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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 1303/2013 as regards the changes to the resources for economic, social and territorial cohesion and to the resources for the investment for growth and jobs goal and for the European territorial cooperation goal

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The objective of the proposal is to adapt the amounts of resources available for the Investment for growth and jobs goal and for the European territorial cooperation goal set out in Articles 91(1) and 92(1) and (5) of Regulation (EU) No 1303/2013¹ and the annual breakdown of commitment appropriations reflected in Annex VI to decisions adopted since the adoption of that Regulation. Firstly, to adapt the amounts to the result of the technical adjustment exercise in accordance with Article 92(3) of that Regulation; secondly, to reflect the different transfers decided on the basis of Articles 25, 93 and 94 of that Regulation affecting the global amounts per year; thirdly, to include the increase of the Youth Employment Initiative ('YEI') until 2020 by an total amount of EUR 1.2 billion in current prices for the specific allocation for the YEI, which needs to be complemented by at least EUR 1.2 billion from targeted ESF investment; and fourthly to reflect the transfer of some of the 2014 commitment appropriations to subsequent years because of the adoption of new programmes after 1 January 2015. The results of the technical adjustment and the transfers decided on the basis of Articles 25, 93 and 94 of that Regulation were already addressed in Commission Implementing Decision (EU) 2016/1941².

The proposal also reflects that Cyprus was to become newly eligible for support from the Cohesion Fund and was no longer to receive support from the Cohesion Fund on a transitional and specific basis as of 1 January 2017. This had already been addressed in Commission Implementing Decision (EU) 2016/1916³.

The technical adjustment exercise has its origin in Article 7 of Council Regulation (EU) No 1311/2013⁴ to take account of the particularly difficult situation of Member States suffering from the crisis and to review in 2016 the total allocation for the Investment for growth and jobs goal.

¹ Regulation (EU) 2016/2135 of the European Parliament and of the Council of 23 November 2016 amending Regulation (EU) No 1303/2013 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 338, 13.12.2016, p. 34).

² Commission Implementing Decision (EU) 2016/1941 of 3 November 2016 amending Implementing Decision 2014/190/EU setting out the annual breakdown by Member State of global resources for the European Regional Development Fund, the European Social Fund and the Cohesion Fund under the Investment for growth and jobs goal and the European territorial cooperation goal, the annual breakdown by Member State of resources from the specific allocation for the Youth Employment Initiative together with the list of eligible regions, and the amounts to be transferred from each Member State's Cohesion Fund and Structural Funds allocations to the Connecting Europe Facility and to aid for the most deprived for the period 2014-2020 (notified under document C(2016) 6909) (OJ L 299, 5.11.2016, p. 61).

³ Commission Implementing Decision (EU) 2016/1916 of 27 October 2016 amending Implementing Decision 2014/99/EU setting out the list of regions eligible for funding from the European Regional Development Fund and the European Social Fund and of Member States eligible for funding from the Cohesion Fund for the period 2014-2020 (notified under document C(2016) 6820) (OJ L 296, 1.11.2016, p. 15).

⁴ Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

Article 25 sets out a mechanism regarding the management of technical assistance for Member States with temporary budgetary difficulties, i.e. the transfer of part of that technical assistance to the technical assistance at the initiative of the Commission.

Under certain conditions, Article 93 allows for the transfer of resources between categories of regions and Article 94 for the transfer of resources between goals.

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

This proposal is the result of the provisions of Article 92(3) regarding the review of the allocations of cohesion policy for the years 2017-2020, the decisions to transfer resources between categories and goals under Articles 93 and 94, the decision to extend the YEI to the years 2017 to 2020 and the decision to transfer some commitment appropriations of 2014 to subsequent years.

- **Consistency with other Union policies**

The proposal is consistent with other proposals and initiatives adopted by the European Commission as a response to the financial crisis.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

Article 92(3) of Regulation (EU) No 1303/2013 provides that, in 2016, the Commission shall, in its technical adjustment for the year 2017 and in accordance with Articles 4 and 5 of Regulation (EU, Euratom) No 1311/2013, review the total allocations under the Investment for growth and jobs goal of each Member State for 2017-2020, applying the allocation method set out in paragraphs 1 to 16 of Annex VII on the basis of the most recent statistics available.

