Financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability

2016/0193(COD) - 23/11/2016 - Final act

PURPOSE: to help those Member States mostly affected by the financial crisis to be able to continue with the implementation of the programmes on the ground, hence injecting funds into the economy.

LEGISLATIVE ACT: Regulation (EU) 2016/2135 of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability.

CONTENT: this Regulation amends Regulation (EU) No 1303/2013 establishing common provisions on the European Structural and Investment Funds with a view to ensuring that Member States mostly affected by the financial crisis are able to continue with the smooth implementation of the programmes.

(1) Article 24 of Regulation (EU) No 1303/2013 authorises the Commission to make increased payments under the ESI Fund programmes to countries facing economic difficulties. On the request of a Member State, interim payments may be increased by **10 percentage points above the co-financing rate applicable to each priority** for the ERDF, ESF and the Cohesion Fund or to each measure for the EAFRD and the EMFF.

Five countries were eligible for the 10% top-up on interim payments submitted before 30 June 2016. Since then the financial assistance programmes for Cyprus, Ireland, Portugal and Romania have expired.

Only **Greece** is still under an adjustment programme until 30 June 2016 and benefits from related financial assistance until the third quarter of 2018. Given that Greece still faces serious difficulties with respect to its financial stability, the duration of the application of an increase in payments for Member States with temporary budgetary difficulties should be extended.

(2) Article 120(3) of Regulation (EU) No 1303/2013 requires the Commission to carry out a review to assess the justification for maintaining a maximum co-financing rate of 85 % instead of 50 % at the level of each priority axis for all operational programmes supported by the European Regional Development Fund (ERDF) and European Social Fund (ESF) in **Cyprus** after 30 June 2017 and to make, if necessary, a legislative proposal before 30 June 2016.

Cyprus exited from its adjustment programme in March 2016. However, the economic situation of Cyprus is still fragile.

Therefore the amendments made to Regulation (EU) No 1303/2013 allow the Commission to:

- **top up payments to a Member State under an adjustment programme after 30 June 2016**. It would cover the period until 30 June of the year following the calendar year in which the Member State stops receiving financial assistance;
- **extend the exceptional cofinancing rate of 85 %** for the ERDF and ESF in Cyprus until programme closure with a view to easing the pressure on the national budget and accelerating much-needed investments.

ENTRY INTO FORCE: 14.12.2016.