

# Procedure file

Basic information	
AVC - Assent procedure (historic) Regulation	2008/0233(AVC) Procedure completed
European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund: financial management Amending Regulation (EC) No 1083/2006 <a href="#">2004/0163(AVC)</a>	
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)	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>REGI</b> Regional Development		19/01/2009
		PSE <a href="#">GARCÍA PÉREZ Iratxe</a>	
Council of the European Union European Commission	Committee for opinion	Rapporteur for opinion	Appointed
	<b>BUDG</b> Budgets		20/09/2004
	<b>EMPL</b> Employment and Social Affairs	ALDE <a href="#">GRIESBECK Nathalie</a>	02/12/2008
		PSE <a href="#">CREU Gabriela</a>	
	Commission DG <a href="#">Regional and Urban Policy</a>	Commissioner HÜBNER Danuta	

Key events			
26/11/2008	Initial legislative proposal published	<a href="#">COM(2008)0803</a>	Summary
13/01/2009	Legislative proposal published	<a href="#">17575/2008</a>	Summary
03/02/2009	Committee referral announced in Parliament		
09/03/2009	Vote in committee		Summary
11/03/2009	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A6-0127/2009</a>	
01/04/2009	Debate in Parliament		
02/04/2009	Results of vote in Parliament		

02/04/2009	Decision by Parliament	<a href="#">T6-0201/2009</a>	Summary
07/04/2009	Act adopted by Council after consultation of Parliament		
07/04/2009	End of procedure in Parliament		
08/04/2009	Final act published in Official Journal		

### Technical information

Procedure reference	2008/0233(AVC)
Procedure type	AVC - Assent procedure (historic)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EC) No 1083/2006 <a href="#">2004/0163(AVC)</a>
Legal basis	EC Treaty (after Amsterdam) EC 161
Stage reached in procedure	Procedure completed
Committee dossier	REGI/6/70357

### Documentation gateway

Initial legislative proposal		<a href="#">COM(2008)0803</a>	26/11/2008	EC	Summary
Legislative proposal		<a href="#">17575/2008</a>	13/01/2009	CSL	Summary
Committee draft report		<a href="#">PE418.319</a>	26/01/2009	EP	
Committee opinion	<b>EMPL</b>	<a href="#">PE418.175</a>	11/02/2009	EP	
Committee opinion	<b>BUDG</b>	<a href="#">PE418.225</a>	23/02/2009	EP	
Economic and Social Committee: opinion, report		<a href="#">CES0349/2009</a>	25/02/2009	ESC	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A6-0127/2009</a>	11/03/2009	EP	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T6-0201/2009</a>	02/04/2009	EP	Summary

### Additional information

National parliaments	<a href="#">IPEX</a>
European Commission	<a href="#">EUR-Lex</a>

### Final act

[Regulation 2009/284](#)  
[OJ L 094 08.04.2009, p. 0010](#) Summary

## European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund: financial management

PURPOSE: to amend Regulation (EC) No 1083/2006 on the European Regional Development Fund, the European Social Fund and the Cohesion Fund on certain provisions relating to financial management.

CONTENT: the unprecedented crisis besetting the international financial markets has created major challenges for the EU and requires a rapid response in order to counter the impacts on the economy as whole. The Commission has endeavoured to contribute to the debate currently taking place within the Union and with its international partners on how best to react to the current financial crisis and to its socio-economic consequences. In particular the Commission has, together with Member States, examined the possibility of accelerating investment projects and payments to Member States.

To do this, cohesion policy represents the most powerful and relevant lever for assisting the real economy. With total financial resources of EUR 347 billion for the 2007-2013 period and EUR 250 billion of this envelope earmarked for Lisbon-related investment, cohesion policy provides a powerful support for both budgetary stability and public investment in the Member States and the regions of the EU.

In such a situation, certain regulatory provisions presently in force should be adapted in order to accelerate the implementation of investment projects and the making available of Community financial resources for the benefit of the Member States and the regions of the EU. These provisions include those relating to pre-financing, those concerning expenditure declarations ? more specifically, on the one hand, the reimbursement of advances paid to beneficiaries within the framework of State Aids in the meaning of Article 87 of the Treaty and, on the other, major projects and finally those relating to the eligibility of expenditure and financial engineering instruments.

