

Structural Funds: increased payments for certain Member States

2011/0211(COD) - 01/08/2011 - Legislative proposal

PURPOSE: to help those Member States most affected by the financial crisis to continue their cohesion programmes on the ground so as to inject funds into the economy.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: the deepening of the financial crisis in some of the Member States is affecting substantially the real economy due to the amount of debt and the difficulties encountered by Governments to borrow money from the market. In this context, the proper implementation of cohesion programmes is of particular importance because it facilitates financial assistance to the real economy.

Nonetheless, the implementation of the programmes is often challenging as a result of the liquidity problems resulting from budget constraints. This is particularly the case for those Member States which have been most affected by the crisis and have received financial assistance under a programme from the European Financial Stabilisation Mechanism (EFSM) for the euro countries or from the Balance of Payments (BoP) mechanism for non euro countries.

To date, six countries have requested financial assistance under these mechanisms and have agreed with the Commission a macro-economic adjustment programme: Hungary, Romania, Latvia, Portugal, Greece and Ireland. These Member States (and indeed any other Member State which may be concerned in the future by such assistance programmes) should receive help to continue the implementation of the Structural Fund and Cohesion Fund programmes by increasing the sums allocated to the countries concerned for the period for which they are under the support mechanisms.

IMPACT ASSESSMENT: the proposal would allow the Commission to increase payments to the countries concerned, for the period they are under the support mechanisms.

LEGAL BASIS: Article 177 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposal contains provisions that would allow the Commission **to increase payments to the countries most affected by the financial crisis for the period for which they are under the support mechanisms**, without changing their overall allocation under the Structural Funds and the Cohesion Fund for the period 2007-2013.

It is proposed to amend Council Regulation (EC) No 1083/2006 on the European Regional Development Fund, the European Social Fund and the Cohesion Fund so as to enable the Commission, upon the request of the Member States concerned, to reimburse the newly declared expenditure for the period in question by an increased amount calculated by applying a 10 percentage points top-up of the applicable co-financing rates for the priority axis.

In applying the top-up, the co-financing rate of the programme cannot exceed by more than 10 percentage points the maximum ceilings of Annex III to the General Regulation. In any case contribution from the funds to the priority axis concerned cannot be higher than the amount mentioned in the Commission decision approving the operational programme.

This will be a temporary measure which will be terminated once the Member State exits the support mechanism.

BUDGETARY IMPACT: there is no impact on commitment appropriations since no modification is proposed to the maximum amounts of Structural Funds and Cohesion Fund financing provided for in the operational programmes for the programming period 2007-2013. For payment appropriations, the proposal can result in a higher reimbursement to the Member States concerned. The additional payment appropriations for this proposal will imply an increase of payment appropriations (for 2012 approximately EUR 2,304 million) which may be compensated by the end of the programming period. Therefore, the total payment appropriations for the whole programming period remain unchanged.

The Commission will in 2012 review the need for additional payment credits and, if necessary, propose the necessary actions to the Budgetary Authority