

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

2009/0107(COD) - 16/06/2010 - Final act

PURPOSE: to simplify further the rules governing cohesion policy to help accelerate investments in Member States and regions and to increase the impact of the funding on the economy.

LEGISLATIVE ACT: Regulation (EU) No 539/2010 of the European Parliament and of the Council of 16 June 2010 amending Council Regulation (EC) No 1083/2006 laying down 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 certain provisions relating to financial management.

CONTENT: the Council adopted this Regulation facilitating access to EU structural funds in order to counter the economic crisis, following a first-reading agreement with the European Parliament. The Czech, Maltese, Polish, Slovenian, Slovakian and UK delegations abstained. The Regulation aims at ensuring the liquidity of the Member States worst hit by the crisis, improve the absorption of funds for certain operational programmes and simplify the rules for the management of the structural funds.

The main points are as follows:

Additional pre-financing: in order to tackle cash flow problems, five Member States (Estonia, Latvia, Lithuania, Hungary and Romania) will receive additional advance payments for an amount totalling EUR 775 million, by increasing the advance payments from the European Social Fund (ESF) by 4% and from the Cohesion Fund by 2%.

Decommitment rules: in a reaction to the slower than expected start up and late approval of programmes, the decommitment rules are eased. By way of derogation, the deadlines for automatic decommitment will not apply to the commitment appropriations of 2007. It is recalled that under the N+2 decommitment rule, commitment appropriations for 2007 are automatically decommitted if the money is not spend by the end of 2009. This rule applies to the 15 Member States that were members of the EU before 1 May 2004 except for Portugal and Greece.

One sixth of the amount of the annual commitments for 2007 will be added to the budget appropriations for each of the years between 2008 and 2013. This will avoid Member States losing a total amount of about EUR 220 million (EUR 125 million for Spain, EUR 56 million for Italy, EUR 20 million for territorial cooperation between several Member States, EUR 9 million for the United Kingdom, EUR 6 million for Germany and EUR 4 million for the Netherlands).

Simplification: the Regulation also provides for a simplification of the rules for the structural funds in order to facilitate the management of EU funding, to help accelerate investments in Member States and regions and to increase the impact of the funding on the economy. This includes, inter alia, the introduction of uniform thresholds for the definition of major projects. The text now states that the ERDF and the Cohesion Fund may finance expenditure comprising a series of works, activities or services intended in itself to accomplish an indivisible task of a precise economic or technical nature which has clearly identified goals and **whose total cost exceeds EUR 50 million (a major project).**

Under this Regulation, a **single major project may be co-financed by more than one programme**. The latter amendment is of particular relevance for projects of nation-wide scope or EU importance, which cover several regions, and which in the absence of this possibility would have to be artificially separated in multiple projects.

ENTRY INTO FORCE: 25/06/2010. However, certain articles will apply from 01/08/2006, 01/01/2007, and 10/06/2010 respectively.