

Structural Funds and Cohesion Fund: extension of increased co-financing for Member States experiencing or threatened with serious difficulties with respect to their financial stability, to decommitment rules for certain Member States, and to rules on payments of final balance

2013/0156(COD) - 21/05/2013 - Legislative proposal

PURPOSE: to amend 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 and to the decommitment rules for certain Member States.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: in the current situation of sustained financial and economic crisis, ensuring a **smooth implementation of cohesion policy programmes is of particular importance for investment in growth and jobs**.

This is particularly the case for those Member States which have been most affected by the crisis and have received financial assistance under an adjustment programme. To date, seven countries (Cyprus, Hungary, Romania, Latvia, Portugal, Greece and Ireland) have received financial assistance and have agreed a macro-economic adjustment programme with the Commission.

To ensure that these Member States continue to implement cohesion policy programmes on the ground, it is necessary to ensure that the **Commission is able to make increased payments to these countries** for the period they are under the support mechanisms, without modifying their overall allocation under cohesion policy for the period 2007-2013.

Moreover, the European Council, on 8 February 2013, invited the Commission to explore practical solutions to **reduce the risk of automatic decommitment of funds from the 2007-2013 envelopes for Romania and Slovakia**. Having examined various solutions to reduce the risk of automatic decommitment, it became clear that the risk cannot be substantially reduced without an amendment of the General Regulation. Therefore, to implement the agreement reflected in the European Council Conclusions, and to facilitate the absorption of the 2007-2013 funds for Romania and Slovakia, it is necessary to extend the decommitment deadline for these two Member States.

IMPACT ASSESSMENT: the proposal:

- would allow the Commission to top up payments to programme countries until the end of the 2007-2013 period by an amount calculated by applying ten percentage point top-up to the co-financing

rates applicable to the priority axes of the programmes to the newly certified expenditure submitted during the period in question until the ceiling for payments is reached;

- would allow Romania and Slovakia to submit expenditure claims up to the end of 2014, rather than up to the end of 2013, for the 2011 commitment and up to closure, rather than up to the end of 2014, for the 2012 commitment. This would reduce the risk of automatic decommitment of the 2011 and 2012 commitments.

The total financial allocation for the period from the Funds to the countries and the programmes in question will not change.

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

CONTENT: the proposal seeks to amend Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (General Regulation) with a view to:

- allowing the Commission to continue, until the end of the 2007-2013 period, to reimburse the newly declared expenditure by an increased amount calculated by applying a 10 percentage-point top-up of the applicable co-financing rates for the priority axis. The co-financing rate of the programme **cannot exceed by more than 10 percentage points** the maximum ceilings of Annex III of the General Regulation;
- allowing a **one-year extension of the automatic decommitment period** of the 2011 and 2012 commitments for Romania and Slovakia.

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 2007-2013 programming period. For payment appropriations, the proposal relating to the top-up is budget neutral.

The budgetary impact of the proposal to extend the automatic de-commitment by one year for Romania and Slovakia does not change the total amount of commitment appropriations. However, it could have a net positive impact on total payment appropriations in future years linked to the reduced decommitment risk.