

European Regional Development Fund, European Social Fund and Cohesion Fund: simplification of certain requirements; financial management

2009/0107(COD) - 05/05/2010 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 519 votes to 83, with 33 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending regulation (EC) No 1083/2006 concerning general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund as regards simplification of certain requirements and as regards provisions relating to financial management.

It adopted its position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure).

Parliament amends the Commission's proposal as follows:

Additional pre-financing: Parliament underlines that due to exceptional circumstances and given the serious and unprecedented impact of the current economic and financial crisis on the budgets of Member States, an additional pre-financing instalment for 2010 is needed for the Member States worst hit by the crisis in order to allow for a regular cash flow and to facilitate payments to beneficiaries during programme implementation. Members propose that the Member States that were granted medium-term assistance in accordance with Council Regulation (EC) No 332/2002 and Member States with a GDP decrease in 2009 of more than 10 % in real terms in comparison to 2008, may receive advance payments in 2010 of **2% from the European Social Fund and 4% from the Cohesion Fund**.

Interim payments and final balance: Parliament deleted the proposed amendment concerning the common rules for calculating interim payments and payments of final balance. In doing so, it rejected the most pertinent of the Commission's proposal concerning the suggestion which would allow Member States to apply for 100% reimbursement of interim payments from the European Social Fund during 2009 and 2010.

Decommitment rules: these rules have been eased. Parliament states that it is appropriate to extend the deadline for the calculation of the automatic decommitment of the annual budget commitment related to 2007 total annual contribution to improve the absorption of funds committed for certain operational programmes. Such flexibility is necessary due to slower than expected start up and late approval of the programmes.

The Commission shall automatically decommit any part of the amount calculated in an operational programme that has not been used for payment of the pre-financing or interim payments or for which an application for payment has not been sent by 31 December of the second year following the year of budget commitment under the programme. For the purpose of the automatic decommitment, the Commission shall calculate the amount by adding one sixth of the annual budget commitment related to 2007 total annual contribution to each of 2008 to 2013 budget commitments. By way of derogation, the deadlines for automatic decommitment shall not apply to the annual budget commitment related to 2007 total annual contribution.

Adaptation to the Lisbon Treaty: Parliament clarifies that following, inter alia, the change in the decision-making process resulting from the entry into force of the Lisbon Treaty, amendments provided for by this Regulation have not been introduced in time to prevent the application of current Article 93(1) of Regulation 1083/2006. Consequently, decommitments made by the Commission would result, pursuant to Article 11 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities in cancelling appropriations of financial year 2007 which should be spread over the financial years 2008 to 2013 in implementation of the rules introduced by this Regulation.

It is therefore appropriate, as a **transitory measure**, to provide for the possibility to reconstitute, as necessary, the corresponding appropriations for the purposes of implementing the amended decommitment rules.