

Structural Funds: increased payments for certain Member States

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The Committee on Regional Development adopted the report by Danuta Maria HUBNER (EPP, PL) on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability. It recommended that the European Parliaments position at first reading, under the ordinary legislative procedure, should be to amend the Commission proposal. The amendments are the result of negotiations between the committee members and the Council. The main amendments are as follows: Derogation: the derogation permitting the increase of interim payments will be granted upon the written request of a Member State meeting one of the conditions mentioned in the text. The request shall be submitted within two months of the entry into force of the regulation or within two months from the date on which a Member State meets the conditions. It is added that the temporary increase in interim payments should also be considered in the context of the budgetary restraints facing all Member States, which should be reflected appropriately in the EU budget. In addition, since the main purpose of the mechanism is to address specific current difficulties, its application should be limited in time. Therefore application of the mechanism should start on 1 January 2010 and its duration should be limited until the end of 31 December 2013. The derogation shall cease to be valid for statements of expenditure submitted after 31 December 2013. Justification of the request for derogation: the amended text states that in its request submitted to the Commission, the Member State shall justify the necessity of the derogation by providing information necessary to establish: the unavailability of resources for the national counterpart through data on its macroeconomic and fiscal situation; and that an increase of payments referred to in paragraph 2 is necessary to safeguard the continuation of the implementation of operational programmes; that the problems persist even if the maximum ceilings applicable to co-financing rates of Annex III are used; reference to a Council Decision or other legal act, which justifies that the Member State falls under any of the points of eligibility as stated in the draft regulation, as well as the concrete starting date from which the financial assistance was made available to the Member State. The Commission will have 30 days from the day of submission of the request to raise any objection against the correctness of the information submitted. If the Commission does not raise any objection, the Member State request for the derogation shall be considered as justified. However, if the Commission decides to object to the Member State's request, the Commission shall adopt a decision, by means of an implementing act, on this and shall give the reasons. Intended use of the derogation: the Member State request shall also detail the intended use of the derogation, and give information about complementary measures foreseen in order to concentrate the funds on competitiveness, growth and employment, including, where appropriate, a modification of the operational programmes. The text further states that in the context of the strategic reporting in accordance with the terms of the Regulation, the Member States shall provide the Commission with appropriate information on the use of the derogation showing how the increased amount of support has contributed to promote competitiveness, growth and jobs in the Member State concerned. This information shall be taken into account by the Commission in the preparation of the strategic report. Retroactive application: the Regulation shall apply retroactively to the following Member States: in case of Ireland, Greece and Portugal with effect from the day when the financial assistance was made available to these Member States and in case of Hungary, Latvia and Romania from 1 January 2010. Lastly, the committee notes that as a result of the increase in interim payments, the required national counterpart will be reduced accordingly. Due to the temporary nature of the increase and in order to maintain the original co-financing rates as the reference point for calculation of the temporarily increased amounts, the changes resulting from application of the mechanism will not be reflected in the financial plan included

in the operational programme. However, operational programmes may need to be updated in order to concentrate the funds on competitiveness, growth and employment an in order to align their targets and objectives with the decrease of total funding available.