

Press Release

Dr. Inge Gräßle (EPP-ED/CDU) and Borut Pahor (SD/PES):

**Demand for a thorough reform of EU budgetary legislation
European Parliament shapes its reform of Financial Regulation**

Inge Gräßle (EPP-ED) and Borut Pahor (PES), rapporteurs of the European Parliament's Committee on Budgets and Committee on Budgetary Control agree in their demand for a drastic overhaul of the EU's Financial Regulation. "The Financial Regulation is too cumbersome, ponderous and expensive: It makes the EU a bureaucratic moloch, which creates unnecessary burdens for an access to European monies", as rapporteurs concur. "Due to expensive application procedures, every day the EU scorches the money of all the organisations applying for European funding". They point out, that in most cases there is a rejection ratio of two thirds of all applications which may sometime even be exceeded; given application costs of several thousands of €, this means considerable loss to European organisations. Together, the rapporteurs thus submitted a report containing 118 amendments to Commission's proposal, focusing in particular on grants proceedings. The present Financial Regulation is three years old and based mainly on the scandals culminating in the fall of the Santer-Commission.

"There is no legal text of similar importance to the commission and the other institutions as is Financial Regulation: 40 % of Commission and other Institution staff work with it", the rapporteurs state. Their criticism is based on the fact that the Financial Regulation is the basis out of which developed an intrinsically contradictory, extensive and complicated body of budgetary law, comprising implementing rules and handbooks, to which were added the specific written rules of every single directorate general. Present proposals for reform thus aim at tuning the administration towards the demands of the citizens, organizations and enterprises dealing with the EU; albeit as applicants for subsidies or suppliers of goods and services. Thus the rapporteurs' proposal orientates at three guiding lines: Reduction of cost and duration of proceedings, enhanced reliability and calculability in grants-proceedings, increase of efficiency of controls and more transparency.

Various individual measures shall further contribute to opening the European offices' doors to the public: Application forms shall be standardized and a uniform applicants' help desk is to be initiated. From the very start of grants proceedings, applicants are to be enabled to assess their chances to succeed with their applications to the best reliable extent possible. In order to avoid unnecessary expenditure, applicants shall only be demanded to provide extensive documentation if and when, after a prima facie evaluation, there is at least a chance of success for their application. It is the rapporteurs' wish that the administration were to make better use of the modern means of communication. By means of data-bases, applicants and bidders need only hand in their documents once - afterwards having to update their data in the event of changes only.

The same considerations apply to the procurement of contracts for services or goods in which case, the cost for the administration has to be proportionate with regard to the value of the contract. The conditions for participation of small and medium enterprises in procurement procedures are to be improved by the division of major contracts into special or partial lots. Also, an unduly long self-restraint of the administration due to long term framework-contracts is to be avoided. In the future, unsuccessful bidders shall be given the opportunity to have a rapid independent examination of procurement decisions. In order to safeguard that the best possible use is made of the European taxpayer's money, permanent supervision of the legal and factual environment is necessary. "Parliament wishes to act as an informed partner of the Commission. Therefore we also demand reporting on case numbers, durations and workflow of proceedings", the rapporteurs state,

The reform of the Financial Regulation has a deep impact on the existing legal provisions. The proposals for reform, submitted by Commission and Parliament, concern 122 out of the presently existing 187 articles. Winding up their results, the rapporteurs state: "At the end of the day, we have to admit to ourselves, that Parliament is only contributing to the reform in consultation proceedings. The final adoption of the reform is in the sole jurisdiction of the member states in Council".