Basic information

2016/0193(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability Amending Regulation (EU) No 1303/2013 2011/0276(COD) **Subject** 4.70.01 Structural funds, investment funds in general, programmes	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
REGI Regional Development	MIHAYLOVA Iskra (ALDE)	14/07/2016
	Shadow rapporteur KREHL Constanze (S&D) TOMAŠIĆ Ruža (ECR) PAPADIMOULIS Dimitrios (GUE/NGL) REINTKE Terry (Verts/ALE) D'AMATO Rosa (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	
CONT Budgetary Control	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	

ITRE	Industry, Research and Energy	The committee decided not to give an opinion.	
TRAN	Transport and Tourism	The committee decided not to give an opinion.	
AGRI	Agriculture and Rural Development	The committee decided not to give an opinion.	
PECH	Fisheries	The committee decided not to give an opinion.	
CULT	Culture and Education	The committee decided not to give an opinion.	
FEMM	Women's Rights and Gender Equality	The committee decided not to give an opinion.	

Council of the European Union

European Commission

Commission DG	Commissioner
Financial Stability, Financial Services and Capital Markets Union	DOMBROVSKIS Valdis

European Economic and Social Committee

European Committee of the Regions

Key events

Date	Event	Reference	Summary
27/06/2016	Legislative proposal published	COM(2016)0418	Summary
04/07/2016	Committee referral announced in Parliament, 1st reading		
11/10/2016	Vote in committee, 1st reading		
17/10/2016	Committee report tabled for plenary, 1st reading	A8-0292/2016	Summary
25/10/2016	Decision by Parliament, 1st reading	T8-0394/2016	Summary
25/10/2016	Results of vote in Parliament		
14/11/2016	Act adopted by Council after Parliament's 1st reading		
23/11/2016	Final act signed		
23/11/2016	End of procedure in Parliament		
13/12/2016	Final act published in Official Journal		

Technical information	
Procedure reference	2016/0193(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EU) No 1303/2013 2011/0276(COD)
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/8/06935

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE587.491	26/09/2016	
Committee report tabled for plenary, 1st reading/single reading		A8-0292/2016	17/10/2016	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0394/2016	25/10/2016	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00039/2016/LEX	23/11/2016	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2016)0418	27/06/2016	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES4407/2016	21/09/2016	

Additional information

Source	Document	Date

European Commission	EUR-Lex	

Final act	
Regulation 2016/2135 OJ L 338 13.12.2016, p. 0034	Summary

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.

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

2016/0193(COD) - 27/06/2016 - Legislative proposal

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.

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: the sustained financial and economic crisis is increasing the pressure on national financial resources, as Member States are reducing their budgets.

In this context, **ensuring a smooth implementation of ESIF programmes** is of particular importance as a tool for injecting funds into the economy.

- Article 24 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council provides that on the request of a Member State with temporary budgetary difficulties, i.e. those countries which have received financial assistance under an adjustment programme after 21 December 2013, 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, provided the Member State submits a corresponding request. This provision currently applies until 30 June 2016.
- Article 120(3) of the same Regulation provides that from 1 January 2014 to 30 June 2017, the maximum co-financing rate at the level of each priority for all operational programmes supported by the ERDF and ESF in **Cyprus shall be 85 %** instead of 50 % applicable to more developed regions.

The Regulation requires the Commission to **review these two financial provisions** and make, if necessary, a legislative proposal before 30 June 2016 with a view to their possible extension. The

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. This means that **Greece is the only country under an adjustment programme on 30 June 2016**.

Cyprus exited its adjustment programme at the end of March 2016. However, the **economic situation of Cyprus is still fragile** as reflected by its sluggish growth rate, declining investment, high unemployment and stressed financial sector.

CONTENT: in order to ensure that Member States with temporary budgetary difficulties continue implementing the ESIF programmes and disburse funds to projects, **the proposal to amend Regulation (EU) No 1303/2013** would allow the Commission to:

- **top up payments to a Member State under an adjustment programme after 30 June 2016** (currently Greece). It would cover the period until 30 June of the year following the calendar year in which the Member State stops receiving financial assistance. This approach is in line with the ESI Funds accounting year which covers the period from 1 July to 30 June. It would extend the period of eligibility up to maximum 18 months;
- **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.

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

BUDGETARY IMPLICATIONS: there is **no impact on commitment appropriations** since no modification is proposed to the maximum amounts of ESIF financing provided for in the operational programmes for the programming period 2014-2020.

For payment appropriations, the proposal can result in a higher reimbursement to the Member States concerned. Based on the payment forecast from Member States revised by the Commission and the payment appropriations included in the 2016 budget and in the 2017 Draft Budget, **the need for payment appropriations are estimated to amount to approximately EUR 544 million**. The additional payment appropriations for this proposal may imply a temporary increase of payment appropriations, which would be compensated by lower payments at the end of the life cycle of the 2014-2020 programmes.

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

2016/0193(COD) - 17/10/2016 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Regional Development adopted the report by Iskra MIHAYLOVA (ADLE, BG) on the proposal for a regulation 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.

The committee recommended the Parliament to adopt its position at first reading, **taking over the Commission proposal.**

In order to ensure that Member States with temporary budgetary difficulties continue implementing the ESIF programmes and disburse funds to projects, the proposal to amend Regulation (EU) No 1303/2013 would allow the Commission to:

- **top up payments to a Member State under an adjustment programme after 30 June 2016** (currently Greece). It would cover the period until 30 June of the year following the calendar year in which the Member State stops receiving financial assistance. This approach is in line with the ESI Funds accounting year which covers the period from 1 July to 30 June. It would extend the period of eligibility up to maximum 18 months;
- **extend the co-financing rate of 85 % for all operational programmes supported by the ERDF and ESF in Cyprus** until closure of the operational programme 2014-2020.

In the explanatory statement in the draft legislative resolution, the rapporteur welcomed the Commission proposal as a focussed and budgetary-neutral solution to the temporary liquidity problems faced by two Member States. Therefore, she recommended that the committee and Parliament at plenary stage should take over the Commission proposal without amendment.

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

2016/0193(COD) - 25/10/2016 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 627 votes to 34, with 31 abstentions, a legislative resolution on the proposal for a regulation 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.

Parliament adopted its position at first reading following the ordinary legislative procedure **without making amendments to the Commission proposal**.

In order to ensure that Member States with temporary budgetary difficulties continue implementing the European Structural and Investment Funds (ESIF) programmes and disburse funds to projects, the proposal to amend Regulation (EU) No 1303/2013 would allow the Commission to:

- **make top up payments to a Member State under an adjustment programme after 30 June 2016**. The increased rate shall apply to its payment applications for the period until 30 June of the year following the calendar year in which the related financial assistance comes to an end;
- **extend the co-financing rate of 85 % for all operational programmes supported by the ERDF and ESF in Cyprus** until closure of the operational programme 2014-2020.