



Cohesion policy

Making EU funds resources fully available for the fight against the coronavirus crisis and its economic consequences as well as preparing the EU for the next generations



Coronavirus Response Investment Initiative

#EUbudget, #EUSolidarity, #StrongerTogether

CRII (1st April) –flexibility, liquidity and solidarity

Main CPR and ERDF changes providing more flexibility:

- ❑ A simplified procedure for re-programming (not requiring COM decision) to transfer certain resources inside the programme (max 4% of the priority, max 8% of the programme);
- ❑ Expenditure for operations for fostering crisis response capacities in the context of the COVID-19 outbreak - eligible as of 1/2/2020;
- ❑ ERDF can newly cover working capital in SMEs and investments in products and services necessary for fostering the crisis response capacities in public health services under TO1 (IP under Article 5(1)(a));
- ❑ FIs may also provide support in the form of working capital to SMEs, if necessary as a temporary measure, to provide an effective response to a public health crisis.

CRII (1st April) –flexibility, liquidity and solidarity

Additional liquidity:

- Keeping by MS unspent pre-financing for the European Structural and Investment Funds for 2019 (EUR 8 bn)
- Thanks to EU co-financing, triggering total EU budget support of €37 billion

Increased solidarity:

- including public health crises in the emergencies that the EU Solidarity Fund finances

Coronavirus Response Investment Initiative Plus

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CRII Plus (24th April) – radical flexibility and speed

Changes providing radical flexibility:

- ❑ possibility to increase EU co-financing rates to 100% for the accounting year 2020-2021
- ❑ full flexibility to transfer 2020 resources between all Cohesion Funds and between categories of regions
- ❑ no further checking the compliance with thematic concentration requirements
- ❑ offering up to 10% financial flexibility per priority at the closure of programmes

CRII Plus (24th April) – liquidity, flexibility and speed

Changes providing speed by reducing the administrative burden:

- No more amendments to Partnership Agreements
- Deadline for the submission of annual reports for 2019 extended (later than 30 September)
- Facilitated adjustment of financial instruments if extended to working capital
- Support to undertakings in difficulty receiving support under the State aid Temporary Framework or de minimis
- Possible selection of completed projects for action against the outbreak, after 1 February, and approval of the amended programme
- Avoiding case-by-case assessment for smaller projects where force majeure is invoked by a Member State to avoid decommitment, by grouping the information for all projects within a priority below EUR 1 million

Why do we need a reinforced EU budget?

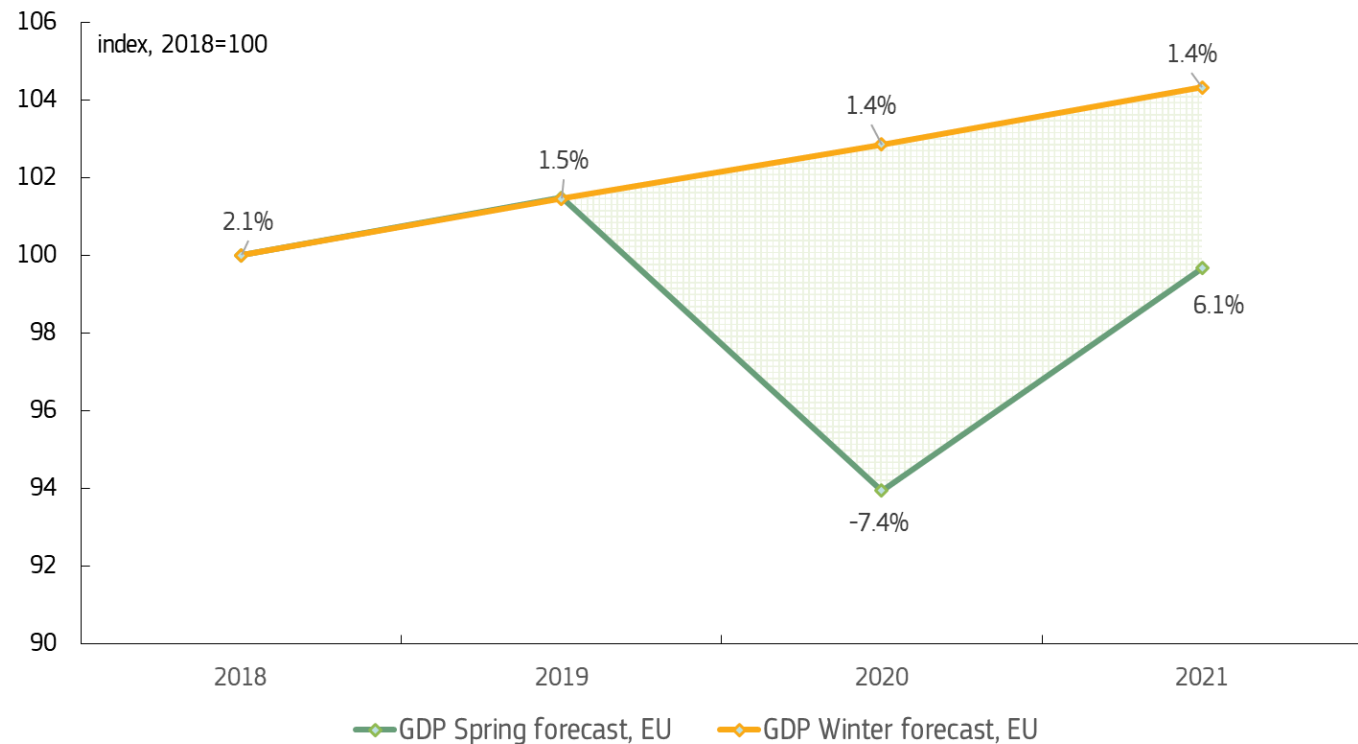
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Economic backdrop: Key messages from the Spring 2020 European Economic Forecast

