



Brussels, 18.6.2013  
COM(2013) 428 final

2013/0200 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on amending Council Regulation (EC) No 1198/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability**

## EXPLANATORY MEMORANDUM

### 1. BACKGROUND TO THE PROPOSAL

- **Reasons and objectives for the proposal**

*Extension of increased co-financing for Member States threatened with serious difficulties with respect to their financial stability*

The sustained financial and economic crisis has put national financial resources under pressure as Member States pursue necessary policies of fiscal consolidation. In this context, ensuring a smooth implementation of the European Fisheries Fund programmes is of particular importance for investment in the fisheries sector.

Programme implementation is often challenging, not least as a result of the liquidity problems resulting from fiscal consolidation. This is particularly the case for those Member States which have been most affected by the crisis and have received financial assistance under an adjustment programme. To date, seven countries have received financial assistance and have agreed a macro-economic adjustment programme with the Commission. These countries are Cyprus, Hungary, Romania, Latvia, Portugal, Greece and Ireland, hereafter called "programme countries". Hungary, Romania and Latvia are no longer under an adjustment programme.

To ensure that these Member States (and any other Member State which may benefit from such assistance programmes in the future) continue to implement the fisheries policy programmes on the ground and continue to disburse funds to projects, the current proposal contains provisions that would allow the Commission to make increased payments to these countries for the period they are under the support mechanisms, without modifying their overall allocation under the fisheries policy for the period 2007-2013. This will provide additional financial resources to the Member States at a critical juncture and will facilitate the continued implementation of programmes on the ground.

- **General context and provisions in force in the policy sphere of the proposal**

Articles 76 and 77 of Regulation (EC) No 1198/2006, hereinafter Regulation, provides that the interim payments and the final balance shall be calculated by applying the co-financing rate for each priority axis laid down by the Commission decision adopting the operational programme concerned. It also provides for the application of an increased co-financing rate for programme countries. This provision currently applies until 31 December 2013.

- **Consistency with other policies and objectives of the Union**

The proposal is consistent with other proposals and initiatives adopted by the Commission as a response to the financial crisis.

### 2. CONSULTATION OF INTEREST PARTIES AND IMPACT ANALYSIS

- **Consultation of interested parties**

There was no consultation of external stakeholders

- **Procurement and use of expertise**

Use of external expertise has not been necessary.

- **Impact analysis**

The proposal would allow the Commission to top up payments to programme countries until the end of the 2007-2013 period. The increase will be an amount calculated by applying ten percentage points top-up to the co-financing rates applicable to the priority axes of the programmes to the newly certified expenditure submitted during the period in question until the ceiling for payments is reached.

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

### 3. **LEGAL ELEMENTS OF THE PROPOSAL**

- **Summary of the proposed measures**

It is proposed to modify article 77a of the Regulation to allow the Commission to continue, until the end of the eligibility period of the 2007-2013 operational programmes, to reimburse the newly declared expenditure by an increased amount calculated by applying a 10 percentage points top-up of the applicable co-financing rates for the priority axis.

The contribution from the fund to the priority axis concerned cannot be higher than the amount mentioned in the Commission decision approving the operational programme.

- **Legal basis**

The Regulation defines the rules applicable to the Fund. Based on the principle of shared management between the Commission and the Member States, this Regulation includes provisions for the programming process as well as arrangements for programme (including financial) management, monitoring, financial control and evaluation of projects.

- **Subsidiarity principle**

The proposal complies within the subsidiarity principle to the extent that it seeks to provide increased support through the European Fisheries Fund for certain Member States which are experiencing serious difficulties, notably with respect to economic growth and financial stability and with a deterioration in their deficit and debt position, also as a result of the international economic and financial environment. In this context, it is necessary to establish at the Union level a temporary mechanism which allows the Commission to increase the reimbursement on the basis of the certified expenditure under the European Fisheries Fund.

- **Proportionality principle**

The proposal conforms to the proportionality principle:

The extension of the application of the increased co-financing rates is proportional in relation to the sustained economic crisis and to the other efforts undertaken to help these Member States.

- **Choice of instruments**

Proposed instrument: amendment of the current regulation.

The Commission has explored the scope for manoeuvre provided by the legal framework and considers it necessary, in the light of experience up to now, to propose modifications to the General Regulation.

#### **4. BUDGETARY IMPACT**

There is no impact on commitment appropriations since no modification is proposed to the maximum amounts of the Fund financing provided for in the operational programmes for the 2007-2013 programming period.

For payment appropriations, the proposal relating to the top-up is budget neutral. However, it can result in a higher reimbursement to the Member States concerned in 2014, but will be balanced out at closure in 2017. The additional payment appropriations for this proposal will imply an increase of payment appropriations (for 2014 of approximately EUR 10 million) which will be compensated by the end of the programming period. Therefore, the total payment appropriations for the whole programming period remain unchanged.

