



Brussels, 23 March 2015
(OR. en)

7316/15

Interinstitutional File:
2015/0026 (COD)

REGIO 21
FSTR 14
FC 16
SOC 185
EMPL 104
FIN 223
CODEC 367

"I" ITEM NOTE

From:	Presidency
To:	Permanent Representatives Committee
No. Cion doc.:	COM(2015) 46 final
No. prev. doc.:	6107/15
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 1304/2013 of the European Parliament and the Council on the European Social Fund, as regards an increase of the initial pre-financing amount paid to operational programmes supported by the Youth Employment Initiative - Adoption of a General approach

I. INTRODUCTION

1. On 5 February 2015, the Commission transmitted to the Council the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1304/2013 of the European Parliament and the Council on the European Social Fund, as regards an increase of the initial pre-financing amount paid to operational programmes supported by the Youth Employment Initiative (doc. 6107/15).

II. PRESIDENCY PROPOSAL FOR A GENERAL APPROACH

2. Since the publication of the Commission proposal, the text of the proposal has been discussed during the Structural Actions Working Party (SAWP) meetings on 9, 23 February and 11 March 2015.
3. The vast majority of delegations have expressed their support for the Commission's proposal while some cautioned against the potential implications of some of the proposed measures in terms of equal treatment of Member States in relation to payment of pre-financing and others asked for reassurances that the proposal is budgetary neutral.
4. During the SAWP on 11 March the Presidency proposed to proceed with a general approach with no modifications to the original Commission proposal. The vast majority of delegations in SAWP supported the Presidency proposal for a general approach, as set out in Annex I to this note.
5. The Commission announced that it would be in the position to make an oral statement at the COREPER meeting on the timely payment of the pre-financing and present a Declaration on the budgetary neutral character of its proposal.

III. SUBMISSION TO COREPER

6. On that basis the Permanent Representatives Committee is invited to:
 - confirm the agreement reached in favour of the general approach concerning the proposal for a Regulation amending Regulation (EU) No 1304/2013 of the European Parliament and the Council on the European Social Fund, as set out in Annex I to this Note;

- recommend to the Council to adopt as an 'A item' the general approach concerning the proposal for a Regulation amending Regulation (EU) No 1304/2013 of the European Parliament and the Council on the European Social Fund, as set out in Annex I to this Note;
 - recommend to attach to the COREPER minutes the declaration of the Commission, as set out in Annex II;
 - recommend to the Council to mandate the Presidency to seek an early first reading agreement with the European Parliament.
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Presidency proposal for a General Approach

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 1304/2013 of the European Parliament and the Council on the European Social Fund, as regards an increase of the initial pre-financing amount paid to operational programmes supported by the Youth Employment Initiative

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 164 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,

¹ OJ C , , p. .

² OJ C , , p. .

Whereas:

- (1) In light of the persistent high levels of youth unemployment in the Union, a Youth Employment Initiative (YEI) was established to provide support to young persons not in employment, education or training in the most affected regions. To ensure a quick response to fighting youth unemployment, Regulation (EU) No 1303/2013 of the European Parliament and the Council³ and Regulation (EU) No 1304/2013 of the European Parliament and the Council⁴ lay down provisions to allow for a quicker mobilisation of the resources allocated to the YEI, including, inter alia, the commitment of all the resources in the first two years of the programming period, the possibility to adopt operational programmes dedicated to the YEI before the Partnership Agreement is submitted to the Commission and the eligibility of expenditure incurred with operations under the YEI as from 1 September 2013.
- (2) The budgetary constraints faced by Member states and the lack of available funding at the initial stage of the programming period have caused significant delays in the implementation of the YEI. Regulation (EU) No 1303/2013 establishes the levels for the initial pre-financing amount to be paid to ensure that Member States have the means to provide support to beneficiaries from the start of implementation of operational programmes. In the context of the YEI these amounts have been considered insufficient to provide the necessary payments to beneficiaries for the implementation of operations.

³ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006, OJ L 347, 20.12.2013, p. 320.

⁴ Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006, OJ L 347, 20.12.2013, p. 470.

- (3) In order to address the budgetary constraints faced by Member States at the initial stage of the programming period and, taking into account the urgent need to address youth unemployment and the specific features of the YEI, it is appropriate to lay down provisions in order to complement Regulation (EU) No 1303/2013, with a view to increase the level of the initial pre-financing paid to operational programmes supported by the YEI in 2015. To ensure that Member States have sufficient means to provide payments to beneficiaries responsible for the implementation of operations that target youth unemployment, an additional initial pre-financing amount from the specific allocation for the YEI should be paid in 2015 for operational programmes supported by the YEI, in order to complement the pre-financing amounts paid in accordance with Regulation (EU) No 1303/2013.
- (4) To ensure that the additional initial pre-financing amount is used for the immediate implementation of the YEI, it should be foreseen that this amount is reimbursed to the Commission, if the Union contribution from the YEI does not amount to an adequate level in interim payment applications submitted to the Commission 12 months after the entry into force of this Regulation.
- (5) In order to allow for the prompt application of the measures provided for in this Regulation, this Regulation should enter into force on the day following that of its publication in the Official Journal of the European Union.
- (6) Regulation (EU) No 1304/2013 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

In Regulation (EU) No 1304/2013 the following Article 22a is inserted:

'Article 22a

Payment of additional pre-financing to operational programmes supported by the YEI

1. In addition to the initial pre-financing amount paid in accordance with point (b) of Article 134(1) of Regulation (EU) No 1303/2013, an initial pre-financing amount from the specific allocation for the YEI shall be paid in 2015 for all operational programmes supported by the YEI, irrespective of the form of the programming arrangement in accordance with Article 18, in order to increase the initial pre-financing from the specific allocation for the YEI to 30 %.
2. For the purposes of the calculation of the additional pre-financing to be paid pursuant to paragraph 1, the amounts paid from the specific allocation for the YEI to the operational programme in accordance with point (b) of Article 134(1) of Regulation (EU) No 1303/2013 shall be deducted.
3. If 12 months after the entry into force of this Regulation, Member States do not submit interim payment applications in which the Union contribution from the YEI is at least equal to 50% of the additional pre-financing, they shall reimburse to the Commission the total amount of the additional pre-financing paid in accordance with paragraph 1. The contribution from the specific allocation for the YEI to the operational programme concerned shall not be affected by such reimbursement.'

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

Declaration by the Commission:

"The Commission confirms that the increased pre-financing in 2015 from the specific allocation for the Youth Employment Initiative (YEI), as proposed on 4 February 2015 (COM(2015) 46), will be covered by the currently available payment appropriations on the budget line for the YEI specific allocation. The Commission will not propose an Amending Budget in 2015 for this purpose as potential adjustments will exclusively be dealt with through reprioritisations within the European Social Fund budget for 2014-2020 without extra contributions to the EU budget from Member States."
