

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2011/0211(COD) Procedure completed
Structural Funds: increased payments for certain Member States 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) 5.10.01 Convergence of economic policies, public deficit, interest rates 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		05/10/2011
		PPE HÜBNER Danuta Maria	
		Shadow rapporteur	
		S&D KLEVA KEKUŠ Mojca	
	ALDE MĂNESCU Ramona Nicole		
	Verts/ALE TREMOPOULOS Michail		
	ECR VLASÁK Oldřich		
	NI SZEGEDI Csanád		
	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.
	EMPL Employment and Social Affairs		The committee decided not to give an opinion.
Council of the European Union	Council configuration	Meeting	Date
	Transport, Telecommunications and Energy	3134	12/12/2011
European Commission	Commission DG	Commissioner	
	Regional and Urban Policy	HAHN Johannes	
European Economic and Social Committee			
European Committee of the Regions			

Key events			
01/08/2011	Legislative proposal published	COM(2011)0482	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	A7-0383/2011	
01/12/2011	Results of vote in Parliament		
01/12/2011	Decision by Parliament, 1st reading	T7-0527/2011	Summary
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	2011/0211(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EC) No 1083/2006 2004/0163(AVC)
Legal basis	Treaty on the Functioning of the EU TFEU 177-p1
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	REGI/7/06699

Documentation gateway

Legislative proposal	COM(2011)0482	01/08/2011	EC	Summary
Committee draft report	PE473.699	04/10/2011	EP	
Amendments tabled in committee	PE474.003	18/10/2011	EP	
Economic and Social Committee: opinion, report	CES1588/2011	27/10/2011	ESC	
Committee report tabled for plenary, 1st reading/single reading	A7-0383/2011	16/11/2011	EP	
Text adopted by Parliament, 1st reading/single reading	T7-0527/2011	01/12/2011	EP	Summary
Draft final act	00066/2011/LEX	13/12/2011	CSL	
Commission response to text adopted in plenary	SP(2012)29	11/01/2012	EC	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Structural Funds: increased payments for certain Member States

PURPOSE: to help those Member States most affected by the financial crisis to continue their cohesion programmes on the ground so as to inject funds into the economy.

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

BACKGROUND: the deepening of the financial crisis in some of the Member States is affecting substantially the real economy due to the amount of debt and the difficulties encountered by Governments to borrow money from the market. In this context, the proper implementation of cohesion programmes is of particular importance because it facilitates financial assistance to the real economy.

Nonetheless, the implementation of the programmes is often challenging as a result of the liquidity problems resulting from budget constraints. This is particularly the case for those Member States which have been most affected by the crisis and have received financial assistance under a programme from the European Financial Stabilisation Mechanism (EFSM) for the euro countries or from the Balance of Payments (BoP) mechanism for non euro countries.

To date, six countries have requested financial assistance under these mechanisms and have agreed with the Commission a macro-economic adjustment programme: Hungary, Romania, Latvia, Portugal, Greece and Ireland. These Member States (and indeed any other Member State which may be concerned in the future by such assistance programmes) should receive help to continue the implementation of the Structural Fund and Cohesion Fund programmes by increasing the sums allocated to the countries concerned for the period for which they are under the support mechanisms.

IMPACT ASSESSMENT: the proposal would allow the Commission to increase payments to the countries concerned, for the period they are under the support mechanisms.

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

CONTENT: the proposal contains provisions that would allow the Commission to increase payments to the countries most affected by the financial crisis for the period for which they are under the support mechanisms, without changing their overall allocation under the Structural Funds and the Cohesion Fund for the period 2007-2013.

It is proposed to amend Council Regulation (EC) No 1083/2006 on the European Regional Development Fund, the European Social Fund and the Cohesion Fund so as to enable the Commission, upon the request of the Member States concerned, to reimburse the newly declared expenditure for the period in question by an increased amount calculated by applying a 10 percentage points top-up of the applicable co-financing rates for the priority axis.

In applying the top-up, the co-financing rate of the programme cannot exceed by more than 10 percentage points the maximum ceilings of Annex III to the General Regulation. In any case contribution from the funds to the priority axis concerned cannot be higher than the amount mentioned in the Commission decision approving the operational programme.

This will be a temporary measure which will be terminated once the Member State exits the support mechanism.