- ❑ The deepest recession since the Great Depression with an uneven impact
- ❑ An incomplete and uneven recovery, across Member States and sectors
- ❑ Unemployment is set to increase, which calls for additional policy measures
- ❑ Necessary policy measures will cause public deficits and debt to rise in 2020
- ❑ Large uncertainty of the economic forecasts

Economic backdrop: A deep recession followed by a partial recovery

GDP in 2021 to remain far below the level expected in the Winter Forecast



A budget for European recovery and resilience

| | |
|---|--|
| SURE / ESM Pandemic Crisis Support / EIB Guarantee Fund for Workers and Businesses | €540 billion |
| Next Generation EU | Temporary reinforcement € 750 billion |
| Multiannual Financial Framework | € 1 100 billion |

EU budget powering recovery

Investing in a green, digital and resilient Europe

Supporting Member States to recover



- Recovery and Resilience Facility
- Recovery Assistance for Cohesion and the Territories of Europe - REACT-EU
- Reinforced rural development programmes
- Reinforced Just Transition Mechanism

Within European Semester framework

- Supporting investments and reforms
- Supporting a just transition

Kick-starting the economy and helping private investment



- Solvency Support Instrument
- Strategic Investment Facility
- Strengthened InvestEU programme

- Supporting key sectors and technologies
- Investing in key value chains
- Solvency support for viable companies

Learning the lessons from the crisis



- New Health programme
- Reinforced rescEU
- Reinforced programmes for research, innovation and external action

- Supporting key programmes for future crises
- Supporting global partners

How the reinforced spending will be used in Cohesion policy?

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Cohesion policy 'Recovery package' includes 6 proposals

To address the **short- and medium term** needs:

- Proposal for the amendment of CPR 2014-2020 (REACT-EU)
- Revision of FEAD regulation

To address the **longer term** needs:

- CPR 2021-2027 – amended proposal
- ERDF/CF 2021-2027 – amended proposal
- JTF 2021-2027 – amended proposal (increased resources)
- ESF+ 2021-2027 amended proposal

Recovery package

CPR 2014-2020 (REACT-EU)

CPR 2021-2027

ERDF/CF 2021-2027

JTF

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Commission proposal on CPR 2014-2020

Additional resources of EUR 58.3 billion (in current prices)

- ❑ in the context of the ongoing 2014-2020 programmes for quick deployment in real economy
- ❑ from amended 2014-2020 MFF and the European Recovery Instrument as external assigned revenue
- ❑ three additional tranches:
 - 2020: EUR 5 billion (from MFF)
 - 2021: EUR 42.5 billion (from ERI)
 - 2022: EUR 10.8 billion (from ERI)
- ❑ Distributed between Member States in 2 rounds:
 - in 2020 (the 2020 and 2021 commitments)
 - in 2021 (the 2022 commitment)
- ❑ Up to Member States to distribute between ERDF, ESF and FEAD
- ❑ Exceptionally, no breakdown per categories of regions
- ❑ Only under the IGJ goal (not Interreg)
- ❑ Allocation method: per Member State, taking into account relative prosperity and the extent of the socio-economic effects of the current crisis

Commission proposal on CPR 2014-2020

Simple programming process

- New dedicated priority in existing programmes or in a new dedicated programme
- Use only under the new thematic objective (fostering crisis repair) and for TA
- No mixing with “normal” allocations
- Transfers ERDF-ESF always possible
- Ex-ante conditionalities, performance framework and thematic concentration are not applicable

