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## PROPOSAL

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	30 November 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2016) 778 final
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 1303/2013 as regards specific measures to provide additional assistance to Member States affected by natural disasters

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Delegations will find attached document COM(2016) 778 final.

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Encl.: COM(2016) 778 final



EUROPEAN  
COMMISSION

Brussels, 30.11.2016  
COM(2016) 778 final

2016/0384 (COD)

Proposal for a

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

**amending Regulation (EU) No 1303/2013 as regards specific measures to provide  
additional assistance to Member States affected by natural disasters**

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

- **Reasons for and objectives of the proposal**

The recent earthquakes in Italy have had a devastating effect on the people living in the region. Large scale reconstruction works will be required, notably to restore the cultural heritage of the affected areas. Europe needs to be able to quickly provide additional, effective support from the European Regional Development Fund (ERDF) to Member States and regions hit by major or regional natural disasters, complementing the means available under the European Union Solidarity Fund.

In order to provide such additional assistance to Member States affected by natural disasters, the Commission proposes to introduce the possibility of a separate priority axis for reconstruction operations supported by the ERDF within an operational programme. Given the potential magnitude of the impact of such natural disasters, it is proposed to provide the possibility to finance such operations fully from the ERDF, without the need for national co-financing. Operations to be financed within this priority axis are those linked to reconstruction in response to major or regional natural disasters as defined in Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund.

Specific provisions for the starting date of eligibility of expenditure are furthermore proposed to ensure that expenditure is eligible for reimbursement from the date of the disaster.

- **Consistency with existing policy provisions in the policy area**

The proposal is consistent with the overall legal framework established for the European Structural and Investment Funds (ESI) Funds and is limited to a targeted amendment of Regulation (EC) 1303/2013. The proposal complements the type of support available under Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund.

- **Consistency with other Union policies**

The proposal is limited to a targeted amendment of Regulation (EC) 1303/2013 and maintains consistency with other Union policies.

### **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

It is proposed to introduce an additional paragraph in Article 120 of Regulation (EU) No 1303/2013 to provide for the creation of a separate priority axis with a co-financing rate of up to 100% to support, under ERDF investment priorities, operations selected by managing authorities in response to major or regional disasters as defined in Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund.

- **Subsidiarity (for non-exclusive competence)**

The proposal to provide additional assistance to Member States affected by natural disasters by providing the possibility to finance reconstruction works by the ERDF with a co-financing

rate of up to 100% from the EU budget requires an amendment of Regulation (EU) No 1303/2013. The same result cannot be achieved through action at national level.

- **Proportionality**

The proposal is a limited and targeted change not going beyond what is necessary to achieve the objective of providing additional assistance to Member States affected by natural disasters.

### **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Ex post-evaluations/fitness checks of existing legislation**

N/A

- **Stakeholder consultations**

N/A

- **Collection and use of expertise**

N/A

- **Impact assessment**

An impact assessment has been carried out to prepare the proposal for Regulation (EU) No 1303/2013. This limited and targeted change does not require a separate impact assessment.

- **Regulatory fitness and simplification**

N/A

- **Fundamental rights**

N/A

### **4. BUDGETARY IMPLICATIONS**

The proposed modification does not imply any changes in the Multiannual Financial Framework annual ceilings for commitments and payments as per Annex I of Regulation (EU) No 1311/2013.

It remains within the limits of the overall allocation for the period 2014-2020 and is therefore budgetary neutral. The increased co-financing rate up to 100% will lead to a partial front-loading of payments, followed by lower payments at a later stage as the overall envelope is unchanged.

## **5. OTHER ELEMENTS**

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The implementation of the measure will be monitored and reported upon in the framework of the general reporting mechanisms established in Regulation (EU) No 1303/2013.

- **Explanatory documents (for directives)**

N/A

- **Detailed explanation of the specific provisions of the proposal**

In order to provide additional assistance to Member States affected by natural disasters, the possibility of introducing a separate priority axis with a co-financing rate of up to 100% within an operational programme is proposed for the ERDF. The operations that may be co-financed under this separate priority axis are those linked to reconstruction in response to major or regional natural disasters as defined in Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund.

For operations under this separate priority axis, a derogation to the rule concerning the starting date of eligibility of expenditure as a result of an amendment of a programme is proposed. This would ensure that following the amendment of the programme expenditure incurred as from the date of the disaster can be declared for reimbursement.

A provision has also been included to cover the case of expenditure declared for measures taken by Member State authorities directly after the disaster occurred, and before the operational programme is amended, and reimbursed at the existing co-financing rate. The higher co-financing rate would then be applied through the necessary adjustments to the next payment application and, where appropriate, to the next accounts, once the programme has been amended to include the separate priority axis.