BUDGETARY IMPACT: there is no impact on commitment appropriations since no modification is proposed to the maximum amounts of Structural Funds and Cohesion Fund financing provided for in the operational programmes for the programming period 2007-2013. For payment appropriations, the proposal can result in a higher reimbursement to the Member States concerned. The additional payment appropriations for this proposal will imply an increase of payment appropriations (for 2012 approximately EUR 2,304 million) which may be compensated by the end of the programming period. Therefore, the total payment appropriations for the whole programming period remain unchanged.

The Commission will in 2012 review the need for additional payment credits and, if necessary, propose the necessary actions to the Budgetary Authority

Structural Funds: increased payments for certain Member States

The Committee on Regional Development adopted the report by Danuta Maria HUBNER (EPP, PL) on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability. It recommended that the European Parliaments position at first reading, under the ordinary legislative procedure, should be to amend the Commission proposal. The amendments are the result of negotiations between the committee members and the Council. The main amendments are as follows: Derogation: the derogation permitting the increase of interim payments will be granted upon the written request of a Member State meeting one of the conditions mentioned in the text. The request shall be submitted within two months of the entry into force of the regulation or within two months from the date on which a Member State meets the conditions. It is added that the temporary increase in interim payments should also be considered in the context of the budgetary restraints facing all Member States, which should be reflected appropriately in the EU budget. In addition, since the main purpose of the mechanism is to address specific current difficulties, its application should be limited in time. Therefore application of the mechanism should start on 1 January 2010 and its duration should be limited until the end of 31 December 2013. The derogation shall cease to be valid for statements of expenditure submitted after 31 December 2013. Justification of the request for derogation: the amended text states that in its request submitted to the Commission, the Member State shall justify the necessity of the derogation by providing information necessary to establish: the unavailability of resources for the national

counterpart through data on its macroeconomic and fiscal situation; and that an increase of payments referred to in paragraph 2 is necessary to safeguard the continuation of the implementation of operational programmes; that the problems persist even if the maximum ceilings applicable to co-financing rates of Annex III are used; reference to a Council Decision or other legal act, which justifies that the Member State falls under any of the points of eligibility as stated in the draft regulation, as well as the concrete starting date from which the financial assistance was made available to the Member State. The Commission will have 30 days from the day of submission of the request to raise any objection against the correctness of the information submitted. If the Commission does not raise any objection, the Member State request for the derogation shall be considered as justified. However, if the Commission decides to object to the Member State's request, the Commission shall adopt a decision, by means of an implementing act, on this and shall give the reasons. Intended use of the derogation: the Member State request shall also detail the intended use of the derogation, and give information about complementary measures foreseen in order to concentrate the funds on competitiveness, growth and employment, including, where appropriate, a modification of the operational programmes. The text further states that in the context of the strategic reporting in accordance with the terms of the Regulation, the Member States shall provide the Commission with appropriate information on the use of the derogation showing how the increased amount of support has contributed to promote competitiveness, growth and jobs in the Member State concerned. This information shall be taken into account by the Commission in the preparation of the strategic report. Retroactive application: the Regulation shall apply retroactively to the following Member States: in case of Ireland, Greece and Portugal with effect from the day when the financial assistance was made available to these Member States and in case of Hungary, Latvia and Romania from 1 January 2010. Lastly, the committee notes that as a result of the increase in interim payments, the required national counterpart will be reduced accordingly. Due to the temporary nature of the increase and in order to maintain the original co-financing rates as the reference point for calculation of the temporarily increased amounts, the changes resulting from application of the mechanism will not be reflected in the financial plan included in the operational programme. However, operational programmes may need to be updated in order to concentrate the funds on competitiveness, growth and employment in order to align their targets and objectives with the decrease of total funding available.

Structural Funds: increased payments for certain Member States

The European Parliament adopted by 536 votes to 43, with 44 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 certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability.

It adopted its position at first reading, under the ordinary legislative procedure. The amendment adopted in plenary are the result of a compromise negotiated between the European Parliament and the Council. They amend the Commission proposal as follows:

Derogation: the derogation permitting the increase of interim payments will be granted upon the written request of a Member State meeting one of the conditions mentioned in the text. The request shall be submitted within two months of the entry into force of the regulation or within two months from the date on which a Member State meets the conditions.

It is added that the temporary increase in interim payments should also be considered in the context of the budgetary restraints facing all Member States, which should be reflected appropriately in the EU budget. In addition, since the main purpose of the mechanism is to address specific current difficulties, its application should be limited in time. Therefore application of the mechanism should start on 1 January 2010 and its duration should be limited until the end of 31 December 2013. The derogation shall cease to be valid for statements of expenditure submitted after 31 December 2013.

