



---

*Plenary sitting*

---

**A8-0244/2018**

28.6.2018

# **REPORT**

on the implementation of specific measures for Greece under Regulation  
2015/1839  
(2018/2038(INI))

Committee on Regional Development

Rapporteur: Pascal Arimont

## CONTENTS

	<b>Page</b>
EXPLANATORY STATEMENT - SUMMARY OF FACTS AND FINDINGS.....	3
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	5
INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE .....	11
FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE.....	12

## EXPLANATORY STATEMENT - SUMMARY OF FACTS AND FINDINGS

The 2008 economic and financial crisis had a profound impact on national and regional budgets, limiting funding for all types of investment in all Member States in general and in Greece particularly.

In Greece, the 2007-2013 programming period coincided with a prolonged and deep recession, triggered by the global economic and financial crisis which laid bare the long-term structural deficiencies of the economy. Between 2007 and 2013, GDP declined by 26% in real terms and while the recession came to an end in 2014, growth over the two years was less than 1%. The employment rate fell from 66% of the population aged 20-64 in 2007 to 53% in 2013, implying that only just over half of people of working age were employed. Unemployment increased from 8.4% of the labour force to 27.5% over the same period.

The public sector financial balance which was already in significant deficit in 2007 deteriorated further as GDP collapsed. In 2009, the deficit rose to 15% of GDP and despite the austerity measures imposed by financial institutions in return for lending, it was still 13% of GDP in 2013. Consolidated public debt, already large before the crisis, increased to 178% of GDP in 2013 and was much the same in 2015. Public investment relative to GDP was halved between 2007 and 2013 and though there was some increase in the subsequent two years, in 2015, it was only just over 50% of the level of 2006 in real terms.

In this rather difficult economic context, the ESI Funds became much more important for the co-financing of public investment programmes. The commitments from the ESI Funds played a crucial role in Greece as in many other Member States, accounting in some cases for more than 50 % of total public investment.

A total of EUR 20.4 billion from cohesion policy funding for the 2007-2013 period was allocated to Greece. During that period, the ERDF and the Cohesion Fund have helped Greece to create more than 21.000 jobs; start up more than 2.400 businesses and invest directly in more than 30.000 SMEs; extend coverage of broadband internet to 800.000 additional citizens; improve urban transport, to the benefit of more than 27.000 people; invest in water projects benefiting more than 450.000 people.

For the current 2014 - 2020 period, through 20 national and regional programmes, Greece has been allocated 20,38 billion Eur from ESIF which, with the national contributions of 4,6 billion Eur, raise the budget to a total of 24,98 billion Eur to be invested in various areas.

Between 2008 and 2015, all the Greek regions experienced huge reductions in their GDP per head relative to the EU average, more than reversing the convergence achieved between 2000 and 2008. In most Greek regions, the reduction amounting to over 3% a year. In 2008, three of the 13 regions had a GDP per head above 75% of the EU average, in 2015, just two regions where above this average (the capital city region Attiki (95%) and Notio Aigaio, the southern Aegean islands (75%)).

At the same time, Greece has experienced an unprecedented influx of refugees and migrants. Between January 2015 and March 2016, more than one million people transited through Greece, and more than 57.000 migrants remain in Greece. Affected by the consequences of the financial and the refugee crisis, Greece had to face

liquidity shortages and a lack of public funds for public investment needed to foster a sustainable economic recovery.

Moreover, it was vital that the lack of liquidity and public funds in Greece did not hinder investment under programmes supported by the ERDF, the ESF, and the Cohesion Fund and by the European Maritime and Fisheries Fund (EMFF).

Against this backdrop, this exceptional situation needed to be addressed with specific measures, which is why the Commission proposed that the Common Provisions Regulation be amended with the aim to provide targeted measures specifically for Greece. The Parliament and the Council, as co-legislator, rapidly endorsed the Commission proposal. The aim was to rapidly provide targeted measures specifically for Greece.

Regulation 2015/1839 introduce specific measures for Greece, among which an increase of the EU co-financing rate to 100%, a removal of the 95% ceiling for the cumulative total of pre-financing and interim payments for the 2007-2013 programmes regarding ERDF, ESF CF, and an increase by 7% of the initial pre-financing for the 2014-2020 period as regards ERDF, ESF, CF and the EMFF, in 2015 and 2016.

