European Economic and Social Committee

ECO/387
Amending Regulation for Structural Funds – specific measures for Greece

Brussels, 8 October 2015

OPINION

of the
European Economic and Social Committee
on the
Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund as regards specific measures for Greece
COM(2015) 365 final – 2015/0160 (COD)

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Rapporteur-General: **Carmelo Cedrone**

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On 7 and 28 September 2015 respectively, the European Parliament and the Council decided to consult the European Economic and Social Committee, under Articles 177 and 304 of the Treaty on the Functioning of the European Union, on the

> *Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund as regards specific measures for Greece*
> COM(2015) 365 final – 2015/0160 (COD).

On 15 September 2015, the Committee Bureau instructed the Section for Economic and Monetary Union and Economic and Social Cohesion to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Carmelo Cedrone as rapporteur-general at its 511th plenary session, held on 6, 7 and 8 October 2015 (meeting of 8 October 2015) and adopted the following opinion by 99 votes to 1 with 4 abstentions.

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1. Background and gist of the Commission proposal

1.1 The economic and social situation in Greece continues to present serious and severe difficulties due to low growth rates and a lack of public funds needed to stimulate growth. The causes of this situation are well known and have been repeatedly highlighted by the EESC in recent years and months. These difficulties also have consequences for the availability of the resources necessary to implement programmes planned with the support of the Structural Funds for the period 2014-2020, and for residual funding for the period 2007–2013.

1.2 The Commission has submitted a proposal to amend Regulation No 1303/2013 laying down the common provisions for the five European Structural and Investment Funds as regards specific measures for Greece[1].

[1] COM(2015) 365 final – 2015/0160 (COD).

1.3 The Commission proposal, which aims to compensate for a lack of liquidity and public resources for investment in Greece, sets out two financial arrangements. These essentially consist of advance payments on funds already allocated to Greece – which therefore does not have an impact on the budget for 2014-2020 – and an increase in co-financing rates.

1.4 The legislative proposal concerns both the 2007-2013 and the 2014-2020 periods.

1.5 With regard to the 2014-2020 period, the Commission proposes to increase the level of initial pre-financing of the funding available for cohesion policy programmes under the Investment for Growth and Jobs Goal (ERDF, ESF and CF) and programmes supported by the EMFF by 7 percentage points. In total, this amounts to EUR 1 billion available over two years (EUR 500 million in 2015 and EUR 500 million in 2016).

1.6 With regard to the2007-2013 period, the Commission proposes that a maximum co-financing rate of 100% (applies to the declared eligible expenditure for calculating interim payments and final balances of operational programmes implemented in Greece and to release earlier the 5% of remaining EU payments that are normally retained until the closure of programmes. This would translate into immediate additional liquidity of some EUR 500 million in 2015 and another amount of EUR 500 million in 2016.

2. Comments

2.1 The EESC shares the Commission's concerns regarding the need to provide Greece with additional financial resources that will restart investment in sustainable growth. For some time, the EESC has made proposals of this sort for all countries and areas that have budget or debt problems or high unemployment rates[2].

2.2 The Committee believes that the Commission's proposal – which the Commission itself considered to be exceptional and which is currently being examined by the European Parliament – does not meet the objectives that it is intended to achieve. The aid does not go far enough – both with regard to financial dimensions and distribution arrangements envisaged (an advance on allocated resources) – in addressing Greece's needs in terms of public investment and re-establishing competitiveness and employment levels within its production system. This injection of liquidity resulting from the application of the new regulation is estimated at around EUR 2 billion. This is certainly a significant amount, but it is not additional and will be balanced out by an equal reduction in resources planned for subsequent years (2018 and 2020).

2 Opinion on *Amending provisions for financial management – structural funds for Member States in difficulty*, OJ C 24, 28.1.2012, pp. 81-82, opinion on *Amending provisions for financial management — EAFRD — for Member States in difficulties*, OJ C 24, 28.1.2012, p. 83, opinion on *Amending provisions for financial management — Fisheries Fund — for Member States in difficulties*, OJ C 24, 28.1.2012, p. 84, opinion on *Structural Funds General Provisions*, OJ C 191, 29.6.2012, pp. 30-37, opinion on the *Cohesion Fund*, OJ C 191, 29.6.2012, pp. 38-43, and opinion on the *European Regional Development Fund*, OJ C 191, 29.6.2012, pp. 44-48.

2.3 The EESC has repeatedly stated in its opinions that if the Commission intends to help Greece, the additional resources allocated to the country must be more substantial, whether in the form of new investment programmes or a further reduction in national co-financing quotas required to receive funding for operational programmes financed by the structural funds for the period 2014-2020.

2.4 The EESC highlights a second concern related to delays in launching the new structural funds programme. In total, around EUR 35 billion have been allocated to Greece by the Cohesion Policy for the period 2014-2020. The dire economic and political situation that Greece is experiencing has led to uncertainty with regard to investment decisions, along with administrative delays that have prevented it from initiating the necessary procedures to access resources for the new 2014-2020 programming period.

2.5 The EESC is concerned that these delays, coupled with austerity measures required by the EU for the approval of the third aid plan – which will inevitably reduce public resources for investment –, will also have an impact on the launch of spending programmes set out by the funds for the next year and throughout the entire period until 2020.

2.6 The projects currently being implemented in Greece are largely financed with funds from the 2007-2013 programming period. The most recent analyses of the remaining funds for the period 2007-2013 have indicated that around EUR 1.5-2 million are still available and will be repaid if they are not used by the end of the year. Given the exceptional circumstances in the country, the Commission could have included an extension of the timescales for reporting expenditure (from n+2 to n+3) in its proposal.

3. Conclusions and recommendations

3.1 In conclusion, the EESC agrees with and supports the Commission's proposal, although it thinks it insufficient. As it has proposed in many of its opinions, the Committee believes that the European institutions and Member States should establish an aid programme for euro area countries in difficulty – beginning with Greece – that is more substantial and that has more credibility than what has been proposed up to now. This should involve introducing greater flexibility in the application of the new European governance of tax and budgetary policy, increasing the resources available for financing through the European Investment Bank (EIB) and the European Investment Fund (EIF), starting with the Juncker plan, and integrating and coordinating more effectively resources earmarked for financing other EU policies.

3.2 In summary, in addition to what has been outlined, it is necessary a) to extend the proposal (the removal of co-financing for Greece) to the whole 2014-2020 period; b) to speed up and bring forward support from the Juncker plan to Greece in order to promote economic recovery, development and employment through both arrangements; c) to simplify administrative procedures – and not the opposite; d) for the Commission to establish a joint task force that is able to support and guide Greece at various stages of using the different structural funds; and e) to evaluate the possibility of extending these arrangements or similar measures (accompanied by appropriate checks) to other countries that have been worst affected by the crisis and that have a higher rate of unemployment than the European average.

Brussels, 8 October 2015

The President
of the
European Economic and Social Committee

Georges Dassis