Cohesion's Action for Refugees in Europe (CARE)

2022/0075(COD) - 08/03/2022 - Legislative proposal

PURPOSE: facilitate the use of resources from the cohesion policy and the European Aid to the Most Deprived (FEAD) to support measures to address migratory challenges as a result of the military aggression by Russia.

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: Russia's recent military aggression against Ukraine and the ongoing armed conflict has fundamentally changed the security situation in Europe. As a result of the aggression, the European Union, and its eastern regions in particular, is facing a substantial inflow of persons.

Secondly, the COVID-19 pandemic has lasted longer than could have been expected in 2020. The direct and indirect effects of the pandemic persist in all Member States, requiring prolonged public support for recovery in the most affected territories and economic sectors. This has put considerable pressure on Member States' budgets.

While the flexibility and additional resources provided for the period 2014-2020 have helped Member States in their crisis response and recovery efforts, the emergence of new variants of the coronavirus, notably the Omicron variant, as well as the general tightening of restrictions in the last quarter of 2021, have continued to have serious negative effects on Member States' economies and societies and hampered a normal implementation of cohesion policy programmes and of programmes supported by the FEAD.

The recent military aggression by Russia and the resulting migration flows have exacerbated these effects and risk further undermining economic recovery.

Therefore, support from the Funds should be mobilised quickly to ease the burden on national budgets.

CONTENT: the proposal aims to:

- **facilitate the use of cohesion policy and FEAD resources** by Member States and regions to support measures to address migratory challenges as a result of the military aggression by Russia; and

- **allow for a derogation from the normal co-financing rules currently applicable** in order to allow for the necessary flexibility to mobilise existing investment resources to address the direct and indirect effects stemming from the unprecedented public health crisis in the context of the COVID-19 pandemic.

Specifically, it is proposed to amend Regulation (EU) No 1303/2013 and Regulation (EU) No 223/2014 in order to:

- ensure that Member States and regions may continue to benefit from a 100% EU co-financing rate for the accounting year 2021-2022 and this by way of notification to the Commission;

- introduce arrangements for the budgetary execution of additional payments resulting from the application of the **100% co-financing rate** to take account of annual ceilings for payments;

- introduce **additional flexibility between ERDF and ESF** specifically for operations addressing the migratory challenges as a result of the military aggression by Russia and introduce simplified reporting arrangements on participants with a retroactive start date of eligibility of support set at 24 February 2022 (date of the start of the military aggression);

- introduce flexibility for Member States to amend programmes supported by the FEAD and this by way of notification to the Commission and also with a retroactive start date of eligibility of support set at 24 February 2022.

Budgetary implications

The proposed modification does not require changes in the Multiannual Financial Framework annual ceilings for commitments and payments and does not imply changes to the overall payment needs over the 2021-2027 period.

Based on the previous uptake of the 100% co-financing rate in the 2020-2021 accounting year, the level of payment applications submitted in the second half of 2021, and the latest Member State payment forecasts for 2022, the budgetary impact of the application of the 100% co-financing rate for the 2021-2022 accounting year is estimated to represent a frontloading of payment needs of EUR 9 billion to 2022 and EUR 1 billion to 2023, compensated by a corresponding reduction of EUR 10 billion in 2024.

However, in order to be able to comply with the payment ceilings in years 2022 and 2023, it is proposed to cap the total additional payments resulting from the application of the 100% co-financing rate at EUR 5 billion in 2022 and EUR 1 billion in 2023. The additional amounts will only be paid after all the payment applications are received for the accounting year 2021-2022.