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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**amending Council Regulation (EC) No 1083/2006 as regards the financial allocation for
certain Member States from the European Social Fund**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

In the context of the negotiations of the new Multiannual Financial Framework for 2014-2020, certain issues stemming from the final outcome of the negotiations should be addressed.

The European Commission is therefore proposing to provide France, Italy and Spain with EUR 100 million, EUR 30 million and EUR 20 million respectively as additional commitments to their 2013 ESF allocations. Nonetheless, since the amounts in the regulation are expressed in 2004 prices, the corresponding amounts quoted in the regulation total EUR 126 million as follows: EUR 84 million for France, EUR 17 million for Spain and EUR 25 million for Italy.

The compensation will be provided from the 2007-2013 period with the amounts been made available through the flexibility instrument.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

There was no consultation of external stakeholders.

3. LEGAL ELEMENTS OF THE PROPOSAL

It is proposed to modify article 18 on the global resources, article 19 on the resources available for the Convergence objective, article 20 on the resources available for the Regional competitiveness and employment objective and article 75 on budget commitments. It is also proposed to modify Annex I on the annual breakdown of commitment appropriations and Annex II on the criteria and methodology for the allocation of the resources.

4. BUDGETARY IMPLICATION

In total EUR 150 million will be added to the 2013 commitments for France, Italy and Spain to be allocated to the ESF.

Proposal for a

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amending Council Regulation (EC) No 1083/2006 as regards the financial allocation for certain Member States from the European Social Fund

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 177 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 Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In the context of the negotiations of the Multiannual Financial Framework for the years 2014–2020, certain issues stemming from the final outcome of the negotiations should be addressed.
- (2) At the European Council of 27 and 28 June 2013 it was considered that a budgetary solution should be found to address these issues for those Member States most affected, namely France, Italy and Spain.
- (3) Having regard to the current economic crisis, in order to strengthen the economic, social and territorial cohesion of the Union, and as a contribution to the special effort needed to address the specific situations of unemployment, in particular youth unemployment, and of poverty and social exclusion in these Member States, the European Social Fund allocations to those three Member States for the year 2013 should be increased.
- (4) In order to establish the amounts allocated to the Member States concerned in Annex I to Council Regulation (EC) No 1083/2006³, the provisions that set the overall resources of the Funds for the three objectives to which they contribute and Annex II to that Regulation establishing the criteria and methodology that are used for the indicative annual breakdowns of commitment appropriations by Member States, should be adjusted.
- (5) To ensure the effectiveness of the increase of commitment appropriations for the year 2013 and to facilitate the implementation of the operational programmes, the

¹ OJ C , , p. .

² OJ C , , p. .

³ Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25).

absorption capacity of the Member States concerned for the Convergence and the Regional competitiveness and employment objectives of the Funds should be taken into account.

- (6) In order to provide for sufficient time for the operational programmes to benefit from those additional allocations, it is also necessary to extend the deadline for the budget commitments in respect of the operational programmes that are to benefit from the new amounts provided for in Annex II to Regulation (EC) No 1083/2006.
- (7) Given that those commitment appropriations refer to the year 2013, this Regulation should enter into force as a matter of urgency.
- (8) Regulation (EC) No 1083/2006 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1083/2006 is amended as follows:

- (1) Article 18 is amended as follows:

- (a) in paragraph 1, the first subparagraph is replaced by the following:

‘The resources available for commitment from the Funds for the period 2007 to 2013 shall be EUR 308 542 551 107 at 2004 prices in accordance with the annual breakdown shown in Annex I.’

- (b) paragraph 3 is replaced by the following:

‘3. The amounts referred to in paragraphs 12 to 30 and 32 of Annex II shall be included in the amounts referred to in Articles 19, 20 and 21 and shall be clearly identified in the programming documents.’