Commission proposal on CPR 2014-2020

Implementing conditions

- Up to 100% EU co-financing (optional)
- 50% of 2020 additional allocation as initial pre-financing – *Member States encouraged to use it to provide advance payments to beneficiaries*
- Annual pre-financing also paid on additional resources
- Decommitment: only at closure of programmes
- End date for eligibility remains unchanged
- Single evaluation per Member State covering all additional resources
- No new common indicators but *Member States encouraged to use off-the-shelf programme-specific indicators available for COVID-19 measures*
- Reasonable communication requirements

Commission proposal on CPR 2014-2020

New thematic objective “Fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy”

- ERDF: primarily for
 - product and services for health services and working capital or investment support to SMEs
 - investments in transition towards a digital and green economy
 - investments in infrastructure providing basic services to citizens, or economic measures in the most affected regions and sectors

Commission proposal on CPR 2014-2020

New thematic objective “Fostering crisis repair in the context of the COVID-19 pandemic and preparing a green, digital and resilient recovery of the economy”

- ❑ ESF: primarily for
 - job maintenance (including short-time work schemes and support to self-employed)
 - job creation (people in vulnerable situations)
 - youth employment measures
 - skills development
 - enhancing access to social services of general interest (including for children)

Recovery package

CPR 2014-2020 (REACT-EU)

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Commission proposal on CPR 2021-2027

More flexibility to transfer resources – both at PA and programme level

- Up to 5% in total of the initial national allocation of each Fund to any other instrument under direct or indirect management
- Up to 5% in total of the initial national allocation of each Fund to another Fund or Funds
- Up to 5% in total of the initial national allocation by Fund between the ERDF, the ESF+ or the Cohesion Fund (IJG)

All transfer requests shall be duly justified

Threshold for operations phased over two programming periods lowered to EUR 5 million.

Up to EUR 10 billion available as MFF technical adjustment in 2024

Commission proposal on CPR 2021-2027

Rapid and easy use of the Funds in response to exceptional circumstance as referred to in the Stability and Growth Pact, meaning:

- an unusual event outside the control of the Member State concerned which has a major impact on the financial position of the general government
- a severe economic downturn for the euro area or the Union as a whole
- the occurrence of unexpected adverse economic events with major unfavourable consequences for government finances

Commission proposal on CPR 2021-2027

Temporary measures to be proposed by the Commission (IA)

- increasing interim payments by 10 percentage points above the co-financing rate applicable, not exceeding 100%,
- allowing to select for support operations that have been physically completed or fully implemented
- eligibility of expenditure for operations in response to such circumstances to start from the date when the Council endorsed the occurrence of those circumstances
- extending the deadlines for the submission of some documents and information (impact evaluation, information on the measures taken by the Member State after review meetings, updating the list of selected operations) and submission of data to the Commission by up to 3 months

Recovery package

CPR 2014-2020 (REACT-EU)

CPR 2021-2027

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Commission proposal on ERDF 2021-2027

More visibility for some sectors under specific objectives:

- job creation (PO1)
- resilience for distance and on-line education and training (PO4)
- resilience of health systems (PO4)
- a new specific objective related to culture and tourism (PO4)

Commission proposal on ERDF 2021-2027

Scope of support extended:

- eligibility of critical supplies necessary to strengthen health or disaster resilience
- undertakings in difficulty eligible where temporary State aid measures are established (alignment with the approach in CRII+ for 2014-2020)

Temporary measures in case of exceptional and unusual circumstances in the context of the SGP

- extension of the scope of the ERDF, such as working capital in SMEs in the form of grants,
- derogation from the requirements of thematic concentration and minimum allocation for Sustainable Urban Development

Recovery package

CPR 2014-2020 (REACT-EU)

CPR 2021-2027

ERDF/CF 2021-2027

JTF

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Commission proposal on JTF

Increase resources totaling EUR 44.1 bn (current prices)

1. through additional MFF resources (increase to EUR 11.3bn in current prices)
2. through external assigned revenue allocated to the years 2021 to 2024 (EUR 32.8 bn in current prices)
 - Increase of resources is needed to cope with the acceleration of investments in transition and the higher vulnerability of impacted territories
 - Obligatory ERDF/ESF+ transfer applies ONLY to the MFF resources
ie EUR 11.3 bn (not to the assigned revenue)
 - Annex I on the allocation methodology is adjusted accordingly (EUR 8 bn capping and EUR 32 min. aid intensity over the period – both in 2018 prices)