As a result of these exceptional measures, Greece received about EUR 2 billion in EU funds in 2015 and 2016, in addition to what was already planned. This frontloading of financial resources contributed to the overall efforts to help Greece and has played an important role in sustaining the economy at a time of stretched financial liquidity.

The funds paid by the EU as a result of the implementation of Regulation 2015/1839 largely contributed to significantly reduce the number of projects that would otherwise not have been finalised at the closure of the programming period, leading to the successful completion of the 2007-2013 period and had a positive effect on the economy in general.

The additional investment from cohesion and regional development policies is estimated to have increased the Greek GDP in 2015 by just over 2% above the level it would have been in the absence of the funding provided.

Hence, by raising the co-financing rate and deploying EU investment in a flexible way the amending Regulation did allow the EU regional policy to effectively contribute to mitigate the impact of the economic and financial crisis in Greece.

If this flexibility can be encouraged in exceptional circumstances, we have to bear in mind that the primary goal of the EU cohesion policy is to bring added value to public and private funding. In that sense, exceptional measures like the one foreseen in Regulation 2015/1839 can be justified only on an exceptional basis.

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the implementation of specific measures for Greece under Regulation 2015/1839 (2018/2038(INI))

*The European Parliament,*

- having regard to Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 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, laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006<sup>1</sup>,
  - having regard to the communication from the Commission of 15 July 2015 entitled ‘A new start for jobs and growth in Greece’ (COM(2015)0400),
  - having regard to Regulation (EU) 2015/1839 of the European Parliament and of the Council of 14 October 2015 amending Regulation (EU) No 1303/2013 as regards specific measures for Greece<sup>2</sup>,
  - having regard to Regulation (EU) 2017/825 on the establishment of the Structural Reform Support Programme for the period 2017 to 2020 (SRSP)<sup>3</sup>,
  - having regard to the Commission staff working document of 19 September 2016 on ex post evaluations of the ERDF and Cohesion Fund 2007-2013 (SWD(2016)0318),
  - having regard to the report from the Hellenic Ministry of Economy and Development on the use of the amounts under Regulation (EU) 2015/1839 (programming period 2007-2013)<sup>4</sup>,
  - having regard to Oral Question O-000100/2017(B8-0001/2018) to the Commission on the Implementation of Regulation (EU) 2015/1839 on specific measures for Greece,
  - having regard to Rule 52 of its Rules of Procedure, as well as to Article 1(1)(e) of and Annex 3 to the decision of the Conference of Presidents of 12 December 2002 on the procedure for granting authorisation to draw up own-initiative reports,
  - having regard to the report of the Committee on Regional Development (A8-0244/2018),
- A. whereas cohesion policy is an expression of solidarity and the main investment instrument of the EU, covering all regions and reducing disparities; whereas the importance of its added value and its flexibility during the economic and financial crisis have been confirmed on several occasions; whereas, with the existing budgetary

---

<sup>1</sup> OJ L 347, 20.12.2013, p. 320.

<sup>2</sup> OJ L 270, 15.10.2015, p. 1.

<sup>3</sup> OJ L 129, 19.5.2017, p. 1.

<sup>4</sup> Athens, May 2017.

resources, cohesion policy has contributed to maintaining much-needed public investment opportunities, helped to prevent the crisis from worsening and enabled Member States and regions to adopt tailor-made responses in view of increasing their resilience to unexpected events and external shocks;