The proposed modifications to Regulation (EC) No 1083/2006 seek to counteract the negative effects of the economic crisis in its totality, in order to accelerate in the short term the implementation of the Funds for the benefit of the real economy, notably through strengthened support to SMEs.

They are concentrated on four principal areas:

- extending the scope of application of Article 44 relating to financial engineering instruments for the intervention of the EIB and EIF in support of Member States for the preparation and implementation of operational programmes;
- an amendment to Article 56 relating to the eligibility of expenditure with a view to clarifying the possibility of payment of overheads on the basis of flat rates and to introduce the possibility of in-kind contributions being considered as eligible expenditure at the time of establishing - or contributing to ? funds;
- a modification of the dispositions relating to expenditure declarations: (i) for major projects with the removal of the prohibition from including incurred expenditures for such projects in interim payment requests before major project approval by the Commission and (ii) for State Aids within the meaning of Article 87 of the Treaty through the removal of the 35 % limit hitherto attaching to advances paid to beneficiaries by the body granting the aid, thus permitting advance payments of up to 100 %, other conditions remaining unchanged;
- an increase in the third pre-financing instalment (2009) of 2 % for Structural Funds for those Member States that acceded to the EU on or after 1 May 2004, the creation of a third instalment (2009) of 2,5 % for Structural Funds for all those Member States which had acceded to the EU as constituted before 1 May 2004, in terms of the territorial co-operation objective, if the programme contains at least one participating Member State which acceded to the EU on or after 1 May 2004, it is attributed an additional percentage advance of 2% in 2009. These additional resources which should be made available at the beginning of the year should be rapidly transferred to beneficiaries, taking due account of the rules of sound financial management.

Budgetary impact: the amount of additional advance payments foreseen in 2009 on the basis of the proposal totals EUR 6.3 billion. Other proposed amendments may increase the speed of interim payments.

## European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund: financial management

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PURPOSE: to adapt certain provisions of Regulation (EC) No 1083/2006 in order to facilitate the mobilisation of Community financial resources.

PROPOSED ACT: Council Regulation.

BACKGROUND: the unprecedented crisis hitting international financial markets has brought about major challenges for the Community, which necessitates a rapid response in order to counter effects on the economy as a whole and, in particular, to support investments in order to promote growth and employment. The adaptation of certain provisions of Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund is necessary in order to facilitate the mobilisation of Community financial resources for the start-up of operational programmes and assisted projects within the framework of these programmes in such a manner as to accelerate implementation and the impact of such investments on the economy.

CONTENT: the proposal deals with the following:

- it strengthens the possibility of provision by the European Investment Bank (EIB) and the European Investment Fund (EIF) of assistance to Member States in the preparation and implementation of operational programmes;
- it will be possible to award a contract directly to the EIB and EIF as financial entities recognised by the Treaty, when financial engineering operations are organised involving them as holding funds;
- in order to facilitate the use of financial engineering instruments, notably within the field of sustainable urban development, contributions in kind may be considered as eligible expenditure in the constitution of, or contributions to, funds;
- in order to support enterprises, and in particular small and medium-sized enterprises, it renders more flexible the conditions governing the payment of advances within the framework of State aids under Article 87 of the Treaty;
- expenditures relating to major projects which have not yet been adopted by the Commission may be included in expenditure declarations in order to accelerate the implementation of major projects. Provisions concerning pre-financing are amended in order to bolster the financial resources of Member States thus facilitating the rapid start-up of operational programmes in a crisis context;
- the payment of a payment on account at the beginning of operational programmes will allow a regular cash flow and facilitate payments to beneficiaries during programme implementation. For this reason provisions are established for such payments on account for the Structural Funds: 7.5 % (for Member States of the EU as constituted before 1 May 2004) and 9 % (for the Member States that acceded to the EU on or after 1 May 2004) in order to accelerate the implementation of operational programmes.

