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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee

No. prev. doc.: 11069/15
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Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 1303/2013 of the European Parliament and of the Council 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 as regards specific measures for Greece
- Mandate for negotiations with the European Parliament

I. INTRODUCTION

1. On 20 July 2015, the Commission transmitted to the Council the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 of the European Parliament and of the Council 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 as regards specific measures for Greece (doc. 11069/15).
2. The main purpose of the proposal is to respond to the exceptionally critical situation created by the financial crisis in Greece, which led to persistently negative growth rates and to serious liquidity problems and a lack of public funds available for much needed investments to boost growth and job creation. Therefore, as an exceptional measure, the Commission proposes to increase the level of initial pre-financing of the funding available for the 2014-2020 period for cohesion policy programmes under the Investment for Growth and Jobs Goal and programmes supported by the European Maritime and Fisheries Fund (EMFF). In addition, in order to improve the effective use of available cohesion policy funding for the financing of operations under programmes adopted for the 2007-2013 period, it proposes to increase the maximum co-financing rates and to raise the ceiling for payments to programmes at the end of the programming period.

II. PRESIDENCY COMPROMISE PROPOSAL

3. Since the publication of the Commission proposal, it has been discussed during the Working Party on Structural Measures meetings on 24 July and 4 September 2015.
4. During the first discussions, some delegations cautioned against the potential implications of the proposed measures in terms of equal treatment of Member States and others asked for reassurances that the proposal is budgetary neutral and that it would not have a negative impact on payments for the Member States.

5. During the Working Party on Structural Measures meeting on 4 September 2015, the Presidency proposed to proceed by taking over the Commission's proposal. There were no objections to the Presidency's proposal, as set out in the Annex to this note. A number of delegations asked for a Commission Declaration on the budgetary neutrality of the proposal, to be presented with a view to COREPER.
6. In response to the questions by Member States and the Presidency's request, the Commission announced that it would be in the position to prepare for the COREPER meeting three additional information documents on:
 - 1) the budgetary aspects of the proposal,
 - 2) the mechanism to ensure that the additional amounts made available by the proposed measures are used solely for payments to beneficiaries and operations for its operational programmes, and
 - 3) the Structural Reform Support Service.

III. SUBMISSION TO COREPER

7. On that basis and in the light of the information given by the Commission, the Permanent Representatives Committee is invited to:
 - confirm the agreement reached in favour of the compromise package concerning the proposal for a Regulation amending Regulation (EU) No 1303/2013 of the European Parliament and the Council as regards specific measures for Greece, as set out in the Annex to this Note;

- authorise the Presidency to send a letter to the Chair of the EP Committee on Regional Development confirming that, should the European Parliament adopt its position at first reading, in accordance with Article 294 paragraph 3 of the Treaty, in the form set out in the compromise package contained in the Annex (subject to revision by the legal linguists of both institutions), the Council would, in accordance with Article 294, paragraph 4 of the Treaty, approve the European Parliament's position and the act shall be adopted in the wording which corresponds to the European Parliament's position.



**PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL**

amending Regulation (EU) No 1303/2013 of the European Parliament and of the Council 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 as regards specific measures for Greece

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) Greece has been affected by the consequences of the financial crisis in a unique manner. The crisis has led to persistently negative GDP growth rates in Greece over a number of years, which, in turn, has caused serious liquidity shortages and a lack of public funds available for the public investment needed to foster a sustainable recovery. This has created an exceptional situation which needs to be addressed with specific measures.

¹ OJ C , , p. .

² OJ C , , p. .

- (2) It is vital that the lack of liquidity and of public funds in Greece do not hinder investment under programmes supported by the European Regional Development Fund, the European Social Fund and the Cohesion Fund (the 'Funds') and by the European Maritime and Fisheries Fund (the 'EMFF').
- (3) In order to ensure that Greece has sufficient financial means to start the implementation of 2014-2020 programmes supported by the Funds and the EMFF in 2015 and 2016, it is appropriate to increase the level of the initial pre-financing paid to its operational programmes under the Investment for Growth and Jobs Goal and to programmes supported by the EMFF through the payment of an additional initial pre-financing amount in those years.
- (4) To ensure that the additional initial pre-financing amount is effectively used and reaches beneficiaries of the Funds and the EMFF as soon as possible so that they can make planned investments and be promptly reimbursed following the submission of their payment applications, the additional pre-financing amount should be repaid to the Commission if it is not followed by an adequate level of payment applications submitted to the Commission within a certain deadline.
- (5) In order to improve the effective use of available funding for the financing of operations under operational programmes for the Convergence and Regional competitiveness and employment objectives supported by the Funds adopted for the 2007-2013 period in Greece, the maximum co-financing rates should be increased and the ceiling for payments to programmes at the end of the programming period raised. To ensure that the resources thus made available are effectively used for the financing of investments on the ground, a reporting mechanism should be provided for.
- (6) Given the urgency of the support needed, this Regulation should enter into force immediately.
- (7) Regulation (EU) No 1303/2013 should therefore be amended,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 1303/2013 is amended as follows:

- (1) in Article 134, the following paragraph 1a is inserted:

"1a. In addition to the instalments provided for in points (b) and (c) of paragraph 1, an additional initial pre-financing amount of 3,5% of the amount of support from the Funds and the EMFF for the entire programming period shall be paid to operational programmes in Greece each year in 2015 and 2016.

The additional initial pre-financing shall not apply to programmes under the European territorial cooperation goal nor to the specific allocation for the Youth Employment Initiative.

If, by 31 December 2016, the total additional initial pre-financing amount paid on the basis of this paragraph in 2015 and 2016 to the operational programme by Fund, where applicable, is not covered by payment applications submitted by the certifying authority for that programme, Greece shall repay to the Commission the total amount of the additional initial pre-financing for that Fund paid to that programme. Those repayments shall not constitute a financial correction and shall not reduce support from the Funds or the EMFF to the operational programme. The amounts repaid shall constitute internal assigned revenue in accordance with point (c) of Article 21(3) of the Financial Regulation."

(2) in Article 152, the following paragraphs 4, 5 and 6 are added:

- "4. By way of derogation from Article 79(1) of Regulation (EC) No 1083/2006, the ceiling for the cumulative total of pre-financing and interim payments made shall be 100% of the contribution from the Funds to operational programmes for the Convergence and Regional competitiveness and employment objectives in Greece.
5. By way of derogation from Articles 53(2) and Article 77(1) of Regulation (EC) No 1083/2006 and notwithstanding the Commission decisions fixing the maximum rate and the maximum amount of the contribution from the Funds for each Greek operational programme and for each priority axis, interim payments and payments of the final balance shall be calculated by applying a maximum co-financing rate of 100% to the eligible expenditure indicated for Greek operational programmes for the Convergence and Regional competitiveness and employment objectives under each priority axis in each statement of expenditure certified by the certifying authority. Article 77(2) of Regulation (EC) No 1083/2006 shall not apply to operational programmes in Greece.
6. Greece shall establish a mechanism to ensure that additional amounts made available as a result of the measures set out in paragraphs 4 and 5 are used solely for payments to beneficiaries and operations for its operational programmes.

Greece shall submit a report to the Commission on the implementation of paragraphs 4 and 5 by the end of 2016 and shall further report in the final implementation report to be submitted pursuant to Article 89(1a) of Regulation (EC) No 1083/2006."

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

For the Council

The President

The President