That review of the total allocations also reflects the results of a number of transfers:

Article 25 sets out a mechanism regarding the management of technical assistance for Member States with temporary budgetary difficulties, i.e. the transfer of part of that technical assistance to the technical assistance at the initiative of the Commission.

Under certain conditions, Article 93 allows for the transfer of resources between categories of regions and Article 94 for the transfer of resources between goals.

The review of the total allocations also reflects the extension of the YEI to 2017-2020.

Finally, the revised annual breakdown of Annex VI reflects the amendment of the Council Regulation (EU, Euratom) No 1311/2013 to transfer some commitment appropriations of 2014 to subsequent years.

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

The proposal complies with the subsidiarity principle to the extent that this is a technical result of the implementation of the provisions set out in Article 92(3) of Regulation (EU) No 1303/2013, of the application of Articles 93 and 94 and of the decision to extend the YEI to the period 2017 to 2020.

- **Proportionality**

The proposal is limited to the technical adjustments necessary.

- **Choice of the instrument**

Proposed instrument: amendment of the current regulation.

The Commission has explored the scope for manoeuvre provided by the legal framework and considers it necessary to propose amendments to Regulation (EU) No 1303/2013.

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

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

There was no ex-post evaluation/or fitness checks of the existing legislation.

- **Stakeholder consultations**

There was no consultation of external stakeholders.

- **Collection and use of expertise**

Use of external expertise has not been necessary.

- **Impact assessment**

Not applicable.

- **Regulatory fitness and simplification**

There is not an initiative within the Regulatory Fitness Programme (REFIT)

- **Fundamental rights**

The proposal has no consequences for the protection of fundamental rights.

4. BUDGETARY IMPLICATIONS

There is an impact on commitment appropriations resulting from the positive net effect equal to EUR 4 billion (in 2011 prices) of the technical adjustment provided by Article 92(3) and by the decision to extend the YEI to the years from 2017 to 2020 by a total amount of EUR 1.2 billion in current prices for the specific allocation for the YEI, which needs to be complemented by at least EUR 1.2 billion from targeted ESF investment. These additional resources will also generate needs for additional payment appropriations for the years 2018 to 2020.

The ceilings for commitment appropriations and payment appropriations for heading 1B are therefore increased as expressed in the Communication to the Council and the European Parliament [COM(2016) 311 final] on the Technical adjustment of the financial framework for 2017 in line with movements in GNI and adjustment of cohesion policy envelopes. Given that most of the payments related to this increase in commitments are expected to occur post-2020, the increase in the payment ceilings remains limited.

5. OTHER ELEMENTS

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

Not applicable.

- **Explanatory documents (for directives)**

Not applicable.

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

Based on Article 7 of Council Regulation (EU, Euratom) No 1311/2013, the Commission had to review in 2016 all Member States' total allocations for the "Investment for Growth and Jobs" goal of cohesion policy for 2017-2020, applying the allocation method laid down in the relevant basic act (Annex VII of the Regulation (EU) No 1303/2013) on the basis of the most recent statistics available and of the comparison, for the capped Member States, between the cumulated national GDP observed for the years 2014-2015 and the cumulated national GDP estimated in 2012. The allocations were adjusted whenever there was a cumulative divergence of more than +/- 5%. Moreover, at the same time, Cohesion Fund eligibility was reviewed and in case a Member State becomes newly eligible for the Cohesion Fund these amounts would be added to the funds allocated to the Member State concerned for the years 2017 to 2020.