Proposal for a

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,  
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 43(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,

Having regard to the opinion of the Committee of the Regions<sup>2</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The unprecedented global financial crisis and economic downturn have seriously damaged economic growth and financial stability and provoked a strong deterioration in financial and economic conditions in several Member States. In particular, certain Member States are experiencing serious difficulties or are threatened with such difficulties, notably with problems in their economic growth and financial stability and with a deterioration in their deficit and debt position.
- (2) Important actions to counterbalance the negative effects of the crisis have been taken pursuant to Articles 122(2), 136 and 143 of the Treaty. However, pressure on national financial resources is increasing and appropriate steps are needed to alleviate that pressure through the maximum and optimal use of the funding from the European Fisheries Fund.
- (3) In order to facilitate the management of Union funding, to help accelerate investments in Member States and regions and to improve the availability of funding to the economy, Council Regulation (EC) No 1198/2006 of 27 July 2006 on the European Fisheries Fund<sup>3</sup> was amended by Regulation (EU) No 387/2012 of the European Parliament and of the Council<sup>4</sup> to allow the increase of interim and final payments from the European Fisheries Fund by an amount corresponding to ten percentage points above the actual co-financing rate for each priority axis for Member States which are facing serious difficulties with respect to their financial stability and request to benefit from that measure.

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<sup>1</sup> OJ C , , p. .

<sup>2</sup> OJ C , , p. .

<sup>3</sup> OJ L 223, 15.8.2006, p. 1.

<sup>4</sup> OJ L 129, 16.5.2012, p. 7.

- (4) Paragraph 5 of Article 77a of Regulation (EC) No 1198/2006 allows for the application of that increased co-financing rate up to 31 December 2013. However, since Member States still face serious difficulties with respect to their financial stability, the application of the increased co-financing rate should not be limited to the end of 2013.
- (5) Regulation (EC) No 1198/2006 should therefore be amended accordingly.
- (6) Given the unprecedented crisis, swift adoption of support measures is needed. Therefore it is appropriate that this Regulation enters into force on the day of its publication in the Official Journal of the European Union.

HAVE ADOPTED THIS REGULATION:

*Article 1*

In Regulation (EC) No 1198/2006, paragraph 5 of Article 77a is deleted.

*Article 2*

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## LEGISLATIVE FINANCIAL STATEMENT

### **1. NAME OF THE PROPOSAL:**

Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1198/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability.

### **2. ABM / ABB FRAMEWORK**

Policy Area(s) concerned and associated Activity/Activities:

Maritime Affairs and Fisheries; ABB activity 11.06

### **3. BUDGET LINES**

#### **3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A lines)):**

The proposed new action will be implemented on the following budget lines:

- 11.061200 Convergence (EFF)
- 11.0613 Non-convergence (EFF)

#### **3.2. Duration of the action and of the financial impact:**

None of the proposed changes will have a financial impact. Indeed, the increased need in 2014 to cover the payment claims for Member States under financial assistance, will be offset at closure of the programmes in year 2017. The mechanism allows some frontloading of payments compared to a situation without “top-up”.

### 3.3. Budgetary characteristics:

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
11.061200	Non-comp	Diff	NO	NO	NO	No 2
11.061300	Non-comp	Diff	NO	NO	NO	No 2

## 4. SUMMARY OF RESOURCES

### 4.1. Financial Resources

#### 4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

The following tables show the estimated impact of the proposed measures in 2014 to 2017. Since no new financial resources are proposed for commitment appropriations, no figures are inserted in the tables but n.a. (non-applicable) is indicated. The proposal is therefore in line with the multi-annual financial framework for 2007-2013.

For payments, the proposal to extend the top-up mechanism can result in a higher reimbursement to the Member States concerned, that will be offset at closure. Based on the latest available payment forecast from Member States, top-up payments paid out to the concerned Member States in 2012, and the payment appropriations included in the 2013 Budget, the budgetary needs would be approximately EUR 10 million for 2014.



EUR million (to 3 decimal places)

Expenditure type	Section no.		Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later	Total
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**Operational expenditure<sup>5</sup>**

Commitment Appropriations (CA)	8.1	a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Payment Appropriations (PA)		b	n.a.	+10	n.a.	n.a.	-10	n.a.	0.

**Administrative expenditure within reference amount<sup>6</sup>**

Technical & administrative assistance (NDA)	8.2.4	c	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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**TOTAL REFERENCE AMOUNT**

<b>Commitment Appropriations</b>		<b>a+c</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Payment Appropriations</b>		<b>b+c</b>	<b>n.a.</b>	<b>+10</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-10</b>	<b>n.a.</b>	<b>0,000</b>

**Administrative expenditure not included in reference amount<sup>7</sup>**

Human resources and associated expenditure (NDA)	8.2.5	d	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

**Total indicative financial cost of intervention**

<b>TOTAL CA including cost of Human Resources</b>		<b>a+c+d+e</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>TOTAL PA including cost of Human Resources</b>		<b>b+c+d+e</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>

<sup>5</sup> Expenditure that does not fall under Chapter xx 01 of the Title xx concerned

<sup>6</sup> Expenditure within article xx 01 04 of Title xx.