- (2) Articles 19 and 20 are replaced by the following:

‘Article 19

Resources for the Convergence objective

Overall resources for the Convergence objective shall amount to 81,53 % of the resources referred to in Article 18(1) (i.e. a total of EUR 251 543 760 146) and shall be distributed between the different components as follows:

- (a) 70,50 % (i.e. a total of EUR 177 338 880 991) for the financing referred to in Article 5(1), using eligible population, regional prosperity, national prosperity and unemployment rate as the criteria for calculating the indicative breakdowns by Member State;
- (b) 4,98 % (i.e. a total of EUR 12 521 289 405) for the transitional and specific support referred to in Article 8(1), using eligible population, regional prosperity, national prosperity and unemployment rate as the criteria for calculating the indicative breakdowns by Member State;
- (c) 23,23 % (i.e. a total of EUR 58 433 589 750) for the financing referred to in Article 5(2), using population, national prosperity, and surface area as the criteria for calculating the indicative breakdowns by Member State;
- (d) 1,29 % (i.e. a total of EUR 3 250 000 000) for the transitional and specific support referred to in Article 8(3).

Article 20

Resources for the Regional competitiveness and employment objective

Overall resources for the Regional competitiveness and employment objective shall amount to 15,96 % of the resources referred to in Article 18(1) (i.e. a total of EUR 49 239 337 841) and shall be distributed between the different components as follows:

(a) 78,91 % (i.e. a total of EUR 38 854 031 211) for the financing referred to in Article 6, using eligible population, regional prosperity, unemployment rate, employment rate and population density as the criteria for calculating the indicative breakdowns by Member State; and

(b) 21,09 % (i.e. a total of EUR 10 385 306 630) for the transitional and specific support referred to in Article 8(2), using eligible population, regional prosperity, national prosperity and unemployment rate as the criteria for calculating the indicative breakdowns by Member State.'

(3) In Article 21(1), the introductory sentence is replaced by the following:

' Overall resources for the European territorial cooperation objective shall amount to 2,51 % of the resources referred to in Article 18(1) (i.e. a total of EUR 7 759 453 120) and, excluding the amount referred to in paragraph 22 of Annex II, shall be distributed between the different components as follows:'

(4) In Article 75, the following paragraph 1b is inserted:

'1b. By way of derogation from paragraph 1, budget commitments for the amounts referred to in paragraph 32 of Annex II shall be made by 30 June 2014.'

(5) Annex I is replaced by the following:

'ANNEX I

Annual breakdown of commitment appropriations for 2007 to 2013
(referred to in Article 18)

(EUR, 2004 prices)

2007	2008	2009	2010	2011	2012	2013
42 863 000 000	43 318 000 000	43 862 000 000	43 860 000 000	44 073 000 000	44 723 000 000	45 843 551 107

(6) In Annex II, the following paragraph is added:

'32. For the year 2013, an additional envelope of EUR 125 513 290 under the ESF will be allocated as follows: EUR 83 675 527 will be allocated to France, EUR 25 102 658 will be allocated to Italy and EUR 16 735 105 will be allocated to Spain.'

Article 2

This Regulation shall enter into force on the day following that 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. **FRAMEWORK OF THE PROPOSAL/INITIATIVE**

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) envisaged

2. **MANAGEMENT MEASURES**

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. **ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. Summary of estimated impact on expenditure
 - 3.2.2. Estimated impact on operational appropriations
 - 3.2.3. Estimated impact on appropriations of an administrative nature
 - 3.2.4. Compatibility with the current multiannual financial framework
 - 3.2.5. Third-party contributions
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards the financial allocations of certain Member States from the European Social Fund

1.2. Policy area(s) concerned in the ABM/ABB structure⁴

Regional Policy; ABB activity 13.03 Employment and Social Affairs; ABB activity 04.02
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1.3. Nature of the proposal/initiative

The proposal/initiative relates to a new action

The proposal/initiative relates to a new action following a pilot project/preparatory action⁵

The proposal/initiative relates to the extension of an existing action

The proposal/initiative relates to an action redirected towards a new action

1.4. Objective(s)

1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned

Specific objective No ABM/ABB activity(ies) concerned
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⁴ ABM: activity-based management – ABB: activity-based budgeting.