The review covers the following elements:

- a) For all Member States, the review of allocations for 2017-2020 based on the latest available statistics and applying the same method as for the establishment of the original allocations described in paragraphs 1 to 16 of Annex VII of Regulation (EU) No 1303/2013;
- b) For the capped Member States (Bulgaria, Estonia, Croatia, Hungary, Lithuania, Latvia, Poland, Romania, Slovakia), the comparison of the observed GDP levels for 2014 and 2015 to the ones forecasted for the same two years in 2012;
- c) The review of the Cohesion Fund eligibility on the basis of GNI/head data for the period 2012-2014 in comparison to the EU-27 average.

The exercise resulted in a cumulative divergence of more than +/- 5 % between the total and the revised allocations in Belgium, the Czech Republic, Denmark, Estonia, Ireland, Greece, Spain, Croatia, Italy, Cyprus, the Netherlands, Slovenia, Slovakia, Finland, Sweden and the United Kingdom. The adjustment in the respective resources were published in the Communication to the Council and the European Parliament [COM(2016) 311 final] on the Technical adjustment of the financial framework for 2017 in line with movements in GNI and adjustment of cohesion policy envelopes.

The review of the Cohesion Fund eligibility results in one case of eligibility change with Cyprus becoming fully eligible for Cohesion Fund support in 2017-2020, resulting in an additional amount of EUR 19.4 million.

In accordance with Article 94(2) of Regulation (EU) No 1303/2013 the Commission accepted a proposal submitted by Denmark to transfer a part of its appropriations for the European territorial cooperation goal to the Investment for growth and jobs goal.

Lastly, the Council decided on 20 June 2017 to extend the YEI until 2020 with an amount of EUR 1.2 billion in current prices for the specific allocation for the YEI broken down as

follows: EUR 500 million in 2017 and then EUR 233.3 million per year for the period 2018-2020.

Proposal for a

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amending Regulation (EU) No 1303/2013 as regards the changes to the resources for economic, social and territorial cohesion and to the resources for the investment for growth and jobs goal and for the European territorial cooperation goal

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 Committee⁵,

After consulting the Committee of the Regions⁶,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Regulation (EU) No 1303/2013 of the European Parliament and of the Council⁷ lays down the common and general rules applicable to the European Structural and Investment Funds.
- (2) In accordance with Article 7(1) of Council Regulation (EU, Euratom) No 1311/2013⁸ and Article 92(3) of Regulation (EU) No 1303/2013 the Commission reviewed in 2016 the total allocations of all Member States under the Investment for growth and jobs goal of cohesion policy for the years 2017 to 2020.
- (3) In accordance with Article 7(3) of Regulation (EU, Euratom) No 1311/2013 and Article 92(3) of Regulation (EU) No 1303/2013 the Commission presented the results of the review to the Council and the European Parliament⁹. In the Communication it is mentioned that, on the basis of the most recent statistics, there is a cumulative divergence of more than +/- 5 % between the total and the revised allocations in

⁵ OJ C [...], [...], p. [...].

⁶ OJ C [...], [...], p. [...].

⁷ 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.

⁸ Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

⁹ Communication from the Commission to the Council and the European Parliament - Technical adjustment of the financial framework for 2017 in line with movements in GNI and adjustment of cohesion policy envelopes (COM(2016) 311 of 30 June 2016).

Belgium, the Czech Republic, Denmark, Estonia, Ireland, Greece, Spain, Croatia, Italy, Cyprus, the Netherlands, Slovenia, Slovakia, Finland, Sweden and the United Kingdom. In addition, it is mentioned that, on the basis of its gross national income (GNI) per capita figures of 2012-2014, Cyprus will become fully eligible for support from the Cohesion Fund as of 1 January 2017.

