

Basic information	
2011/0210(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Structural Funds: repayable assistance, financial engineering and certain provisions related to the statement of expenditure Amending Regulation (EC) No 1083/2006 2004/0163(AVC) Subject 4.10.15 European Social Fund (ESF), Fund for European Aid to the Most Deprived (FEAD) 4.70.02 Cohesion policy, Cohesion Fund (CF) 4.70.07 European Regional Development Fund (ERDF) 8.70 Budget of the Union 8.70.03 Budgetary control and discharge, implementation of the budget	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	REGI Regional Development	HÜBNER Danuta Maria (PPE)	05/10/2011
		Shadow rapporteur KLEVA KEKUŠ Mojca (S&D) UGGIAS Giommaria (ALDE) SCHROEDTER Elisabeth (Verts/ALE) VLASÁK Oldřich (ECR) SZEGEDI Csanád (NI)	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	The committee decided not to give an opinion.	
	CONT Budgetary Control	GEIER Jens (S&D)	22/09/2011
EMPL Employment and Social Affairs	The committee decided not to give an opinion.		
Council of the European Union	Council configuration	Meetings	Date

	Transport, Telecommunications and Energy	3134	2011-12-12
European Commission	Commission DG	Commissioner	
	Regional and Urban Policy	HAHN Johannes	
European Economic and Social Committee			
European Committee of the Regions			

Key events			
Date	Event	Reference	Summary
01/08/2011	Legislative proposal published	COM(2011)0483 	Summary
13/09/2011	Committee referral announced in Parliament, 1st reading		
14/11/2011	Vote in committee, 1st reading		Summary
16/11/2011	Committee report tabled for plenary, 1st reading	A7-0380/2011	
01/12/2011	Decision by Parliament, 1st reading	T7-0526/2011	Summary
01/12/2011	Results of vote in Parliament		
12/12/2011	Act adopted by Council after Parliament's 1st reading		
13/12/2011	Final act signed		
13/12/2011	End of procedure in Parliament		
20/12/2011	Final act published in Official Journal		

Technical information	
Procedure reference	2011/0210(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EC) No 1083/2006 2004/0163(AVC)
Legal basis	Treaty on the Functioning of the European Union TFEU 177-p1
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	REGI/7/06695

Documentation gateway
European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE473.697	05/10/2011	
Amendments tabled in committee		PE473.995	17/10/2011	
Committee opinion	CONT	PE473.973	10/11/2011	
Committee report tabled for plenary, 1st reading/single reading		A7-0380/2011	16/11/2011	
Text adopted by Parliament, 1st reading/single reading		T7-0526/2011	01/12/2011	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00065/2011/LEX	13/12/2011	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2011)0483 	01/08/2011	Summary
Commission response to text adopted in plenary	SP(2012)29	11/01/2012	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2011)0483	15/11/2011	
Contribution	IT_SENATE	COM(2011)0483	12/12/2011	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1587/2011	27/10/2011	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

--

Structural Funds: repayable assistance, financial engineering and certain provisions related to the statement of expenditure

2011/0210(COD) - 01/08/2011 - Legislative proposal

PURPOSE: to clarify Council Regulation (EC) No 1083/2006 as regards repayable assistance and financial engineering.

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

BACKGROUND: Member States have had positive experiences with repayable assistance schemes at the level of operations during the programming period 2000-2006 and have therefore continued such schemes or have started to implement repayable assistance schemes in the current programming period 2007-2013. Some Member States have also included descriptions of those schemes in their programming documents, which were approved by the Commission.

Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund set out financial engineering instruments with precise areas and scope of intervention. However, the schemes implemented by Member States in the form of reimbursable grants and of credit lines managed by managing authorities via intermediate bodies are neither appropriately covered by the provisions on financial engineering instruments, nor by other provisions of Regulation (EC) No 1083/2006.

It is therefore necessary to **set out in a new Section of Regulation (EC) No 1083/2006 that the Structural Funds may co-finance repayable assistance**. That Section should cover reimbursable grants and credit lines managed by the managing authority through intermediate bodies which are public financial institutions.

IMPACT ANALYSIS: the present proposal will clarify the use of repayable forms of assistance at project level, a practice which has been well established in the programming period 2000-2006 and will give the use of structural funds a further boost and higher leverage.

The proposal aims to provide clarity about the legality of an existing legal practice. The main expected impact is thus the reduction of legal risk.

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

CONTENT: the proposal seeks to provide legal security at the level of European Union that support provided by Member States through Structural Funds to schemes based on repayable forms of assistance implemented lawfully in the previous programming period and/or started in the current period but not having the characteristics of financial engineering instruments are permitted and legitimate under the present Structural Fund regulations.

The proposed modifications to the current regulatory framework are as follows:

- provides for a definition of reimbursable grant as a direct financial contributions by way of donation which can be totally or partially reimbursable without interest;
- establish that the Structural Funds may finance expenditure in respect of an operation comprising contributions to support repayable assistance. This provision covers reimbursable grants and credit lines managed by the managing authority through intermediate bodies which are "in-house" public financial institutions;
- clarify that the assistance repaid, to the body providing the assistance or to another competent public authority of the Member State shall be kept in a separate account and reused to the same purpose or in line with the objectives of the operational programme;
- clarify that provisions regarding major projects, revenue generating projects and durability of operations shall not, as a matter of principle, apply to financial engineering instruments under, since these rules are rather conceived for other types of assistance;
- introduce reporting of financial engineering instruments, having regard to the need to ensure appropriate monitoring, by the Member States as well as by the Commission, of the implementation of financial engineering instruments;
- introduce a legal obligation in order to ensure that the financial contribution paid by managing authorities for establishing or contributing to financial engineering instruments is spent for eligible expenditure within a timeframe of two years of the payment into the fund.

