## Specific measures to mobilise investments in the health care systems of the Member States and in other sectors of their economies in response to the COVID-19 outbreak (Coronavirus Response Investment Initiative)

2020/0043(COD) - 13/03/2020 - Legislative proposal

PURPOSE: to adopt a Coronavirus response investment initiative.

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 on an equal footing with the Council.

BACKGROUND: the COVID-19 epidemic crisis is hampering growth in the Member States, exacerbating the severe liquidity shortages resulting from the sharp and sudden increase in public investment needed in their health systems and other sectors of their economies. This creates an exceptional situation which needs to be addressed by specific measures.

The lack of public funds in Member States should not hamper investments under programmes supported by the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF), as well as the European Fund for Maritime Affairs and Fisheries (EFFAMP), which are necessary to combat the COVID-19 outbreak.

In order to release funds to fight the crisis, it is necessary to rapidly mobilise cash reserves from the European Structural and Investment Funds (ESF) - the money available to the EU under the Cohesion Fund. This would make financial means available to Member States' budgets without delay.

CONTENT: the Commission proposes a 'Coronavirus response investment initiative' to promote investment by mobilising the cash reserves available in the European Structural and Investment Funds to tackle this crisis without delay. Regulations (EU) No 1303/2013, (EU) No 1301/2013 and (EU) No 508/2014 would be amended accordingly.

The proposed investment initiative consists of the following elements:

## Mobilisation of EUR 37 billion of European public investment

The investments shall be sizeable and shall rapidly reach more than EUR 37 billion. To achieve this, the Commission proposes to release about EUR 8 billion of investment liquidity.

In order to quickly direct these EUR 37 billion of European public investment to address the consequences of the coronavirus crisis, the Commission proposes to relinquish this year's obligation to request refunding of unspent pre-financing for the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF) until programme closure.

Member States should normally have reimbursed by the end of June 2020 a total of around EUR 8 billion of unused pre-financing received for 2019. They should now be allowed to keep this money. Taking into account the average co-financing rates among Member States, this EUR 8 billion would, in combination with co-financing from the EU budget of around EUR 29 billion, mobilise a total EU budget support of EUR 37 billion.

## Flexibility in applying EU spending rules

In order to provide more flexibility in addressing the COVID-19 outbreak, it is proposed to give more flexibility to Member States in programme implementation of programmes and to provide for a simplified procedure not requiring a Commission decision in case of modifications to operational programmes.

In order to respond to the impact of the crisis:

- financial instruments financed by the Funds should also provide support in the form of working capital to SMEs if necessary as a temporary measure to provide an effective response to a public health crisis;
- the ERDF investment priority to strengthen research, technological development and innovation can cover investment in products and services necessary for fostering the crisis response capacities in health services;
- the EMFF to safeguard the income of aquaculture producers by contributing to an aquaculture stock insurance covering economic losses due to a public health crisis.

In order to provide an immediate response to the impact of the crisis, expenditure for operations for fostering crisis response capacities should be eligible as of 1 February 2020. A Task Force has been setup to coordinate work with Member States, identify their precise needs and assist them so as to ensure that the money starts flowing as soon as possible.

## Financial impact

The proposed amendment does not entail any change in the annual ceilings of the 2014-2020 multiannual financial framework for commitments and payments. The annual breakdown of commitment appropriations for the ERDF, the ESF and the Cohesion Fund remains unchanged.

The proposal shall facilitate the acceleration of the programme implementation resulting in a frontloading of payment appropriations. The Commission shall carefully monitor the impact of the proposed modification on payment appropriations in 2020 taking into account both the implementation of the budget and revised Member States forecasts. The non-recovered amounts in 2020 shall be cleared at programme closure.