- B. whereas support between 2007 and 2015 from the ERDF and the Cohesion Fund (CF) in Greece amounted to EUR 15.8 billion, equivalent to some 19 % of total government capital expenditure;
- C. whereas the economic and financial crisis had led to persistently negative growth rates in Greece, which could not be addressed by the three international rescue packages, as well as to serious liquidity problems and a lack of public funds;
- D. whereas Greece and the Greek islands have been – and continue to be – particularly hard-hit by the refugee and migration crisis and are under great pressure from the increased inflows of migrants and refugees, resulting in a huge blow to local economic activity, particularly in the area of tourism;
- E. whereas between 2007 and 2013, Greece's GDP declined by 26 % in real terms and while the recession came to an end in 2014, growth over the following two years was less than 1 %; whereas the employment rate fell from 66 % to 53 % in 2013, implying that only over half of working-age people were in employment, while unemployment increased from 8.4 % to 27.5 % over the same period, strongly impacting the purchasing power of the Greek population and severely affecting several sectors, including health; whereas, according to the latest Eurostat data, the rate of unemployment stands at 20.8 %, with a high level of youth unemployment;
- F. whereas the Commission and the co-legislators acknowledged in 2015 that Greece has been affected by the crisis in a unique manner, which could have had a severe impact on both the finalisation of the operations under the 2000-2006 and the 2007-2013 operational programmes and the start of the implementation of the 2014-2020 cohesion policy programmes;
- G. whereas the adoption of Regulation (EU) 2015/1839 was intended to provide Greece with liquidity at a crucial moment before the implementation of programmes had come to a halt and necessary investment opportunities had been missed, as substantial amounts would have been recovered in the event of failure to complete projects from the 2000-2006 and the 2007-2013 periods;
- H. whereas Regulation (EU) 2015/1839 set out an additional initial pre-financing for the 2014-2020 programming period, of two instalments of 3.5 % each of the amount of support from the cohesion policy funds and the European Maritime and Fisheries Fund (EMFF), as well as the application for the 2007-2013 programming period of a 100 % cofinancing rate to the eligible expenditure and the early release of the last 5 % of remaining EU payments, which should have been retained until the closure of the programmes;
- I. whereas the Regulation was adopted with a view to responding as promptly as possible to a serious crisis situation and ensuring that Greece had sufficient funding to complete the projects under the 2007-2013 programming period and to start implementation

under the current period;

- J. whereas according to Article 152(6)(2), Greece had to submit, by the end of 2016, a report to the Commission on the implementation of the provisions related to the application of the 100 % cofinancing rate and to the ceiling for payments to programmes at the end of the programming period;
- K. whereas the EU also paid for 95 % of the total investment cost under the 2007-2013 financing period in Greece (maximum of 85 % otherwise applicable), through the so-called 'top-up' measure Regulation (EU) No 1311/2011;
- L. whereas a ring-fenced account was put in place in October 2015, to which all funds allocated to the financing of EU-financed projects were transferred in order to ensure that they were used solely for payments to beneficiaries and operations under the operational programmes;
- M. whereas Greece has also received support since 2011 through the Commission's Task Force for Greece, providing technical assistance for the country's reform process, and since 2015 through the Structural Reform Support Service providing assistance for the preparation, design, implementation and evaluation of growth-enhancing reforms; whereas Regulation (EU) 2017/825 on the establishment of the Structural Reform Support Programme (SRSP) for the period 2017 to 2020 entered into force on 20 May 2017 and marked an important moment for the commitments of the Structural Reform Support Service with the interested Member States, including Greece;
1. Reiterates the important role cohesion policy plays in delivering the EU objectives of smart, sustainable and inclusive growth, combating unemployment, reducing inequalities and strengthening the competitiveness of all EU regions, in expressing European solidarity and in complementing other policies; recalls, moreover, that the European Structural and Investment Funds (ESIFs) are the biggest source of direct investment in Greece;
  2. Takes note of the report on the use of the amounts under Regulation (EU) 2015/1839 related to the 2007-2013 programming period which was due at the end of 2016; notes that the report was submitted by the Greek authorities in May 2017 and made available to Parliament in December 2017, after several requests; appreciates that the Commission has provided Parliament with a provisional assessment of the list of 181 priority projects, amounting to EUR 11.5 billion and equivalent to about 55 % of the total ERDF, CF and ESF allocations to Greece for 2007-2013, of which 118 had already been successfully implemented by the end of the programming period and 24 considered as being phased out;
  3. Stresses that according to the data provided in the above report, following the adoption of the Regulation as regards specific measures for Greece, the direct impact on liquidity in 2015 was of EUR 1 001 709 731.50 and the 2016 inputs amounted to EUR 467 674 209.45; notes, moreover, that together with the increase of the initial pre-financing for the 2014-2020 programming period, Greece received approximately EUR 2 billion in 2015-2016;
  4. Appreciates that the amounts paid were directed to a wide range of projects: transport

and other infrastructures (environment, tourism, culture, urban and rural regeneration, social infrastructures), information society projects, and actions to develop human resources; welcomes, in addition, the fact that 63 % of total payments to state aid projects concerned aid for enterprises and business projects, contributing directly to competitiveness and the reduction of entrepreneurial risk, while 37 % concerned state aid actions for infrastructure projects, supplementing the arrangements in the field of market conditions and business improvement;