BUDGETARY IMPLICATION: there is no impact on commitment appropriations since no modification is proposed to the maximum amounts of Structural Funds financing provided for in the Operational Programmes for the programming period 2007-2013.

Structural Funds: repayable assistance, financial engineering and certain provisions related to the statement of expenditure

2011/0210(COD) - 01/12/2011 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 592 votes to 18 with 13 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards repayable assistance and financial engineering. The amendments adopted in plenary are the result of a compromise between Parliament and Council. The main amendments to the Commission proposal are as follows;

"Credit line": this is defined in the amended text as a financial facility allowing the beneficiary to draw down the financial contribution, which can be totally or partially reimbursable, in relation to expenditure paid by the beneficiary and supported by receipted invoices or accounting documents of equivalent probative value.

Reuse of repayable assistance: repayable assistance, repaid to the body that provided that assistance or to another competent authority of the Member State, shall be reused for the same purpose or in line with the objectives of the relevant operational programme. Member States shall ensure that an adequate record of the repayable assistance repaid is shown in the accounting system of the appropriate body or authority.

Clarification of statement of expenditure: in the interests of transparency, an attachment to each statement of expenditure should include information on the amount of total expenditure paid in establishing or contributing to financial engineering instruments and on the advances paid to the beneficiaries in the context of State aid.

The format of the attachment is defined in the Annex IVa to Regulation (EC) 1083/2006 for the purpose of legal security and consistency. However, the practical implementation of the collection of data necessary for this purpose shall be conducted at national level and, as far as the applicable legal framework allows it, it should not result in a modification of national computer systems.

Reports on implementation of financial engineering instruments: Members add that reports must cover the progress in the financing and implementation of financial engineering instruments, namely: (i) description of the financial engineering instrument and implementation arrangements; (ii) identification of the entities which implement the financial engineering instrument, including those acting through holding funds; (iii) amounts of the assistance from the Structural Funds and national co-financing paid to the financial engineering instrument.

Every year, by 1 October, the Commission shall provide a summary of the data on the progress in the financing and implementation of financial instruments, provided by the managing authorities of the Member States.

Retroactive effect: the amendments relating to the forms and reuse of the repayable assistance as well as to the exclusion of the application of the provisions on major projects, revenue-generating projects and durability of operations, to operations falling under Article 44 (financial engineering instruments), aim at providing for greater legal certainty and clarity concerning the application of an existing practice in these fields with effect from the beginning of the eligibility period as set out by Regulation (EC) No 1083/2006. Those amendments should, therefore, have retroactive effect from the beginning of the current programming period 2007 to 2013.

Structural Funds: repayable assistance, financial engineering and certain provisions related to the statement of expenditure

2011/0210(COD) - 13/12/2011 - Final act

PURPOSE: to clarify Council Regulation (EC) No 1083/2006 (general rules regarding the European Regional Development Fund, the European Social Fund and the Cohesion Fund) as regards repayable assistance and financial engineering.

LEGISLATIVE ACT: Regulation (EU) No 1310 of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards repayable assistance, financial engineering and certain provisions related to the statement of expenditure.

CONTENT: following an agreement reached with the European Parliament at first reading, the Council adopted a Regulation amending the general rules concerning the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

The main objective of the new Regulation is to **clarify the current general Regulation governing cohesion policy as regards the use of repayable assistance in the form of financial engineering in the context of the Structural Funds**. Member States have had positive experiences with repayable assistance schemes at the level of operations during the programming period 2000 to 2006 and have therefore continued such schemes or have started to implement repayable assistance schemes in the current programming period 2007 to 2013.

The amended Regulation introduces:

- **definitions for the terms:** a) "**reimbursable grant**": a direct financial contributions by way of donation which can be totally or partially reimbursable without interest; and b) "**credit line**": this is defined in the amended text as a financial facility allowing the beneficiary to draw down the financial contribution, which can be totally or partially reimbursable, in relation to expenditure paid by the beneficiary and supported by receipted invoices or accounting documents of equivalent probative value;
- **new provisions with regard to the reuse of repayable assistance:** repayable assistance, repaid to the body that provided that assistance or to another competent authority of the Member State, shall be reused for the same purpose or in line with the objectives of the relevant operational programme. Member States shall ensure that an adequate record of the repayable assistance repaid is shown in the accounting system of the appropriate body or authority;
- **requirements with respect to statements of expenditure:** in the interests of transparency, an attachment to each statement of expenditure should include information on the amount of total expenditure paid in establishing or contributing to financial engineering instruments and on the advances paid to the beneficiaries in the context of State aid.

Furthermore, the amended Regulation **modifies certain requirements with regard to the drawing up of reports:** reports should cover the progress made in financing and implementing the financial engineering instruments, namely: i) a description of the financial engineering instrument and implementation arrangements; ii) identification of the entities which implement the financial engineering instrument, including those acting through holding funds; and iii) amounts of assistance from the Structural Funds and national co-financing paid to the financial engineering instrument.

ENTRY INTO FORCE: 23/12/2011.

The changes apply with **retroactive effect from the beginning of the eligibility for the current 2007-2013 programming period.**