

Structural Funds and Cohesion Fund: provisions relating to risk sharing instruments for Member States experiencing or threatened with serious difficulties with respect to their financial stability

2011/0283(COD) - 12/10/2011 - Legislative proposal

PURPOSE: to help those Member States mostly affected by the financial crisis to be able to continue with the implementation of the Structural Funds and the Cohesion Funds, as tool for injecting funds into the economy.

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

BACKGROUND: the sustained financial and economic crisis is increasing the pressure on national financial resources as Member States are reducing their budgets.

In this context ensuring a smooth implementation of cohesion policy programmes is of particular importance as a tool for injecting funds into the economy.

Nonetheless, the implementation of the programmes requires significant amounts of funding from public and private stakeholders, who, due to the liquidity problems faced by financial institutions are not able to provide such funding. 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 - including Greece which has received financial assistance outside the EFSM - have requested financial assistance under these mechanisms and have agreed with the Commission a macro-economic adjustment programme. These countries are Hungary, Romania, Latvia, Portugal, Greece and Ireland.

In order to alleviate those problems and to speed up the implementation of the operational programmes and projects, as well as to strengthen the economic recovery, it is appropriate that the managing authorities of the Member States having experienced serious difficulties with respect to financial stability and which have been granted financial assistance according to one of the financial assistance mechanisms set out above may contribute financial resources from operational programmes to the establishment of risk sharing instruments providing loans or guarantees or other financial facilities, in support of projects and operations foreseen under an operational programme.

It should be noted that the Commission also adopted in August 2011 a [proposal](#) for an amendment to Regulation (EC) No 1083/2006 with a view to increase the amount of community contribution reimbursed through interim payments and payments of the final balance by up to 10 percentage points above the current limits.

IMPACT ASSESSMENT: the proposal would allow the Commission to implement under indirect centralised management risk sharing instrument to cover risks related to loans and guarantees to be given to project promoters and other public or private partners. This will not impose additional financial requirements to the overall budget since the total financial allocation for the period from the Funds to the Member States in question will not change.

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

CONTENT: the Commission proposes to amend Regulation (EC) No 1083/2006 as regards certain provisions relating to risk sharing instruments for Member States experiencing or threatened with serious difficulties with respect to their financial stability with a view to:

- allow for risk sharing instrument to be managed under indirect centralised management;
- allow Member States experiencing or threatened with serious difficulties with respect to their financial stability, to contribute part of their allocations under the "Convergence" and "Regional competitiveness and employment" objectives of cohesion policy to the provisioning and capital allocations to loans or guarantees issued to project promoters and other public or private partners directly or indirectly by the EIB or other international financial institutions.

The terms and conditions applicable to such risk sharing instrument should be decided by the Commission, upon request from the Member State concerned. The Commission upon request of the Member States concerned should adopt ad hoc decisions to set the terms and conditions applicable to such instrument, on the basis of allocations to be transferred from the Structural Funds and Cohesion Fund allocations from the Member State concerned.

BUDGETARY IMPLICATION: 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.

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