⁵ As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

- 1.4.3. Expected result(s) and impact
Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.
- 1.4.4. Indicators of results and impact
Specify the indicators for monitoring implementation of the proposal/initiative.
- 1.5. Grounds for the proposal/initiative
- 1.5.1. Requirement(s) to be met in the short or long term
Specific situations of unemployment, in particular youth unemployment, and of poverty and social exclusion
- 1.5.2. Added value of EU involvement Besoin(s) à satisfaire à court ou à long terme
The proposal will reinforce existing ESF appropriations to address above-mentioned requirements
- 1.5.3. Lessons learned from similar experiences in the past
N/A
- 1.5.4. Compatibility and possible synergy with other appropriate instruments
The additional amount will reinforce the current ESF budget

1.6. Duration and financial impact

Proposal/initiative of limited duration

- Proposal/initiative in effect from the date of adoption of the regulation to the date of adoption of the programmes
- Financial impact from 2013 to 2017

Proposal/initiative of unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) planned⁶

For the 2013 budget

Centralised direct management by the Commission

Centralised indirect management with the delegation of implementation tasks to:

- executive agencies
- bodies set up by the Communities⁷
- national public-sector bodies/bodies with public-service mission
- persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

Shared management with the Member States

Decentralised management with third countries

Joint management with international organisations (to be specified)

- *If more than one management mode is indicated, please provide details in the "Comments" section.*

From the 2014 budget

Direct management by the Commission

- by its departments, including by its staff in the Union delegations;
- by the executive agencies;

Shared management with the Member States

Indirect management by delegating implementation tasks to:

- third countries or the bodies they have designated;
- international organisations and their agencies (to be specified);
- the EIB and the European Investment Fund;
- bodies referred to in Articles 208 and 209 of the Financial Regulation;

⁶ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

⁷ As referred to in Article 185 of the Financial Regulation.

- public law bodies;
- bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the "Comments" section.*

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Provisions from Regulation 1083/2006 apply

2.2. Management and control system

2.2.1. Risk(s) identified Besoin(s) à satisfaire à court ou à long terme

2.2.2. Provisions from Regulation 1083/2006 apply Information concerning the internal control system set up Besoin(s) à satisfaire à court ou à long terme

Provisions from Regulation 1083/2006 apply

2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error Besoin(s) à satisfaire à court ou à long terme

Provisions from Regulation 1083/2006 apply

2.3. Measures to prevent fraud and irregularities

Provisions from Regulation 1083/2006 apply

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
		Diff./non-diff. ⁽⁸⁾	from EFTA countries ⁹	from candidate countries ¹⁰	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
1b	ESF – Convergence 04 02 17	Diff.	NO	NO	NO	NO
1b	ESF- Regional Competitiveness 04 02 19	Diff.	NO	NO	NO	NO

- New budget lines requested : NO

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number Heading	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
			YES/NO	YES/NO	YES/NO	YES/NO

⁸ Diff. = Differentiated appropriations / Non-Diff. = Non-differentiated appropriations.

⁹ EFTA: European Free Trade Association.

¹⁰ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial framework		Heading 1b.....					Enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL
DG: EMPL		Year N ¹¹	Year N+1	Year N+2	Year N+3			
• Operational appropriations (current prices)								
04 02 17	Commitments (1)	16.7	0	0	0			
	Payments (2)	0	0	8.35	8.35			
04 02 19	Commitments (1a)	133.3	0	0	0			
	Payments (2a)	0	0	66.65	66.65			
Appropriations of an administrative nature financed from the envelope of specific programmes ¹²								
Number of budget line		(3)	n.a	n.a	n.a		n.a	
TOTAL appropriations for DG EMPL		=1+1a+3	150	0	0	0	150	

¹¹ Year N is the year in which implementation of the proposal/initiative starts.