Proposal for a

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

## **amending Regulation (EU) No 1303/2013 as regards specific measures to provide additional assistance to Member States affected by natural disasters**

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,

After consulting the European Economic and Social Committee<sup>1</sup>,

After consulting the Committee of the Regions<sup>2</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In order to provide additional assistance to Member States affected by natural disasters, the possibility of introducing within an operational programme a separate priority axis with a co-financing rate of up to 100 % should be provided under the European Regional Development Fund ('ERDF') investment priorities, set out in Regulation (EU) No 1301/2013 of the European Parliament and of the Council<sup>3</sup>.
- (2) The operations that may be co-financed under this separate priority axis are those linked to reconstruction in response to major or regional natural disasters as defined in Council Regulation (EC) No 2012/2002<sup>4</sup> establishing the European Union Solidarity Fund.
- (3) For operations under the separate priority axis for natural disasters, a derogation to the general rules concerning the starting date of eligibility of expenditure in relation to expenditure that becomes eligible as a result of an amendment of a programme should be introduced to ensure the possibility to co-finance measures taken by Member State

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

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

<sup>3</sup> Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 (OJ L 347, 20.12.2013, p. 289).

<sup>4</sup> Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund (OJ L 311, 14.11.2002, p. 3).

authorities directly after the disaster occurred and before the operational programme is amended.

- (4) In order to allow for the eligibility of expenditure incurred and paid from the date when the natural disaster occurred, even if this is before the entry into force of this Regulation, the corresponding provision on the starting date of eligibility of expenditure of beneficiaries should have retroactive effect.
- (5) Therefore, Regulation (EU) No 1303/2013 should be amended accordingly,

HAVE ADOPTED THIS REGULATION:

### *Article 1*

In Article 120 of Regulation (EU) No 1303/2013, the following paragraph is added.

'8. A separate priority axis with a co-financing rate of up to 100 % may be established within an operational programme to support operations which fulfil the following conditions:

- a) the operations are selected by managing authorities in response to major or regional natural disasters as defined in Council Regulation (EC) No 2012/2002;
- b) the operations aim at reconstruction in response to the natural disaster; and
- c) the operations are supported under an ERDF investment priority.

By way of derogation from Article 65(9), expenditure for operations under this priority axis shall be eligible from the date when the natural disaster occurred.

Where expenditure in relation to operations referred to in the first subparagraph has been included in a payment application submitted to the Commission before the establishment of the separate priority axis, the Member State shall make the necessary adjustments to the next payment application and, where appropriate, to the next accounts submitted following the adoption of the amendment to the programme.'

### *Article 2*

#### **Entry into force and application**

This regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 1 shall apply from 1 January 2014.

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 amending Regulation (EU) N° 1303/2013 of the European Parliament and of the Council as regards as regards specific measures to provide additional assistance to Member States affected by natural disasters.

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

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

Regional Policy; ABB activity 13.03

### **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:

- 13.036000 Less developed regions (ERDF)
- 13.036100 Transition regions (ERDF)
- 13.036200 More developed regions (ERDF)
- 13.036300 Additional allocation for outermost and sparsely populated regions (ERDF)
- 13.036401 European Territorial Cooperation (ERDF)

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

The proposal remains within the limits of the overall allocation for the period 2014-2020 and is therefore budgetary neutral. The increased co-financing rate up to 100% will lead to a partial front-loading of payments, followed by lower payments at a later stage as the overall envelope is unchanged. It is assumed that the impact of this front-loading would be over a period of three years (2017-2019).



### 3.3. Budgetary characteristics:

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
13.036000	Non-comp	Diff	NO	NO	NO	No 1b
13.036100	Non-comp	Diff	NO	NO	NO	No 1b
13.036200	Non-comp	Diff	NO	NO	NO	No 1b
13.036300	Non-comp	Diff	NO	NO	NO	No 1b
13.036401	Non-comp	Diff	NO	NO	NO	No 1b

## 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 2017 to 2019. 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 2014-2020.

For payments, the proposal would result in a higher rate of reimbursement to the Member States concerned. Based on the total cost of the damage from natural disasters for the cases accepted for support from the Solidarity Fund since 2014, and assuming on average an additional co-financing rate of 25%, the impact in additional payments could be estimated at some 1.6bn, spread over the period 2017-2019.

This proposal may imply an acceleration in the use of payment appropriations for the programmes concerned, which would be compensated by programme closure, leaving the proposal as budgetary neutral. The total payment appropriations for the whole programming period remains unchanged.

On the basis of the current estimates presented by Member States for payments in 2017 for Heading 1b, it is considered that this impact could be covered within the overall budget approved for 2017. It will have to be taken into consideration when drafting the budgets for 2018 and 2019 within the limits of the provisions of the MFF.

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.	+548	+548	+548	n.a.	-1644	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**

Commitment Appropriations		a+c	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Payment Appropriations		b+c	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0,000

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

<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 recent earthquakes in Italy have had a devastating effect on the people living in the region. Large scale reconstruction works will be required notably to restore the cultural heritage. Europe needs to be able to quickly provide additional effective support from the European Regional Development Fund (ERDF) to Member States hit by major or regional natural disasters, complementing the means available under the European Solidarity Fund.

**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 for Member States affected by natural disasters.

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

The objective is to provide additional assistance to Member States affected by natural disasters, complementing the means available under the European Solidarity Fund.

**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 European Structural and Investment Funds.

### **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
OPERATIONAL OBJECTIVE No.1 Sustain the implementation of the operational programmes																
				0,000		0,000										0,000
TOTAL COST				0,000		0,000										0,000

## 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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	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.