In a recital, it is stipulated that due to the temporary nature of that increase and in order to maintain the original co-financing rates as the reference point for calculation of the temporarily increased amounts, the changes resulting from application of the mechanism should not be reflected in the financial plan included in the operational programme. However, operational programmes may need to be updated in order to concentrate the Funds on competitiveness, growth and employment and in order to align their targets and objectives with the decrease of total funding available.

Justification of the request for derogation: the amended text states that in its request submitted to the Commission, the Member State shall justify the necessity of the derogation by providing information necessary to establish:

- the unavailability of resources for the national counterpart through data on its macroeconomic and fiscal situation; and that an increase of payments referred to in paragraph 2 is necessary to safeguard the continuation of the implementation of operational programmes;
- that the problems persist even if the maximum ceilings applicable to co-financing rates of Annex III are used;
- reference to a Council Decision or other legal act, which justifies that the Member State falls under any of the points of eligibility as stated in the draft regulation, as well as the concrete starting date from which the financial assistance was made available to the Member State.

The Commission will have 30 days from the day of submission of the request to raise any objection against the correctness of the information submitted. If the Commission does not raise any objection, the Member State request for the derogation shall be considered as justified. However, if the Commission decides to object to the Member State's request, the Commission shall adopt a decision, by means of an implementing act, on this and shall give the reasons.

Intended use of the derogation: the Member State request shall also detail the intended use of the derogation, and give information about complementary measures foreseen in order to concentrate the funds on competitiveness, growth and employment, including, where appropriate, a modification of the operational programmes.

The text further states that in the context of the strategic reporting in accordance with the terms of the Regulation, the Member States shall provide the Commission with appropriate information on the use of the derogation showing how the increased amount of support has contributed to promote competitiveness, growth and jobs in the Member State concerned. This information shall be taken into account by the Commission in the preparation of the strategic report.

Retroactive application: the Regulation shall apply retroactively to the following Member States: in case of Ireland, Greece and Portugal with effect from the day when the financial assistance was made available to these Member States and in case of Hungary, Latvia and Romania from 1 January 2010.

Structural Funds: increased payments for certain Member States

PURPOSE: to facilitate access to funding in the context of EU cohesion policy as a means of reducing the effects of the financial crisis on the real economy, the labour market and citizens.

LEGISLATIVE ACT: Regulation (EU) No 1311/2011 of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 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: following an agreement reached with the European Parliament at first reading, the Council adopted a Regulation allowing the temporary raising of the rates of cofinancing for the Structural Funds and the Cohesion Fund for those Member States experiencing financial difficulties.

The global economic and financial crisis is affecting or is threatening to affect certain Member States with problems concerning their economic growth and financial stability, as well as a deterioration in their deficit and debt position. Pressure on national financial resources is increasing and further steps should be taken rapidly to alleviate that pressure through the maximal and optimal use of funding from the Structural Funds and the Cohesion Fund.

The new rules provide for an increase in the EUs cofinancing rates of 10 percentage points above the usual cofinancing rates applicable to each priority axis.

These provisions apply to the six Member States more seriously affected by the crisis, which have benefited from financial assistance from the balance of payments mechanism for countries not part of the euro area (Romania, Latvia and Hungary) or the European Financial Stability Mechanism for members of the euro area (Portugal, Greece and Ireland).

A Member State seeking to benefit from the derogation shall submit a written request to the Commission supplying all the necessary information necessary to establish:

- by means of data on its macroeconomic and fiscal situation, that no resources for the national counterpart are available;
- that an increase of payments is necessary to safeguard the continued implementation of operational programmes;
- that problems persist even if the maximum ceilings applicable to co-financing rates set out in Annex III are used;
- which Council Decision or other relevant legal act allows the Member State to take advantage of the derogation.

The Commission shall verify whether the information submitted justifies granting a derogation. The Commission shall have 30 days from the date of submission of the request to raise an objection as to the correctness of the submitted information.

This Regulation is one of a group of three Regulations concerning the same six Member States and relating, on the one hand, to the [European Fisheries Fund \(EFF\)](#) and, on the other, the [Agricultural Fund for Rural Development \(EAFRD\)](#).

The new support measures will not increase the total amount of appropriations to the countries concerned. This means that these additional transfers do not involve any supplementary EU funding.

ENTRY INTO FORCE: 20/12/2011.

These measures may be applied retroactively with effect from 1 January 2010 but no later than 31 December 2013.