- (4) In accordance with Article 7(4) and (5) of Regulation (EU, Euratom) No 1311/2013 and Article 92(3) of Regulation (EU) No 1303/2013 the allocations of those Member States are to be adjusted accordingly, provided that the total net effect of those adjustments does not exceed EUR 4 billion.
- (5) Insofar as the revision had an impact on the annual breakdown of the allocations for the global resources by Member State under the Investment for growth and jobs goal and under the European Territorial Cooperation Goal as well as on the Youth Employment Initiative (hereinafter referred to as 'YEI'), it was implemented by Commission Implementing Decision (EU) 2016/1941¹⁰.
- (6) The total net effect of those adjustments is to increase the resources for economic, social and territorial cohesion by EUR 4 billion. This increase should be reflected in Article 91(1) of Regulation (EU) No 1303/2013, which should therefore be adjusted accordingly.
- (7) The resources for the Investment for growth and jobs goal and their allocation between less developed regions, transition regions, more developed regions, Member States supported by the Cohesion Fund and outermost regions as set out in Article 92(1) of Regulation (EU) No 1303/2013 should be adjusted accordingly.
- (8) In accordance with Article 14(1) of Regulation (EU, Euratom) No 1311/2013, the margins left available below the ceilings for commitment appropriations of the multiannual financial framework (hereinafter referred to as 'MFF') are to constitute the Global MFF Margin for commitments, to be made available over and above the ceilings established in the MFF for the years 2016 to 2020 for policy objectives related to growth and employment, in particular youth employment. By Council Regulation (EU, Euratom) No 2017/1123¹¹ the limitation of the margins left available below the MFF ceilings for commitment appropriations to the years 2014 to 2017 was deleted thus allowing that the YEI could be extended to 2020 and that the specific allocation for the YEI could be increased by an amount of EUR 1.2 billion in current prices for the period 2017-2020. The specific allocation for the YEI as set out in Articles 91(1) and 92(5) of Regulation (EU) No 1303/2013 should therefore be adjusted accordingly.
- (9) In accordance with Article 94(2) of Regulation (EU) No 1303/2013 the Commission accepted a proposal submitted by Denmark to transfer a part of its appropriations for

¹⁰ Commission Implementing Decision (EU) 2016/1941 of 3 November 2016 amending Implementing Decision 2014/190/EU setting out the annual breakdown by Member State of global resources for the European Regional Development Fund, the European Social Fund and the Cohesion Fund under the Investment for growth and jobs goal and the European territorial cooperation goal, the annual breakdown by Member State of resources from the specific allocation for the Youth Employment Initiative together with the list of eligible regions, and the amounts to be transferred from each Member State's Cohesion Fund and Structural Funds allocations to the Connecting Europe Facility and to aid for the most deprived for the period 2014-2020 (notified under document C(2016) 6909) (OJ L 299, 5.11.2016, p. 61).

¹¹ Council Regulation (EU, Euratom) 2017/1123 of 20 June 2017 amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 163, 24.6.2017, p. 1).

the European territorial cooperation goal to the investment for growth and jobs goal. This transfer should be reflected in an amendment of the global resources available for the European territorial cooperation goal in Article 92(9) of that Regulation.

- (10) Pursuant to the procedure set out in Article 19(1) of Regulation (EU, Euratom) No 1311/2013, Council Regulation (EU, Euratom) 2015/623¹² transferred to subsequent years an amount of EUR 11 216 187 326 in current prices of the allocation provided for the Structural Funds and the Cohesion Fund. An amount of EUR 9 446 050 652 in current prices of the allocation provided for the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund which could not be committed in 2014 nor carried over to 2015 was transferred to subsequent years. That transfer should be reflected in Annex VI of Regulation (EU) No 1303/2013 setting out the global annual breakdown of commitment appropriations for 2014 to 2020,
- (11) Given the urgency of extending the programmes supporting the YEI this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*.
- (12) 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. Article 91(1) is replaced by the following:

'1. The resources for economic, social and territorial cohesion available for budgetary commitment for the period 2014 - 2020 shall be EUR 329 978 401 458 in 2011 prices, in accordance with the annual breakdown set out in Annex VI, of which EUR 325 938 694 233 represents the global resources allocated to the ERDF, the ESF and the Cohesion Fund and EUR 4 039 707 225 represents a specific allocation for the YEI. For the purposes of programming and subsequent inclusion in the budget of the Union, the amount of resources for economic, social and territorial cohesion shall be indexed at 2% per year.'
2. Article 92 is amended as follows:
 - (a) paragraph 1 is replaced by the following:

