recalls the need for minimizing administrative burden for local and regional authorities, but for beneficiaries in particular; calls to avoid, in future, recurrent changes in the cohesion legal framework and the administrative burden they entail;
- 11. Acknowledges that, to achieve genuine simplification, more drastic changes are needed in the post-2027 legislative framework; calls for the adoption, post-2027, of a simpler budgetary framework and of a single set of rules for beneficiaries to facilitate access and compliance; calls as well for the further expansion of Simplified Cost Options; furthermore, stresses the critical role of digitalisation in the management of EU funds;
- 12. Stresses that any simplification efforts must be pursued consistently by all relevant EU and national actors; insists on the importance of strengthening administrative capacities at national, local and regional level to ensure the proper implementation of funds in a simplified regulatory environment;
- 13. Underlines that shared management, the partnership principle and subsidiarity should remain the cornerstone of any reform or simplification of cohesion policy;
- 14. With simplification in mind, urges the Commission and the Member States to adopt a more territorial and decentralised approach to regional development policy, ensuring that funding decisions are made by those closest to the ground, who have the best

- understanding of the regions where the funds are spent;
- 15. Calls on the Commission to apply partnership and evidence-based approaches to any future reform to simplify cohesion policy, with all simplification proposals developed through open and continuous dialogue with local and regional authorities and relevant stakeholders, including civil society organisations, SMEs and audit institutions; recalls, in this respect, that in line with Article 11 TEU, EU institutions must maintain an open, transparent and structured dialogue with civil society organisations and representative associations;
- 16. Recalls the importance of a stronger gender mainstreaming and gender budgeting in cohesion policy that represent a real benefit to the distribution of funds;
- 17. Highlights the important role of the European Anti-Fraud Office and the European Public Prosecutor's Office (EPPO) in protecting the financial interests of the Union; welcomes that in 2023 working arrangements have been signed between the EPPO and Denmark, and that cooperation started with Poland and Ireland; calls for an enhanced cooperation between OLAF, EPPO and national authorities to strengthen the detection and prevention of fraud in cohesion policy spending; stresses the need to keep supporting the EPPO with the necessary financial and human resources; is of the opinion that a strengthened EPPO is essential for the legislator to be able to further simplify the regulatory framework for cohesion; encourages the use of Artificial Intelligence (AI) for detecting frauds in financial transactions;
- 18. Underlines that cohesion policy must not contribute to misuse of EU funds or further deterioration of the Rule of Law and democracy in Member States;
- 19. Acknowledges that, thanks to the short-term, targeted flexibilities introduced through CRII(+), CARE and REACT-EU, cohesion policy played a key role in addressing the consequences of the Covid-19 pandemic, Russia's aggression in Ukraine and the resulting energy crises; stresses, however, that the role of cohesion policy is to reduce disparities across the EU by contributing to competitiveness, the just transition and climate change mitigation and adaptation; considers that cohesion policy should, in the post-2027 framework, be established as the foremost expenditure priority of the EU, reflecting its critical role in contributing to the EU's strategic priorities, such as reducing development disparities, and to the functioning of the Single Market; reiterates, therefore, that the EU's response to crises or to emerging priorities should not come at the expense of the long-term structural cohesion objectives;
- 20. Underlines the need for the new multiannual financial framework to be better designed to allow the use of relevant instruments, outside of cohesion policy, to respond to crises and adapt to emerging needs in the post-2027 period;
- 21. Stresses that, in the next programming period, local and regional authorities should be more involved in the design and implementation of cohesion policy to ensure that funds are effectively targeted and address the specific needs of communities; calls for a revision of the European Code of Conduct on Partnership to enhance its application and extend its reach to the European Semester, in order to enable investment and reform priorities to be developed in collaboration with local and regional governments, ensuring alignment with the needs of the EU's regions;

- 22. Calls for the establishment of mechanisms to facilitate direct access to cohesion funds for local authorities, in an appropriate manner, always in line with cohesion policy long-term objectives;
- 23. Stresses the need to draw up new regulations and a financial framework, as part of the cohesion policy, which would include aid instruments for border regions at the eastern border of the European Union, in countries bordering Russia, Belarus and Ukraine.



ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT

The rapporteur for the opinion declares under her exclusive responsibility that she did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.

INFORMATION ON ADOPTION BY COMMITTEE ASKED FOR OPINION

Date adopted	28.1.2025
Result of final vote	+: 32 -: 0 0: 2
Members present for the final vote	Pascal Arimont, Fredis Beleris, Adrian-Dragoş Benea, Daniel Buda, Andi Cristea, Klára Dobrev, Christian Doleschal, Kathleen Funchion, Raquel García Hermida-Van Der Walle, Gabriella Gerzsenyi, Sérgio Gonçalves, Krzysztof Hetman, Ľubica Karvašová, Isabelle Le Callennec, Nora Mebarek, Ciaran Mullooly, Elena Nevado del Campo, Andrey Novakov, Vladimir Prebilič, Sabrina Repp, Marcos Ros Sempere, Antonella Sberna, Mārtiņš Staķis, Şerban Dimitrie Sturdza, Rody Tolassy, Raffaele Topo, Francesco Ventola, Marta Wcisło
Substitutes present for the final vote	Maravillas Abadía Jover, Cristina Guarda, Elsi Katainen, Elena Kountoura, Julien Leonardelli, Denis Nesci

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FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

32	+
ECR	Denis Nesci, Antonella Sberna, Şerban Dimitrie Sturdza, Francesco Ventola
PPE	Maravillas Abadía Jover, Pascal Arimont, Fredis Beleris, Daniel Buda, Christian Doleschal, Gabriella Gerzsenyi, Krzysztof Hetman, Isabelle Le Callennec, Elena Nevado del Campo, Andrey Novakov, Marta Wcisło
Renew	Raquel García Hermida-Van Der Walle, Ľubica Karvašová, Elsi Katainen, Ciaran Mullooly
S&D	Adrian-Dragoş Benea, Andi Cristea, Klára Dobrev, Sérgio Gonçalves, Nora Mebarek, Sabrina Repp, Marcos Ros Sempere, Raffaele Topo
The Left	Kathleen Funchion, Elena Kountoura
Verts/ALE	Cristina Guarda, Vladimir Prebilič, Mārtiņš Staķis

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PfE	Julien Leonardelli, Rody Tolassy	

Key to symbols:

+ : in favour
- : against
0 : abstention