

European Refugee Fund, European Return Fund and European Fund for the Integration of third-country nationals: increasing the Union co-financing rate

2012/0252(COD) - 20/09/2012 - Legislative proposal

PURPOSE: to increase the co-financing rate of the European Refugee Fund, the European Return Fund and the European Fund for the Integration of third-country nationals for certain Member States experiencing serious difficulties with respect to their financial stability, and amending Decision No 573/2007/EC, Decision No 575/2007/EC and Council Decision 2007/435/EC.

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

BACKGROUND: Decision No 573/2007/EC established the [European Refugee Fund](#), Decision No 575/2007/EC established the [European Return Fund](#) and Council Decision 2007/435/EC established the [European Fund for the Integration of third-country nationals](#), as part of the General programme 'Solidarity and Management of Migration Flows'. These Funds provide for different Union co-financing rates for actions supported by the Funds.

The unprecedented global financial crisis and economic downturn have seriously damaged economic growth and financial stability, provoking a marked deterioration in financial, economic and social conditions in several Member States. Some Member States are experiencing serious difficulties or are threatened with such difficulties, particularly with respect to their financial and economic stability, leading to deterioration in their deficit and debt positions and threatening economic growth heightened by the international economic and financial environment. Ensuring the smooth implementation of programmes adopted under the four Funds established as part of the General Programme on 'Solidarity and Management of Migration Flows' ('the Funds'), is of particular importance as a means of injecting funds into the economy.

To make European Union funding easier to manage in the area of migration, asylum and external borders and to improve the availability of funding for the Member States to implement their annual programmes under the Funds, it is necessary, on a temporary basis and without prejudice to the 2014-2020 programming period, to **arrange for an increase in the Union co-financing rate under the Funds, by an amount corresponding to twenty percentage points above the co-financing rates currently applicable**, for Member States experiencing serious difficulties with respect to their financial stability.

It should be noted that this proposal is closely linked to the proposal regarding a similar amendment of the External Borders Fund (please see [COD/2012/0253](#)).

LEGAL BASIS: Articles 78(2) and Article 79(2) and (4) of the Treaty on the Functioning of the European Union (TFEU).

IMPACT ASSESSMENT: there was no consultation of external stakeholders. The proposal will allow the Commission to apply higher co-financing rates for the countries benefiting from one of the support mechanisms.

CONTENT: in order to ensure that Member States benefiting from a financial support mechanism continue to implement the programmes adopted under the Funds on the ground and disburse funds to projects, the proposal contains provisions that would **allow the Commission to increase the Union co-financing rate for these countries**, for the period during which they benefit from financial assistance provided by one of the support mechanisms under any funding instruments. This will provide additional financial resources to the Member States and will make it easier to continue implementing the programmes on the ground. The Funds' annual national allocation pursuant to the basic acts will remain unchanged while national co-financing will be reduced accordingly. Ongoing annual programmes will need to be revised to reflect the changes resulting from the application of the increased Union co-financing rate.

The proposal makes provision for the following amendments:

- **Amendment of Article 14 and Article 21(3) of Decision No 573/2007/EC:** Article 14 currently provides that the Union co-financing rate for supported actions does not in principle exceed 50% (and that this Union co-financing rate may be increased to 75% if the Member State in question is covered by the Cohesion Fund). Under this proposal, it is proposed that the Union contribution could to be **increased by 20 percentage points**, if the Member State satisfies one of the following conditions at the time at which they submit their draft annual programme: i) medium-term financial assistance is made available to it in accordance with [Council Regulation \(EC\) No 332/2002](#); ii) financial assistance is made available to it in accordance with [Council Regulation \(EU\) No 407/2010](#) or financial assistance is made available to it by other euro area Member States before the entry into force of that Regulation; iii) financial assistance is made available to it in accordance with the intergovernmental agreement reached establishing the European Financial Stability Facility or the Treaty establishing the European Stability Mechanism. Applicability conditions are laid down in this case;
- **Article 21(3) of Decision No 573/2007/EC** provides that financial assistance from the European Refugee Fund for emergency measures shall not exceed 80% of the cost of each measure. The Commission proposes to allow the Union co-financing rate applicable to the European Refugee Fund programmes of the Member States concerned to be **increased by 20 percentage points, provided they are benefiting from one of the support mechanisms**.
- **Amendment of Article 15 of Decision No 575/2007/EC** establishing the European Return Fund and **amendment of Article 13 of Council Decision 2007/435/EC** establishing the European Fund for the Integration of third-country nationals for the period 2007 to 2013 have identical content to Article 14 of Decision No 573/2007/EC. The proposal contains a similar provision **increasing the Union co-financing rate by 20 percentage points**.

Annual programme: once a decision granting financial assistance to a Member State under one of the support mechanisms has been taken, the Member State may submit to the Commission either a draft annual programme or a draft revised annual programme applying the increased Union co-financing rate.

However, once an action of a specific annual programme has been co-financed at the increased Union co-financing rate, it remains so until the end of the eligibility period of the related annual programme whether or not the Member State still benefits from one of the support mechanisms.

BUDGETARY IMPLICATIONS: there is no impact on commitment appropriations since no modifications are proposed to the maximum amounts of the Funds' financing provided for in the annual programmes for the programming period 2007-2013.

The proposal states that it shows the Commission's willingness to assist Member States in their efforts to deal with the financial crisis. The amendments will provide the Member States concerned with the necessary funds to support projects and economic recovery.