5. Appreciates that the report submitted by the Greek authorities acknowledges that the liquidity increase represented at the same time an enhancement of financial revenue, by approximately EUR 1.5 billion, and of the public investment programme for 2015-2016;
6. Welcomes the effects of the measures as regards the enhancement of economic activity, the normalisation and consolidation of the turnover and working capital of a significant number of businesses, the creation and preservation of jobs, and the completion of important production infrastructures, reflected also in a significant impact on tax revenue in the budget;
7. Understands that the funds paid by the EU as a result of the implementation of the Regulation were used in 2015 for the completion of the projects under the Operational Programmes until the end of the eligibility period, and that in 2016, the remaining amount which was paid alongside national resources also contributed to the completion of other projects;
8. Appreciates that the Greek authorities undertook to reorganise the project classification and identify major projects to be selected for completion; underlines that this helped significantly to overcome institutional and administrative obstacles and to establish priority actions to be implemented without further delay, thus also preventing financial corrections; welcomes the fact that the funds paid by the EU under Regulation (EU) 2015/1839 significantly reduced the number of projects declared as incomplete; notes that, compared to the 2000-2006 programming period, in which some 900 projects were not completed, 79 projects had still not been completed at the time of submission of the final claims for the 2007-2013 programming period, but that these are expected to be completed with the use of national funds;
9. Underlines that the absorption of structural funds has notably improved and, as at the end of March 2016, the payments rate in Greece for the 2007-2013 programming period was over 97 %<sup>4</sup> and that according to the state of execution of total payments and 'reste à liquider' (RAL) for the programmes for 2007-2013 of 31 March 2018, Greece has no RAL under Heading 1b<sup>5</sup>; welcomes the fact that Greece was the first Member State to have fully taken up the available resources and to reach a 100 % absorption rate compared to the EU average of 96 %;
10. Acknowledges, however, that absorption rates provide only indicative information and that an emphasis on the absorption of funds should not be at the expense of

---

<sup>4</sup> Commission Staff Working Document on ex post evaluations of the ERDF and Cohesion Fund 2007-2013.

<sup>5</sup> State of execution of total payments and the level of the 'reste à liquider' (RAL) for Heading 1b (programmes 2007-2013) - Designation of national authorities and state of execution of interim payments of 2014-2020 ESIF Operational Programmes (Status as of 31 March 2018).



effectiveness, added value and quality of investments; notes that the specific measures are of a macroeconomic nature and that their effects are difficult to trace to individual projects;

11. Recalls that the ESI Funds have a significant impact on GDP and other indicators in several Member States, as well as on social, economic and territorial cohesion in general, and that investment supported by cohesion and rural development policies in Greece is estimated to have increased GDP in 2015, at the end of the previous programming period, by over 2 % above the level it would have been in the absence of the funding provided; recalls that the use of EU structural funds must always focus on delivering its Treaty-based objectives and on achieving real EU added value, target EU priorities and go beyond mere GDP growth;
12. Takes note of the mainly quantitative analysis of the report submitted by the Greek authorities on the use of the amounts under Regulation (EU) 2015/1839 related to the 2007-2013 programming period, complying with the legal requirements; acknowledges that the effect of the specific measures cannot be separated from the overall impact of the ESI Funds in Greece but considers that a qualitative assessment, although difficult to carry out, would help to complement the analysis and understand the results achieved; encourages the Commission to provide more information in terms of increased competitiveness and productivity and sustainability in social and ecological aspects;
13. Appreciates the fact that, according to the final data communicated to the Commission on 31 December 2016, the amount of payment requests by the Greek authorities was EUR 1.6 billion and that Greece showed, as at 31 March 2018, a 28 % implementation rate for the 2014-2020 programming period<sup>6</sup>, being among the best performing Member States, in general, despite some differences to be noted concerning the level of breakdown or the absorption rate by fund; endorses, furthermore, the adoption of Regulation 2015/1839 as an important measure, appropriate to provide tailor-made support at a crucial moment for Greece; welcomes the fact that, as required, the additional pre-financing was entirely covered by intermediate requests for payment by the ERDF and the CF, while noting that it was not fully covered by the European Social Fund (around 4 %) or the European Maritime and Fisheries Fund;
14. Recalls the importance of relevant structural reforms; acknowledges the efforts made and invites Greece to continue making full use of the possibilities for assistance under the SRSP, in order to create a sound business environment for the efficient and effective use of ESI funds and for maximising their socioeconomic impact;
15. Acknowledges that by supporting public investment and deploying EU investments flexibly, through the reprogramming of funds or by raising the cofinancing rate, regional policy mitigated the impact of the financial crisis and of sustained fiscal consolidation in several Member States; stresses, in this context, the importance of ensuring the appropriate funding thereof for the next Multiannual Financial Framework; reiterates nevertheless that cohesion policy should be seen as the main public

