

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund: financial management

2008/0233(AVC) - 07/04/2009 - Final act

PURPOSE: to assist Member States in their fight against the effects of the current financial crisis through an amendment to Regulation (EC) No 1083/2006 on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

LEGISLATIVE ACT: Council Regulation (EC) No 284/2009 amending Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund concerning certain provisions relating to financial management.

CONTENT: the unprecedented crisis hitting international financial markets has brought about major challenges for the Community, which necessitates a rapid response in order to counter effects on the economy as a whole and, in particular, to support investments in order to promote growth and employment.

The adaptation of certain provisions of Regulation (EC) No 1083/2006 is necessary in order to facilitate the mobilisation of Community financial resources for the start-up of operational programmes and assisted projects within the framework of these programmes in such a manner as to accelerate implementation and the impact of such investments on the economy.

In this context, the aims of the main amendments to the existing regulatory framework are to:

- strengthen the possibility of provision by the **European Investment Bank (EIB)** and the **European Investment Fund (EIF)** of assistance to Member States in the preparation and implementation of operational programmes. In relation to financial engineering operations, contracts may be directly awarded to the EIB and the EIF;
- provide for the possibility of **in-kind contributions** being considered as eligible expenditure in the constitution of, or contributions to, funds, in order to facilitate the use of financial engineering instruments, notably within the field of sustainable urban development;
- **make more flexible the conditions governing the payment of advances within the framework of State aids** under Article 87 of the Treaty, in order to support enterprises, and in particular small and medium-sized enterprises: the 35% limit hitherto attaching to advances paid to beneficiaries by the body granting the aid has been removed, thus permitting advance payments of up to 100%, other conditions remaining unchanged;
- amend the provisions on expenditure declarations in order to **accelerate the implementation of major projects** with the removal of the prohibition from including incurred expenditures for such projects in interim payment requests before major project approval by the Commission;
- provide for the payment of **a payment on account at the beginning of operational programmes** in order to allow a regular cash flow and facilitate payments to beneficiaries during programme implementation. For this reason, provisions should be established for such payments on account for the Structural Funds;

- for Member States of the European Union as constituted before 1 May 2004: **7.5%** (in 2007, 2% of the contribution from the Structural Funds to the operational programme, in 2008, 3%, and in 2009, 2.5%);
- for Member States that acceded to the European Union on or after 1 May 2004: **9%** (in 2007, 2% of the contribution from the Structural Funds to the operational programme, in 2008, 3%, and in 2009, 4 %);
- if the operational programme falls under the European territorial cooperation objective and at least one of the participants is a Member State that acceded to the European Union on or after 1 May 2004: in 2007, 2% of the contribution from the European Regional Development Fund (ERDF) to the operational programme, in 2008, 3%, and in 2009, 4%.

As a result of this measure, the amount of additional advance payments foreseen in 2009 totals **EUR 6.3 billion**.

Retroactive clause: the amendments to Article 56(2) (in-kind contributions) and Article 78(1) (expenditure paid by beneficiaries to be supported by receipted invoices) should apply during the whole 2007-2013 programming period. Retroactive application is therefore necessary with effect from 1 August 2006, the date on which Regulation (EC) No 1083/2006 came into force.

ENTRY INTO FORCE: 09/04/2009.