<sup>7</sup> Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.

## Co-financing details

EUR million (to 3 decimal places)

Co-financing body		Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later	Total
.....	f	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL CA including co-financing	a+c +d+ e+f	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

### 4.1.2. Compatibility with Financial Programming

- Proposal is compatible with existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the financial perspective.
- Proposal may require application of the provisions of the Interinstitutional Agreement<sup>8</sup> (i.e. flexibility instrument or revision of the financial perspective).

### 4.1.3. Financial impact on Revenue

- Proposal has no financial implications on revenue
- Proposal has financial impact – the effect on revenue is as follows:

EUR million (to one decimal place)

Budget line	Revenue	Prior to action [Year n-1]	Situation following action					
			[Year n]	[n+1]	[n+2]	[n+3 ]	[n+4]	[n+5] 9
	a) Revenue in absolute terms		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	b) Change in revenue	$\Delta$	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

**(Please specify each revenue budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line.)**

<sup>8</sup> See points 19 and 24 of the Inter-institutional agreement.

<sup>9</sup> Additional columns should be added if necessary i.e. if the duration of the action exceeds 6 years

**4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.**

<b>Annual requirements</b>	<b>Year n</b>	<b>n + 1</b>	<b>n + 2</b>	<b>n + 3</b>	<b>n + 4</b>	<b>n + 5 and later</b>
Total number of human resources	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

**5. CHARACTERISTICS AND OBJECTIVES**

**5.1. Need to be met in the short or long term**

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 the fisheries policy programmes is of particular importance as a tool for injecting funds into the economy. In order to ensure that these Member States continue the implementation of the European Fisheries Fund programmes on the ground and disburse funds to projects, the proposal contains provisions that would allow the Commission to increase payments to Member States, for the period they are under the support mechanisms..

**5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy**

The proposal will allow the continuation of the implementation of the programmes, injecting money into the economy while at the same time help reduce the burden on public expenditure.

**5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework**

The objective is 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.

**5.4. Method of Implementation (indicative)**

Show below the method(s) chosen for the implementation of the action.

- With Member States

**6. MONITORING AND EVALUATION**

**6.1. Monitoring system**

Not needed, as it falls under the established monitoring of the European Fisheries Fund.

**6.2. Evaluation**

6.2.1. *Ex-ante evaluation*

N/A

6.2.2. *Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)*

N/A

6.2.3. *Terms and frequency of future evaluation*

N/A

**7. ANTI-FRAUD MEASURES**

**N.A.**

## 8. DETAILS OF RESOURCES

### 8.1. Objectives of the proposal in terms of their financial cost

*Commitment appropriations in EUR million (to 3 decimal places)*

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year n		Year n+1		Year n+2		Year n+3		Year n+4		Year n+5 and later		TOTAL		
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs
OPERATIONAL OBJECTIVE No.1 Sustain the implementation of the operational programmes				0,000		0,000											
<b>TOTAL COST</b>				<b>0,000</b>		<b>0,000</b>											<b>0,000</b>

## 8.2. Administrative Expenditure

### 8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources ( <b>number of posts/FTEs</b> )					
		Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5
Officials or temporary staff (XX 01 01)	A*/AD B*, C*/AST	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Staff financed by art. XX 01 02		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other staff financed by art. XX 01 04/05		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>TOTAL</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

### 8.2.2. Description of tasks deriving from the action

N/A

### 8.2.3. Sources of human resources (statutory)

*(When more than one source is stated, please indicate the number of posts originating from each of the sources)*

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year n
- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

8.2.4. *Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)*

*EUR million (to 3 decimal places)*

Budget line (number and heading)	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
<b>1 Technical and administrative assistance (including related staff costs)</b>							
Executive agencies	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other technical and administrative assistance	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
- intra muros	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
- extra muros	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total Technical and administrative assistance</b>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

*EUR million (to 3 decimal places)*

Type of human resources	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later
Officials and temporary staff (XX 01 01)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.)  (specify budget line)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total cost of Human Resources and associated costs (NOT in reference amount)</b>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Calculation– **Officials and Temporary agents**

Reference should be made to Point 8.2.1, if applicable

n.a.

Calculation– **Staff financed under art. XX 01 02**

Reference should be made to Point 8.2.1, if applicable

n.a.

8.2.6. *Other administrative expenditure not included in reference amount*

EUR million (to 3 decimal places)

	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
XX 01 02 11 01 – Missions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
XX 01 02 11 02 – Meetings & Conferences	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
XX 01 02 11 03 – Committees	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
XX 01 02 11 04 – Studies & consultations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
XX 01 02 11 05 - Information systems	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>2 Total Other Management Expenditure (XX 01 02 11)</b>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>3 Other expenditure of an administrative nature</b> (specify including reference to budget line)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)</b>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Calculation - *Other administrative expenditure not included in reference amount*

n.a.