Due to principles of equality of treatment and of legal security, the amendments relating to Articles 56 (2) (contributions in kind) and 78 (1) (expenditure paid by beneficiaries to be supported by receipted invoices) must apply during the whole 2007-2013 programming period. Retroactive application is therefore necessary with effect from 1 August 2006, the date on which Regulation (EC) No 1083/2006 came into force. As the unprecedented crisis affecting international financial markets necessitates a rapid response in order to counter effects on the economy as a whole, other amendments should enter into force on the day following its publication in the Official Journal of the European Union.

## European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund: financial management

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The Committee on Regional Development adopted the report drawn up by Iratxe GARCÍA PÉREZ (PES, ES) recommending that the European Parliament give its assent to the proposal for a Council regulation (EC) amending Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, concerning certain provisions relating to financial management.

## European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund: financial management

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The European Parliament adopted by 603 votes to 21, with 8 abstentions, a legislative resolution approving unamended, under the assent procedure, the proposal for a Council regulation amending Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund concerning certain provisions relating to financial management.

The Parliament gives its assent to the proposal for a Council regulation.

## European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund: financial management

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**PURPOSE:** to assist Member States in their fight against the effects of the current financial crisis through an amendment to Regulation (EC) No 1083/2006 on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

**LEGISLATIVE ACT:** Council Regulation (EC) No 284/2009 amending Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund concerning certain provisions relating to financial management.

**CONTENT:** the unprecedented crisis hitting international financial markets has brought about major challenges for the Community, which necessitates a rapid response in order to counter effects on the economy as a whole and, in particular, to support investments in order to promote growth and employment.

The adaptation of certain provisions of Regulation (EC) No 1083/2006 is necessary in order to facilitate the mobilisation of Community financial resources for the start-up of operational programmes and assisted projects within the framework of these programmes in such a manner as to accelerate implementation and the impact of such investments on the economy.

In this context, the aims of the main amendments to the existing regulatory framework are to:

- strengthen the possibility of provision by the European Investment Bank (EIB) and the European Investment Fund (EIF) of assistance to Member States in the preparation and implementation of operational programmes. In relation to financial engineering operations, contracts may be directly awarded to the EIB and the EIF;
- provide for the possibility of in-kind contributions being considered as eligible expenditure in the constitution of, or contributions to, funds, in order to facilitate the use of financial engineering instruments, notably within the field of sustainable urban development;
- make more flexible the conditions governing the payment of advances within the framework of State aids under Article 87 of the Treaty, in order to support enterprises, and in particular small and medium-sized enterprises: the 35% limit hitherto attaching to advances paid to beneficiaries by the body granting the aid has been removed, thus permitting advance payments of up to 100%, other conditions remaining unchanged;
- amend the provisions on expenditure declarations in order to accelerate the implementation of major projects with the removal of the prohibition from including incurred expenditures for such projects in interim payment requests before major project approval by the Commission;
- provide for the payment of a payment on account at the beginning of operational programmes in order to allow a regular cash flow and facilitate payments to beneficiaries during programme implementation. For this reason, provisions should be established for such payments on account for the Structural Funds:
  - for Member States of the European Union as constituted before 1 May 2004: 7.5% (in 2007, 2% of the contribution from the Structural Funds to the operational programme, in 2008, 3%, and in 2009, 2.5%);
  - for Member States that acceded to the European Union on or after 1 May 2004: 9% (in 2007, 2% of the contribution from the Structural Funds to the operational programme, in 2008, 3%, and in 2009, 4 %);
  - if the operational programme falls under the European territorial cooperation objective and at least one of the participants is a Member State that acceded to the European Union on or after 1 May 2004: in 2007, 2% of the contribution from the

European Regional Development Fund (ERDF) to the operational programme, in 2008, 3%, and in 2009, 4%.

As a result of this measure, the amount of additional advance payments foreseen in 2009 totals EUR 6.3 billion.

Retroactive clause: the amendments to Article 56(2) (in-kind contributions) and Article 78(1) (expenditure paid by beneficiaries to be supported by receipted invoices) should apply during the whole 2007-2013 programming period. Retroactive application is therefore necessary with effect from 1 August 2006, the date on which Regulation (EC) No 1083/2006 came into force.

ENTRY INTO FORCE: 09/04/2009.