¹² Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

	Payments	=2+2a +3	0	0	0	150				150
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Given the rule of payments for the Structural Funds assigning payment applications to the earliest open commitments, these additional commitments, topping up the last tranche of the 2007-2013 allocation, will only require additional payment appropriations at a later stage.

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes	Commitments	(6)								
	Payments	=4+ 6								
TOTAL appropriations for HEADING ... of the multiannual financial framework	Commitments	=4+ 6								
	Payments	=5+ 6								

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes	Commitments	(6)								
	Payments	=4+ 6								
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6								
	Payments	=5+ 6								

Heading of multiannual financial framework	5	" Administrative expenditure "
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EUR million (to three decimal places)

DG: EMPL	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL
• Human resources	n.a	n.a	n.a	n.a		n.a
• Other administrative expenditure	n.a	n.a	n.a	n.a		n.a
TOTAL DG	n.a	n.a	n.a	n.a		n.a

TOTAL appropriations for HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	n.a	n.a	n.a	n.a	n.a
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EUR million (to three decimal places)

TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Year N ¹³	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL
Commitments						
Payments						

¹³ Year N is the year in which implementation of the proposal/initiative starts.

3.2.2. Estimated impact on operational appropriations

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below: (topping up output defined by Regulation 1083/2006)

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)					TOTAL		
					Cost	Cost	Cost	Cost	Cost		Cost	No total
↓	Type 14	Average cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Cost	No total	Total cost
OUTPUTS												
SPECIFIC OBJECTIVE No 1 ¹⁵ ...												
- Output												
- Output												
- Output												
Subtotal for specific objective No 1												
SPECIFIC OBJECTIVE												

¹⁴ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).
¹⁵ As described in point 1.4.2. ‘Specific objective(s)...’

NO 2 ...												
- Output												
Subtotal for specific objective No 2												
TOTAL COST												

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year N ¹⁶	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL
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HEADING 5 of the multiannual financial framework								
Human resources								
Other administrative expenditure								
Subtotal HEADING 5 of the multiannual financial framework								

Outside HEADING 5¹⁷ of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 5 of the multiannual financial framework								

¹⁶ Year N is the year in which implementation of the proposal/initiative starts.

¹⁷ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

TOTAL								
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The human resources appropriations required will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of additional human resources.
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
• Establishment plan posts (officials and temporary staff)							
XX 01 01 01 (Headquarters and Commission's Representation Offices)							
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External staff (in Full Time Equivalent unit: FTE) ¹⁸							
XX 01 02 01 (CA, SNE, INT from the "global envelope")							
XX 01 02 02 (CA, LA, SNE, INT and JED in the delegations)							
XX 01 - at Hea							

¹⁸ CA= Contract Staff; LA = Local Staff; SNE= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations).

04 yy ¹⁹	dqua rters							
	- Dele gatio ns							
XX 01 05 02 (CA, SNE, INT - Indirect research)								
10 01 05 02 (CA, INT, SNE - Direct research)								
Other budget lines (specify)								
TOTAL								

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	
External staff	

¹⁹ Sub-ceiling for external staff covered by operational appropriations (former "BA" lines).

3.2.4. Compatibility with the current multiannual financial framework

- Proposal/initiative is compatible the current multiannual financial framework.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework²⁰.

Budget 2013 leaves a margin of EUR 16.7 million under the ceiling of Heading 1b. Given the specificity of the programming under heading 1b, the difference should come from the mobilisation of the flexibility instrument for an amount of EUR 133.3 million.

3.2.5. Third-party contributions

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to 3 decimal places)

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations cofinanced								

²⁰ See points 19 and 24 of the Interinstitutional Agreement (for the period 2007-2013).

3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
 - on own resources
 - on miscellaneous revenue

EUR million (to three decimal places)

Budget line: revenue	Appropriations available for the current financial year	Impact of the proposal/initiative ²¹						
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article								

²¹ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.