---

<sup>6</sup> State of execution of total payments and the level of the 'reste à liquider' (RAL) for Heading 1b (programmes 2007-2013) - Designation of national authorities and state of execution of interim payments of 2014-2020 ESIF Operational Programmes (Status as of 31 March 2018).

investment tool and as a catalyst to attract additional public and private funding, and that similar measures resulting in a reduction in the national cofinancing quotas required for receiving funding for operational programmes financed by the Structural Funds, for Greece or another Member State, should be envisaged on an exceptional basis only and, prior to their adoption and implementation, examined from the perspective of their effectiveness, and duly justified;

16. Notes that some regions face difficulties in cofinancing projects under the ESI Funds; calls, therefore, on the Commission to consider, as a matter of urgency, in the context of the European Semester and the Stability and Growth Pact, the impact on the calculation of government deficits of regional investments cofinanced through the ESI Funds, especially of those in the less developed regions;
17. Reminds the Greek authorities of the importance of ensuring proper communication and visibility of investments under the ESI Funds;
18. Welcomes the preliminary assessment that the 2007-2013 programming period is expected to be closed with no loss of funds for Greece; asks the Commission to inform Parliament on the results of the closure process, which is expected to be concluded in the first half of 2018, as well as to provide an update on the projects to be completed with national funds and those which were still uncompleted as at 31 March 2018;
19. Instructs its President to forward this resolution to the Council and the Commission.

## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	20.6.2018
<b>Result of final vote</b>	+: 36 -: 2 0: 0
<b>Members present for the final vote</b>	Pascal Arimont, Franc Bogovič, Victor Boștinaru, Mercedes Bresso, Andrea Cozzolino, Rosa D'Amato, John Flack, Aleksander Gabelic, Michela Giuffrida, Ivan Jakovčić, Marc Joulaud, Constanze Krehl, Sławomir Kłosowski, Louis-Joseph Manscour, Martina Michels, Iskra Mihaylova, Andrey Novakov, Konstantinos Papadakis, Mirosław Piotrowski, Stanislav Polčák, Liliana Rodrigues, Ruža Tomašić, Ramón Luis Valcárcel Siso, Ángela Vallina, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Kerstin Westphal, Joachim Zeller
<b>Substitutes present for the final vote</b>	John Howarth, Elsi Katainen, Tunne Kelam, Ivana Maletić, Bronis Ropé, Milan Zver
<b>Substitutes under Rule 200(2) present for the final vote</b>	Jonathan Bullock, Andrzej Grzyb

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

36	+
ALDE	Ivan Jakovčić, Elsi Katainen, Iskra Mihaylova, Matthijs van Miltenburg
ECR	John Flack, Sławomir Kłosowski, Mirosław Piotrowski, Ruža Tomašić
EFDD	Rosa D'Amato
GUE/NGL	Martina Michels, Ángela Vallina
PPE	Pascal Arimont, Franc Bogovič, Andrzej Grzyb, Marc Joulaud, Tunne Kelam, Ivana Maletić, Lambert van Nistelrooij, Andrey Novakov, Stanislav Polčák, Ramón Luis Valcárcel Siso, Joachim Zeller, Milan Zver
S&D	Victor Boştinaru, Mercedes Bresso, Andrea Cozzolino, Aleksander Gabelic, Michela Giuffrida, John Howarth, Constanze Krehl, Louis-Joseph Manscour, Liliana Rodrigues, Derek Vaughan, Kerstin Westphal
VERTS/ALE	Bronis Ropë, Monika Vana

2	-
EFDD	Jonathan Bullock
NI	Konstantinos Papadakis

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention