



EUROPEAN
COMMISSION

Brussels, 21.10.2024
COM(2024) 496 final

2024/0275 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**RESTORE – Regional Emergency Support to Reconstruction amending Regulation
(EU) 2021/1058 and Regulation (EU) 2021/1057**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The recent natural disasters in Central, Eastern and Southern Europe have had a devastating effect on the populations living in these regions. Extensive reconstruction works will be required in many cities, towns and villages to repair damaged infrastructure and equipment and to build back better ensuring climate and disaster resilience in a cost-effective manner, in order to quickly alleviate the burden on local, regional and national budgets and mitigate the risk of aggravated territorial disparities resulting from these disasters. Immediate measures will be needed to alleviate the social and economic consequences of such natural disasters. In addition, people directly affected by these natural disasters, who may have lost their homes and belongings may be in need of food and/or basic material assistance. Moreover, support to job maintenance may also be needed for businesses facing economic difficulties due to the occurrence of a natural disaster so that employees and self-employed are able to retain their job for the period where they were not able to access their usual place of employment. In order to tackle the devastating effect of natural disasters on people's health, access to healthcare including for people who are not in imminent socio-economic vulnerability should also be allowed. Europe needs to be able to rapidly provide additional, effective support through the European Regional Development Fund (ERDF) and the European Social Fund Plus (ESF+) to Member States, regions, local authorities and people severely affected by regional disasters, complementing the resources available from the European Union Solidarity Fund. An increase of the frequency of disasters needs to be anticipated. Therefore, building on the experience gained these past years, it is appropriate to provide for a framework that allows for flexibility and financial support in order to avoid recurrent changes in the cohesion policy legal framework and additional administrative burden, while preserving the long-term strategic nature of Cohesion policy.

Consequently, in order to provide additional assistance and further flexibility to Member States affected by natural disasters that occur as from 1 January 2024, the Commission proposes to create a new specific objective under the existing scope of the ERDF support. This would allow Member States to reprogramme under their 2021-2027 programmes under the Investments for Jobs and Growth goal amounts for the reconstruction following natural disasters as defined in Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund or recognised as such by a competent public authority of a Member State.

This additional specific objective is included under Policy Objective 2 (a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility). This policy objective directly supports the objectives of the European Green Deal and the EU Strategy on Adaptation to Climate Change which aims at developing adaptation measures to manage climate change risks, usually in the form of disasters, such as floods, wildfires or droughts.

In this context, it is important to anticipate and reinforce investments with a particular focus on disaster prevention and preparedness, as well as climate adaptation, including nature-based solutions, in order to mitigate the impact of the increasingly frequent climate-induced disasters. Reconstruction efforts should not come at the expense of long-term planned investment in disaster prevention and preparedness.

The ESF+ within its existing scope may also provide for resources to the alleviation of the negative socio-economic consequences of natural disasters. In addition to already existing measures, further flexibility should be ensured for Member States so that they can provide fast and immediate help in form of food and/or basic material assistance. Employees and self-employed should be able to retain their jobs until they can return to work, therefore, financing of short-time work schemes should be allowed in a more flexible manner. In order to tackle the devastating effect of natural disasters on people's health, access to healthcare including for people who are not in imminent socio-economic vulnerability should also be allowed. This would allow Member States to reprogramme their ESF+ resources within the 2021-2027 programming period in order to be able to benefit from the additional assistance and flexibilities.

It is possible for Member States to make use of the existing transfer provisions set out in Article 26 of Regulation (EU) 2021/1060 to the ERDF or to the ESF+.

Given the potential magnitude of the impact of such natural disasters and in order to quickly inject liquidity to cover the most pressing needs, it is proposed that Member States, when using the proposed framework, benefit from an additional pre-financing of 30% of the amounts programmed under the dedicated priorities and the possibility to apply a Union financing of up to 100%. To respond to the present exceptional circumstances, in line with Article 63(7) of Regulation (EU) 2021/1060, Member States may already provide in their programmes that the eligibility of expenditure starts from the date of the first occurrence of damage as a consequence of the natural disaster. In addition, Member States should also be allowed to select for support under the dedicated priority completed or fully implemented operations that are aimed at providing a response to the natural disaster. The amounts reprogrammed for that priority (or priorities) need to be limited overall to maximum 10% of the national cohesion policy allocation of the Member State taking into account the ERDF, the ESF+ and the Cohesion Fund over the programming period. The dedicated priority may be used for one or more natural disasters through one or more programme amendments. Where the allocation to that priority is increased through subsequent programme amendments, the additional pre-financing will be paid on the increase so that the overall additional pre-financing corresponds to 30% of the resources allocated to this priority.

Where the Member State wants to make use of this dedicated priority and the corresponding flexibilities, the corresponding programme amendment needs to be submitted to the Commission at the latest four months after the first occurrence of damage as a consequence of the disaster. Where the natural disaster occurs before this amending Regulation enters into force, this amendment needs to be submitted within four months of the entry into force of this Regulation.

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

The proposal is consistent with the objectives followed by the cohesion policy funds and is limited to a targeted amendment of Regulation (EU) 2021/1058 and Regulation (EU) 2021/1057. 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 (EU) 2021/1058 as well as of Regulation (EU) 2021/1057 and maintains consistency with other Union policies.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The proposal is based on Articles 164, 175(3) and 178 of the Treaty on the Functioning of the European Union.

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

The proposal to provide additional flexibility to Member States affected by natural disasters by providing the possibility to finance reconstruction works by the ERDF with a Union financing rate of up to 100% and with an additional pre-financing for a dedicated priority in programmes requires an amendment of Regulation (EU) 2021/1058. The proposal to provide flexibility for Member States in the implementation of the ESF+, including the additional pre-financing and the Union financing of up to 100%, to alleviate the socio-economic consequences of natural disasters and in addition, to be able to provide immediate food and/or basic material assistance to people directly affected by natural disasters, as well as short-time work schemes for employees and self-employed without active measures and access to healthcare including for people who are not in imminent socio-economic vulnerability requires the amendment of Regulation (EU) 2021/1057. The same result cannot be achieved through actions 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) 2021/1058 as well as for Regulation (EU) 2021/1057. The limited and targeted changes do not require a separate impact assessment.

- **Regulatory fitness and simplification**

N/A

- **Fundamental rights**

N/A

4. BUDGETARY IMPLICATIONS

The proposal concerns cohesion policy programmes from the 2021-2027 programming period and does not modify existing budgetary commitments. It remains within the limits of the overall allocation for the period 2021-2027 and is therefore budgetarily neutral.

The proposal will result in additional pre-financing to be paid under the ERDF and ESF+ and will lead to frontloading of payment appropriations.

For 2025, the additional pre-financing was not envisaged in the draft budget. In order to address the urgent needs and provide swift support to the disaster-stricken Member States, the Commission proposed to cover the additional payment needs through an amending letter to the 2025 draft budget. The additional amount for 2025 is EUR 3 billion - for the ERDF and the ESF+ taken together - and corresponds to the 30% pre-financing to the estimated allocation (EUR 10 billion) of the dedicated priorities subsequent to the natural disasters having taken place as from 1 January 2024.

The possibility to apply for an increased Union financing rate up to 100% for both the ERDF and the ESF+ will also lead to a partial front-loading of payments, followed by lower payments at a later stage as the overall envelope is unchanged. The actual impact will depend on the Member States' uptake.

The proposed modifications do not require changes in the Multiannual Financial Framework annual ceilings for commitments and payments as per Annex I to Council Regulation (EU, Euratom) 2020/2093, nor do they imply changes to the overall payment needs over the programming period.

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) 2021/1060, Regulation (EU) 2021/1057 and Regulation (EU) 2021/1058.

- **Explanatory documents (for directives)**

N/A

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

In order to provide additional assistance and further flexibility to Member States affected by natural disasters, it is proposed to amend Regulation (EU) 2021/1058 to:

- introduce a new specific objective under Policy Objective 2 (a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility) within the existing scope of the ERDF support in response to natural disasters that occur as from 1 January 2024. Resources under this specific objective should be programmed under dedicated priorities of programmes under the Investment for jobs and growth goal to support operations aimed at repair and reconstruction.
- allow for the application of a Union financing rate of up to 100% from the EU budget for a separate priority established within a programme to support

operations linked to reconstruction and repair. Member States should also ensure that support from other national or Union instruments or private insurance schemes is taken into account so that overpayment is excluded;

- provide additional pre-financing for this separate priority by applying 30% to the allocation of the priority as set out in the decision approving the programme where the new dedicated priority is established. Where subsequently the allocation for the priority is increased as a result of further natural disasters, the additional pre-financing will only be paid on the amount by which the allocation to the priority is increased;
- allow Member States to select for support operations that have been physically completed or fully implemented before the application for the funding under the programme is duly submitted to the managing authority where they provide a response to a natural disaster occurring as of 1 January 2024;
- set out a deadline of four months after the first occurrence of damage as a result of a natural disaster or the entry into force of the amending Regulation where a disaster occurred before that date to submit corresponding programme amendments.

In order to ensure further flexibility for Member States in response to natural disasters that occur as from 1 January 2024 it is proposed to amend Regulation (EU) 2021/1057 to:

- allow for a focused support to alleviate the negative socio-economic consequences of natural disasters under a dedicated priority that benefits from further flexibilities;
- allow for the financing of short-time work schemes for the benefit of employees and self-employed affected by natural disasters without the need to carry out active measures for a limited time period, whether or not programmed under the dedicated priority;
- allow for financing measures to support access to healthcare including for people who are not in imminent socio-economic vulnerability, whether or not programmed under the dedicated priority;
- allow for the distribution of food and/or basic material assistance without accompanying measures if it is to provide a response to the consequences of natural disasters, whether or not programmed under the dedicated priority;
- allow Member States to select for support operations that have been physically completed or fully implemented before the application for the funding under the programme is duly submitted to the managing authority where they provide a response to a natural disaster occurring as from 1 January 2024;
- set out a deadline of four months after the occurrence of the natural disaster or the entry into force of the amending Regulation where a disaster occurred before that date to submit corresponding programme amendments;
- provide additional pre-financing for this dedicated priority by applying 30% to the allocation of the priority as set out in the decision approving the programme where the new dedicated priority is established. Where subsequently the allocation for the priority is increased as a result of further natural disasters, the additional pre-financing will only be paid on the amount by which the allocation to the priority is increased;

- allow for the application of a Union financing rate of up to 100% from the EU budget for the dedicated priority.

In order to safeguard the long-term strategic nature of cohesion policy investments, the total amount allocated to such dedicated priorities cannot exceed 10% of the total initial national allocation of the ERDF, the ESF+ and the Cohesion Fund taken together in a Member State for the 2021-2027 programming period. Member States should also ensure that support from other national or Union instruments or private insurance schemes is taken into account so that overpayment is excluded.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

RESTORE – Regional Emergency Support to Reconstruction amending Regulation (EU) 2021/1058 and Regulation (EU) 2021/1057

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, Article 175(3) and Article 178, 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) The recent floods in Central, Eastern and Southern Europe have had a devastating effect on the populations living in these regions. Extensive reconstruction works will be required in many cities, towns and villages to repair damaged infrastructure and equipment. Immediate measures will be needed to alleviate the social and economic consequences of such natural disasters. In addition, people are in an immediate need of the basic material they lost; and support to job maintenance will be needed to help employees and self-employed retain their jobs for a limited period of time in cases where they are not able to access their usual place of employment due to the occurrence of a natural disaster. In order to tackle the devastating effect of natural disasters on people's health, access to healthcare including for people who are not in imminent socio-economic vulnerability should also be allowed. Evidence suggests that the occurrence of natural disasters is likely to increase in the future. Therefore, it is appropriate to create a framework that provides for flexibility and financial support while preserving the long term strategic nature of cohesion policy investments.
- (2) In order to quickly alleviate the burden on the national budgets of the Member States concerned and mitigate the risk of new territorial disparities, effective support is needed through the European Regional Development Fund ('ERDF') and the European Social Fund Plus ('ESF+') to Member States, regions, local authorities and people severely affected by such natural disasters, in addition to the resources available from the European Union Solidarity Fund.
- (3) In order to provide additional flexibility to Member States affected by natural disasters a new specific objective under the Investment for jobs and growth goal should be

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

provided to channel the financial support of the ERDF for the reconstruction in response to such disasters.

- (4) Policy objective 2, under which the new specific objective should be introduced, directly supports the objectives of the European Green Deal³. The EU Strategy on Adaptation to Climate Change⁴ aims at developing adaptation measures to manage climate change risks, usually in the form of disasters, such as floods, wildfire or droughts. The continuity and reinforcement of planned investments in disaster prevention and preparedness, as well as climate adaptation, should be ensured, in order to mitigate the impact of the increasingly frequent natural, including climate-induced disasters. Reconstruction efforts should not come at the expense of investments in structural long term disaster prevention and preparedness. The application of climate proofing and the “do no significant harm” principle should be ensured when investing in infrastructure to enhance the resilience of Union funded infrastructure in the face of future, more frequent and severe climate-induced disasters.
- (5) In accordance with the scope of support from the ERDF as set out in Regulation (EU) 2021/1058 of the European Parliament and of the Council⁵, support for the reconstruction in response to natural disasters under the new specific objective may cover the restoration of damaged or destroyed infrastructure, such as public infrastructure or investment in fixed capital for businesses and equipment, including at a different location or in a format that is not identical to the original, if necessary, in a resilient and sustainable manner. Furthermore, the restoration of natural areas, biodiversity and green infrastructure, including on Natura 2000 sites, may be supported. This may include relevant reforestation related measures.
- (6) In the context of reconstruction in response to natural disasters, operations based on the “build back better” principle – should be prioritised in the selection process. That principle entails the use of the recovery, rehabilitation and reconstruction phases after a disaster to increase the resilience of communities through integrating disaster risk reduction measures, as indicated in the Sendai Framework for Disaster Risk Reduction 2015-2030. At the same time, it should be ensured that support to the selected operations remains proportionate and presents the best relationship between the amount of support and the objective of ensuring disaster resilience. Furthermore, in case a Member State is eligible for support from the European Union Solidarity Fund to finance essential emergency and recovery operations restoring infrastructure to their condition prior to the occurrence of the natural disaster, the ERDF support may be used in a complementary manner to improve the functionality of the infrastructure affected in order to enhance its capacity, sustainability and resilience to withstand future natural disasters. In general, the ERDF support should increase the resilience and risk preparedness.

³ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions ‘The European Green Deal’ - COM(2019) 640 final.

⁴ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions ‘Forging a climate-resilient Europe - the new EU Strategy on Adaptation to Climate Change’ – COM(2021) 82 final.

⁵ Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (OJ L 231, 30.6.2021, p. 60, ELI: <http://data.europa.eu/eli/reg/2021/1058/oj>).

- (7) In order to exclude overpayment, Member States should ensure that support covered by the ERDF or the ESF+ does not overlap with support received from other national or Union instruments or private insurance schemes.
- (8) In order to respond to the impact of natural disasters, Member States should be allowed through dedicated priorities to provide a focused, fast and immediate help to alleviate the negative socio-economic consequences of such disasters. In addition, Member States should be able to support, either within or outside the dedicated priority, temporary measures for people directly affected by those disasters in the form of food and/or basic material assistance without the obligation of accompanying measures; and, where strictly necessary and justified, short-time work schemes for employees and self-employed affected by the consequences of natural disasters to retain their jobs even without active measures (unless the latter are imposed by national law) as well as measures to provide access to healthcare including for people who are not in imminent socio-economic vulnerability. Therefore, it is appropriate to provide for flexibilities for these temporary measures for a limited period of time under Regulation (EU) 2021/1057 of the European Parliament and of the Council⁶.
- (9) The resources to support the response to natural disasters should be programmed under a dedicated priority with a co-financing rate of up to 100%. It should be recalled that Member States may make use of the possibilities for transferring allocations between cohesion policy funds provided for in Regulation (EU) 2021/1060 of the European Parliament and of the Council⁷ in order to increase resources available under these dedicated priorities. They may also reallocate resources from any of the policy objectives while respecting regulatory rules.
- (10) The overall resources programmed under the dedicated priorities should be limited to a maximum of 10% of the initial total national allocation of the Member State for the ERDF, the ESF+ and the Cohesion Fund. They may be programmed through one or more programme amendments and may be linked to one or more disasters. The principle that payments by the Commission are to be made in accordance with budget appropriations and subject to available funding should continue to apply.
- (11) In order to provide immediate support for investments for reconstruction in response to natural disasters as well as to alleviate the negative socio-economic consequences of such natural disasters, an additional amount of exceptional pre-financing should be provided with respect to the dedicated priorities. The rules applicable to those amounts of exceptional pre-financing should be consistent with the rules applicable to pre-financing provided for in Regulation (EU) 2021/1060.
- (12) In order to enable Member States to fully address the consequences of natural disasters occurring as from 1 January 2024, their managing authorities should be allowed to select for support operations that have been physically completed or fully implemented before the application for the funding under the programme is submitted

⁶ Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 (OJ L 231, 30.6.2021, p. 21, ELI: <http://data.europa.eu/eli/reg/2021/1057/oj>).

⁷ Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159, ELI: <http://data.europa.eu/eli/reg/2021/1060/oj>).

to the managing authority, provided that the operation is in response to such natural disaster.

- (13) Regulations (EU) 2021/1058 and (EU) 2021/1057 should therefore be amended accordingly.
- (14) In view of the devastating effects of the current natural disasters and the urgency to provide immediate support to Member States, it is considered necessary to use the exception to the eight-week period referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community.
- (15) Given the urgency of the situation related to the natural disasters, it is appropriate that this Regulation enters into force on the date of its publication in the *Official Journal of the European Union*,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) 2021/1058 is amended as follows:

1. Article 3 is amended as follows:

(a) in paragraph 1, point (b), the following point (x) is added:

“(x) supporting investments aimed at reconstruction in response to a natural disaster that occurred as from 1 January 2024;”;

(b) the following paragraph is inserted:

“1b. For the purposes of paragraph 1, point (b)(x), of this Article, a natural disaster, shall be understood as a major or regional natural disaster as defined in Article 2(2) and (3) of Council Regulation (EC) No 2012/2002*. This may include a natural disaster resulting in direct damage below the thresholds set out in Article 2(2) and (3) of that Regulation, provided that it was recognised by a competent public authority of the Member State as a natural disaster.

The resources allocated under the specific objective referred to in paragraph 1, point (b)(x), of this Article shall be programmed under dedicated priorities of programmes under the Investment for jobs and growth goal corresponding to the respective policy objective. The resources allocated under this specific objective and the dedicated priorities established in accordance with Article 12b(2) of Regulation (EU) 2021/1057 shall be limited for the whole programming period to a maximum of 10% of the initial total national allocation of the ERDF, the ESF+ and the Cohesion Fund. The corresponding programme amendment shall be submitted within four months of the date of the first occurrence of damage as a consequence of the natural disaster or, where the natural disaster occurred before [date of entry into force of this Regulation], within four months of the entry into force of this Regulation XXX/XXX [amending the ERDF/CF Regulation].

The Commission shall pay 30% of the allocation to the priority referred to in the second subparagraph of this paragraph as set out in the decision approving the programme amendment as exceptional pre-financing in addition to the yearly pre-financing for the programme provided for in Article 90(1) and (2) of Regulation (EU) 2021/1060. That exceptional pre-financing shall be paid within 60 days of the

adoption of the Commission decision approving the programme amendment, subject to the availability of funds. Where the allocation to that priority is subsequently increased, an additional pre-financing amount shall be paid corresponding to 30% of the increase.

In accordance with Article 90(5), first subparagraph, of Regulation (EU) 2021/1060, the amount paid as exceptional pre-financing shall be cleared from the Commission accounts no later than with the final accounting year.

In accordance with Article 90(6) of Regulation (EU) 2021/1060, any interest generated by the exceptional pre-financing shall be used for the programme concerned in the same way as the ERDF and shall be included in the accounts for the final accounting year.

In accordance with Article 97(1) of Regulation (EU) 2021/1060, the exceptional pre-financing shall not be suspended.

In accordance with Article 105(1) of Regulation (EU) 2021/1060, the pre-financing to be taken into account for the purposes of calculating amounts to be de-committed shall include the exceptional pre-financing paid.

By way of derogation from Article 112(3) of Regulation (EU) 2021/1060, the maximum co-financing rate for a dedicated priority established to support the specific objective referred to in paragraph 1, point (b)(x), of this Article shall be 100%.

Member States shall ensure that support from another national or Union instrument or private insurance scheme received for operations selected under the specific objective referred to in paragraph 1, point (b)(x), of this Article is deducted from the expenditure included in the payment application submitted to the Commission.

By way of derogation from the first sentence of Article 63(6) of Regulation (EU) 2021/1060, the managing authority may select for support, under the dedicated priority, operations that have been physically completed or fully implemented before the submission of an application for funding to the managing authority, provided that the operation provides a response to a natural disaster which occurred as from 1 January 2024.

* Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund (OJ L 311, 14.11.2002, p. 3, ELI: <http://data.europa.eu/eli/reg/2002/2012/oj>).”;

(c) paragraph 3 is replaced by the following:

“3. The Cohesion Fund shall support PO 2 and 3, except for the specific objective set out in paragraph 1, point (b)(x).”;

2. in Table 1 of Annex I, the following row is added under policy objective 2:

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	(x) supporting investments aimed at reconstruction in response to	Any RCO listed for specific objectives under POs	Any RCR listed for specific objectives under Pos
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	a natural disaster that occurred as from 1 January 2024	1 to 4	1 to 4
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Article 2

In Regulation (EU) 2021/1057 a new Article 12b is added as follows:

“Article 12b

Support for alleviating the negative socio-economic consequences of natural disasters

1. Member States may use the ESF+ to provide support to alleviate the negative socio-economic consequences of natural disasters that occurred as from 1 January 2024. For the purpose of this article, a natural disaster shall be understood as a major or regional natural disaster as defined in Article 2(2) and (3) of Council Regulation (EC) No 2012/2002*. This may include a natural disaster resulting in direct damage below the thresholds set out in Article 2(2) and (3) of that Regulation, provided that it was recognised by a competent public authority of the Member State as a natural disaster.

* Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund (OJ L 311, 14.11.2002, p. 3, ELI: <http://data.europa.eu/eli/reg/2002/2012/oj>).;

2. For the purpose of paragraph 1, resources may be programmed under dedicated priorities of programmes concerned. Overall resources to such dedicated priorities allocated from the ESF+ and the ERDF pursuant to Article 3, paragraph 1b, of Regulation (EU) 2021/1058 shall be limited for the whole programming period to a maximum of 10% of the initial total national allocation of the ERDF, the ESF+ and the Cohesion Fund. The corresponding programme amendment shall be submitted within four months of the date of the occurrence of the natural disaster or, where the natural disaster occurred before [date of entry into force of this Regulation], within four months of the entry into force of this Regulation XXX/XXX [amending the ESF+ Regulation].
3. The dedicated priority as referred to in paragraph 2 may support any of the specific objectives as set out in Article 4(1) of this Regulation.
4. Where strictly necessary and as temporary measures, short-time work schemes aiming at providing a response to the consequences of natural disasters without the need to combine with active measures as well as access to healthcare including for people who are not in imminent socio-economic vulnerability may be eligible for financing for a maximum of 18 months from the date when the natural disaster occurred.
5. By way of derogation from Article 19(4), Member States shall not be required to complement the delivery of food or basic material assistance by

accompanying measures under the specific objective set out in Article 4(1), point (m), of this Regulation, in case such delivery is to respond to consequences of natural disasters. In the case of a natural disaster, such delivery of food and basic material assistance without accompanying measures may be eligible for financing for a maximum of 6 months from the date when the natural disaster occurred and in any case after 1 January 2024.

6. By way of derogation from the first sentence of Article 63(6) of Regulation (EU) 2021/1060, the managing authority may select for support, under the dedicated priority, operations that have been physically completed or fully implemented before the submission of an application for funding to the managing authority, provided that the operation provides a response to a natural disaster which occurred as from 1 January 2024.
7. The Commission shall pay 30% of the allocation to the dedicated priority referred to in paragraph 2, as set out in the decision approving the programme amendment as exceptional pre-financing in addition to the yearly pre-financing for the programme provided for in Article 90(1) and (2) of Regulation (EU) 2021/1060. That exceptional pre-financing shall be paid within 60 days of the adoption of the Commission decision approving the programme amendment, subject to the availability of funds. Where the allocation to that priority is subsequently increased, an additional pre-financing amount shall be paid corresponding to 30% of the increase.

In accordance with Article 90(5), first subparagraph, of Regulation (EU) 2021/1060, the amount paid as exceptional pre-financing shall be cleared from the Commission accounts no later than with the final accounting year.

In accordance with Article 90(6) of Regulation (EU) 2021/1060, any interest generated by the exceptional pre-financing shall be used for the programme concerned in the same way as the ESF+ and shall be included in the accounts for the final accounting year.

In accordance with Article 97(1) of Regulation (EU) 2021/1060, the exceptional pre-financing shall not be suspended.

In accordance with Article 105(1) of Regulation (EU) 2021/1060, the pre-financing to be taken into account for the purposes of calculating amounts to be de-committed shall include the exceptional pre-financing paid.

8. By way of derogation from Article 112(3) of Regulation (EU) 2021/1060, the maximum co-financing rate for a dedicated priority established to support the alleviation of the negative socio-economic consequences of natural disasters pursuant to paragraph 2, shall be 100%.

Member States shall ensure that support from another national or Union instrument or private insurance scheme received for operations selected in response to natural disasters, is deducted from the expenditure included in the payment application submitted to the Commission.”.

Article 3

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 AND DIGITAL 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
RESTORE - Regional Emergency Support to Reconstruction amending Regulation (EU) 2021/1058 and Regulation (EU) 2021/1057

1.2. Policy area(s) concerned

European Green Deal

1.3. Objective(s)

1.3.1. General objective(s)

The proposal aims to provide:

- (i) additional, effective support and further flexibility to support reconstruction operations for Member States, regions and local authorities severely affected by natural disasters through the use of the European Regional Development Fund (ERDF)
- (ii) flexibility for Member States in the implementation of the European Social Fund Plus (ESF+) to be able to provide immediate food and basic material assistance to people directly affected by natural disasters, as well as short-time work scheme for employees and self-employed.

1.3.2. Specific objective(s)

Specific objective No

The specific objectives of the proposal is to allow Member States to:

- (i) reprogramme the ERDF amounts of their programmes under the Investment for Jobs and Growth goal to support repair and reconstruction operations resulting from natural disasters occurred as from 1 January 2024 with serious repercussions on living conditions, the natural environment or the economy;
- (ii) benefit from a co-financing rate of up to 100% and an additional 30% pre-financing for the priorities dedicated to support reconstruction within programmes supported by the ERDF under the Investment for Jobs and Growth goal;
- (iii) allow for the financing under the ESF+ of short-time work schemes for the benefit of employees and self-employed affected by natural disasters without the need to carry out active measures for a limited time period;
- (iv) allow for the distribution of food and basic material assistance without accompanying measures under the ESF+ in response to the direct consequences of natural disasters;
- (v) benefit from a co-financing rate of up to 100% and an additional 30% pre-financing when a new dedicated priority for the ESF+ is established under the Investment for Jobs and Growth goal.

1.3.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The expected impact of this proposal is the reprogramming of EUR 10 billion by the Member States and regions hit by natural disasters of the ERDF and the ESF+ amounts of their programmes through increased flexibility and financial incentives under the ERDF and ESF+ to quickly support reconstruction and repair operations, provide food and basic material assistance, and support short-time work schemes while alleviating the burden on national budgets.

1.3.4. *Indicators of performance*

Specify the indicators for monitoring progress and achievements.

The proposal allows Member States to select any common output and result indicators for the ERDF listed for specific objectives under policy objectives 1 to 4 for monitoring progress and achievements of reconstruction operations (Annex I, Table 1). The proposal does not amend the list of common indicators for the ESF+ support.

1.4. **The proposal/initiative relates to:**

- ☒ a new action
- ☐ a new action following a pilot project / preparatory action⁸
- ☐ the extension of an existing action
- ☐ a merger or redirection of one or more actions towards another/a new action

1.5. **Grounds for the proposal/initiative**

1.5.1. *Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

The Regulation should be fully applicable shortly after its adoption, i.e. the day following its publication in the *Official Journal of the European Union*.

Subject to the adoption of this proposal by the co-legislators, the Commission is ready to facilitate the quick approval of requests for programme amendments submitted by Member States in accordance with Article 24 of Regulation 2021/1060.

1.5.2. *Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.*

The proposal allows the continuation of the implementation of the programmes, injecting money into the economy while at the same time helping to reduce the burden on public expenditure for Member States affected by natural disasters. The same result cannot be achieved through action at national level.

Recent natural disasters justify the need to strengthen the Union's capacity to provide rapid and effective support to the Member States to complement their reconstruction efforts and alleviate the social and economic consequences on people directly affected. It is necessary to supplement the current provisions under Regulation (EU)

⁸ As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

2021/1060 in order to increase flexibility in the programming of ERDF funds and the level of financial support for repair and reconstruction operations following natural disasters, in addition to the resources available under the European Union Solidarity Fund, and to allow Member States to mobilise ESF+ amounts for the financing of short-time work schemes without the need for active measures for employees and self-employed affected by natural disasters and for the distribution of food and basic material assistance without accompanying measures.

1.5.3. Lessons learned from similar experiences in the past

The EU has adopted in previous years regulatory changes to accelerate the deployment of EU funds; for instance, CARE and FAST-CARE are examples where the cohesion policy funds have been subject to targeted changes to face emerging crisis.

These experiences as well as the STEP Regulation have been taken into account in the design of this proposal.

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

This Regulation creates the necessary conditions for a more effective and flexible use of existing ERDF and ESF+ resources following natural disasters as defined in Council Regulation (EC) 2012/2002 establishing the European Union Solidarity Fund or, in duly justified cases, recognised as such by a competent public authority of a Member State. This complements the means available under the European Union Solidarity Fund.

This proposal is fully compatible with the existing Multiannual Financial Framework and the current instruments, and does not require additional commitment appropriations to achieve the objectives.

1.5.5. Assessment of the different available financing options, including scope for redeployment

N/A.

1.6. Duration of the proposal/initiative and of its financial impact

☒ limited duration

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- ☒ financial impact from 2025 to 2027 for payment appropriations.

☐ unlimited duration

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

1.7. Method(s) of budget implementation planned⁹

☐ 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 entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated
- ☐ international organisations and their agencies (to be specified)
- ☐ the European Investment Bank and the European Investment Fund
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation
- ☐ public law bodies
- ☐ bodies governed by private law with a public service mission to the extent that they are provided with 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 are provided with adequate financial guarantees
- ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act
- ☐ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

⁹ Details of budget implementation methods and references to the Financial Regulation may be found on the BUDGpedia site: <https://myintracomm.ec.europa.eu/corp/budget/financial-rules/budget-implementation/Pages/implementation-methods.aspx>.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Provisions under Regulation (EU) 2021/1060 apply.

2.2. Management and control system(s)

2.2.1. *Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

Provisions under Regulation (EU) 2021/1060 apply.

2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

Provisions under Regulation (EU) 2021/1060 apply.

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)*

Provisions under Regulation (EU) 2021/1060 apply.

2.3. Measures to prevent fraud and irregularities

N/A.

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			
	Number	Diff./Non-diff. ¹⁰	from EFTA countries ¹¹	from candidate countries and potential candidates ¹²	From other third countries	other assigned revenue
2a	05.02.01 European Regional Development Fund (ERDF) Operational Expenditure 07.02.01 European Social Fund Plus (ESF+) Operational Expenditure	Diff.	NO	NO	NO	NO

- New budget lines requested – N/A

¹⁰ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

¹¹ EFTA: European Free Trade Association.

¹² Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of 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

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework		Number	2a				
DG: REGIO			Ye ar	Year	Year	Year	TOT AL
			20 24	2025	2026	2027	MFF 2021 - 2027
Operational appropriations							
05.02.01 European Regional Development Fund (ERDF) Operational Expenditure	Commitments	(1a)					0.000
	Payments	(2a)		2070.000	3 003.600	-5 073.600	0.000
TOTAL appropriations for DG REGIO	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000
	Payments	=2a+2b+3	0.000	2 070.000	3 003.600	- 5073.600	0.000 *

* The additional pre-financing payments for the ERDF in 2025 (EUR 2 070.0 million) and the effect of the 100% co-financing (EUR 3 003.6 million in 2026) will frontload payments from 2027 and will be budgetary neutral over the duration of the 2021-27 MFF. The amounts presented in the above table are estimations of expected re-programming by Member States of an amount of EUR 10 billion, while the final amounts to be paid under the ERDF will depend on Member States' programming decisions and will be entirely financed by MFF resources.

DG: EMPL			Year	Year	Year	Year	TOTAL
			2024	2025	2026	2027	MFF 2021- 2027
Operational appropriations							
07.02.01	Commitments	(1a)					0.000
	Payments	(2a)	0	930	1 000	- 1 930	0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes ¹³							
Budget line		(3)					0.000
TOTAL appropriations	Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000

¹³ 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.

for DG EMPL	Payments	=2a+2b+3	0.000	930	1000	-1930	0.000
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The additional pre-financing payments for the ESF+ in 2025 (EUR 930 million) and the effect of the 100% co-financing (EUR 1 000 million in 2026) will frontload payments from 2027 and will be budgetary neutral over the duration of the 2021-2027 MFF. The amounts presented in the above table are estimations of expected re-programming by Member States of a total amount of EUR 10 billion, while the final amounts to be paid under the ESF+ will depend on Member States' programming decisions and will be entirely financed by MFF resources.

			Year	Year	Year	Year	TOTAL MFF 2021-2027
			2024	2025	2026	2027	
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	3 000.000	4 003.600	-7 003.600	0.000
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations under HEADING 2a of the multiannual financial framework	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	3 000.000	4 003.600	-7 003.600	0.000

			Year	Year	Year	Year	TOTAL MFF 2021-2027
			2024	2025	2026	2027	
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	0.000	0.000
	Payments	(5)	0.000	3 000.000	4 003.600	-7 003.600	0.000
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations Under Heading 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	3 000.000	4 003.600	-7 003.600	0.000

EUR million (to three decimal places)

		Year	Year	Year	Year	TOTAL MFF 2021-2027
		2024	2025	2026	2027	
TOTAL appropriations under HEADINGS 1 to 7	Commitments	0.000	0.000	0.000	0.000	0.000
of the multiannual financial framework	Payments	0.000	3 000.000	4 003.600	-7 003.600	0.000

3.2.3. Summary of estimated impact on administrative appropriations

- ☒ 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

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year	Year	Year	Year	TOTAL 2021 - 2027
	2024	2025	2026	2027	
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	0.000	0.000	0.000	0.000	0.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000
Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000

3.2.4. Estimated requirements of human resources

- ☒ The proposal/initiative does not require the use of human resources
- ☐ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)¹⁴

VOTED APPROPRIATIONS		Year 2024	Year 2025	Year 2026	Year 2027
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
• External staff (inFTEs)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0

¹⁴ Please specify below the table how many FTEs within the number indicated are already assigned to the management of the action and/or can be redeployed within your DG and what are your net needs.

01 01 01 12 (AC, END - Direct research)	0	0	0	0
Other budget lines (specify) - Heading 7	0	0	0	0
Other budget lines (specify) - Outside Heading 7	0	0	0	0
TOTAL	0	0	0	0

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

- ☒ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)
- ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation
- ☐ requires a revision of the MFF

3.2.7. Third-party contributions

The proposal/initiative:

- ☒ does not provide for co-financing by third parties
- ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year 2024	Year 2025	Year 2026	Year 2027	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

3.3. Estimated impact on revenue

- ☒ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
 - ☐ on own resources
 - ☐ on other revenue
 - ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ¹⁵			
		Year 2024	Year 2025	Year 2026	Year 2027
Article					

For assigned revenue, specify the budget expenditure line(s) affected.

N/A.

¹⁵ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

N/A.

4. DIGITAL DIMENSIONS

4.1. Requirements of digital relevance

This Regulation does not include additional requirements of digital relevance. Provisions under Regulation (EU) 2021/1060 apply and include requirements of digital relevance in terms of data collection, transmission and storage and exchanges of information.

4.2. Data

This Regulation does not include additional requirements of digital relevance for the collection, processing, generation, exchange or sharing of data. Provisions under Regulation (EU) 2021/1060 apply.

4.3. Digital solutions

This Regulation does not include additional requirements of digital relevance that mandate a digital solution. Provisions under Regulation (EU) 2021/1060 apply.

4.4. *Interoperability assessment*

This Regulation does not include additional requirements of digital relevance that concern digital public services. Provisions under Regulation (EU) 2021/1060 apply.

4.5. Measures to support digital implementation

This Regulation does not include additional requirements of digital relevance that need specific implementation measures. Provisions under Regulation (EU) 2021/1060 apply.