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Dr. Inge Gräßle (EPP/CDU):

## **Green light for new EU budget rules: Less bureaucracy, new instruments and more accountability.**

The new EU financial regulation is a "milestone for a better European budget policy and a signal that the EU is able to act decisively", the European Parliament's rapporteur for the EU's new budget rules, Inge Gräßle MEP (EPP) said following today's approval by the EU's finance ministers. For the first time, the European Parliament was equal co-legislator with the Council. After 9 months of negotiations involving more than 500 amendments, council and parliament have now agreed on more flexible rules for the EU budget and the more than 60 multi-annual spending programmes for the financing period after 2014.

For the first time, the new financial regulation provides for rules on financing instruments such as project bonds, including a definition of their scope, control and reporting duties as well as financial risks for the EU budget. In the future, the Commission will also be able to set up trust funds as an instrument of international cooperation which has proven useful for disaster relief operations or development aid. As one of the world's largest donors, the EU has in the past merely been able to contribute to existing funds by the United Nations or the World Bank, resulting in poor visibility of its own work and priorities.

Another innovation of the new budget rules include the "incentive prizes" as a novel instrument for research projects aimed at creating incentives for innovation. In the future the EU will also be able to buy real estate using loans rather than having to rely on financial intermediaries, thus being able to bring down financing costs for office spaced used by its institutions.

"We have drawn the lessons from the crisis", Gräßle said. Reporting duties of EU member states especially for the use of structural funds have been widened and better defined. The EU Commission receives more rights and duties over national payment agencies and controlling authorities. For the first time, EU member states can issue assurances on the use of EU funds in exchange for an easing of controls. Audit rules and sanctions of irregularities will also be streamlined, with the aim to harmonise the complexity and number of financial rules and suspend disputed cases at an early stage.

The rules on receiving EU funds have also been completely revised: VAT will be eligible for reimbursement, for example for universities. The Commission as European administration will also be modernised: she will have to respect fixed deadlines when deciding on allocating EU funds for projects as well as payments. A new article on e-government foresees that any data transfer between Commission and a recipient of EU funds will as a rule take place electronically.

### **For further information:**

**Büro Inge Gräßle MdEP: Tel. +32 228 47868**