'1. Resources for the Investment for growth and jobs goal shall amount to 96.09% of the global resources (i.e., a total of EUR 317 103 114 309) and shall be allocated as follows:

 - (a) 48.64% (i.e., a total of EUR 160 498 028 177) for less developed regions;
 - (b) 10.19% (i.e., a total of EUR 33 621 675 154) for transition regions;
 - (c) 15.43% (i.e., a total of EUR 50 914 723 304) for more developed regions;
 - (d) 20.01% (i.e., a total of EUR 66 029 882 135) for Member States supported by the Cohesion Fund;

¹² Council Regulation (EU, Euratom) 2015/623 of 21 April 2015 amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 103, 22.4.2015, p. 1).

(e) 0.42% (i.e., a total of EUR 1 378 882 914) as additional funding for the outermost regions identified in Article 349 TFEU and the NUTS level 2 regions fulfilling the criteria laid down in Article 2 of Protocol No 6 to the 1994 Act of Accession.';

(b) paragraph 5 is replaced by the following:

'5. Resources for the YEI shall amount to EUR 4 039 707 225 from the specific allocation for the YEI and at least EUR 4 039 707 225 from ESF targeted investment.';

(c) paragraph 9 is replaced by the following:

'9. Resources for the European territorial cooperation goal shall amount to 2.69% of the global resources available for budgetary commitment from the Funds for the period 2014-2020 (i.e., a total of EUR 8 865 148 841).';

3. Annex VI is replaced by the text set out in the Annex to this Regulation.

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

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) planned

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on operational appropriations*
 - 3.2.3. *Estimated impact on appropriations of an administrative nature*
 - 3.2.4. *Compatibility with the current multiannual financial framework*
 - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL 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
amending Regulation (EU) No 1303/2013 as regards the changes to the resources for economic, social and territorial cohesion and to the resources for the Investment for growth and jobs goal and for the European territorial cooperation goal

1.2. Policy area(s) concerned in the ABM/ABB structure¹³

4 Employment, social affairs and inclusion
04 02 60 – European Social Fund – Less developed regions -Investment for growth and jobs goal

04 02 61 – European Social Fund – Transition regions - -Investment for growth and jobs goal

04 02 62 – European Social Fund – More developed regions – Investment for growth and jobs goal

04 02 64 – Youth Employment Initiative (YEI)

13 Regional and Urban policy
13 03 60 – European regional Development Fund (ERDF) – Less developed regions –Investment for growth and jobs goal

13 03 61 – European Regional Development Fund (ERDF) – Transition regions – Investment for growth and jobs goal

13 03 62 – European Regional Development Fund (ERDF) – More developed regions- Investment for growth and jobs goal

13 03 63 - European Regional Development Fund (ERDF) — Additional allocation for outermost and sparsely populated regions — Investment for growth and jobs goal

13 03 64 01 - European Regional Development Fund (ERDF) — European territorial cooperation

¹³

ABM: activity-based management; ABB: activity-based budgeting.

1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action**¹⁴
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objective(s)

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

N/A

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No

N/A

ABM/ABB activity(ies) concerned

N/A

1.4.3. *Expected result(s) and impact*

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

N/A

1.4.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

N/A

1.5. Grounds for the proposal/initiative

1.5.1. *Requirement(s) to be met in the short or long term*

N/A

1.5.2. *Added value of EU involvement*

N/A

1.5.3. *Lessons learned from similar experiences in the past*

N/A

1.5.4. *Compatibility and possible synergy with other appropriate instruments*

N/A

¹⁴ As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

1.6. Duration and financial impact

- Proposal/initiative of **limited duration**
 - Proposal/initiative in effect from 01/01/2017 to 31/12/2023
 - Financial impact in 2017 - 2020
- Proposal/initiative of **unlimited duration**
 - Implementation with a start-up period from YYYY to YYYY,
 - followed by full-scale operation.

1.7. Management mode(s) planned¹⁵

- 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 EIB and the European Investment Fund;
 - bodies referred to in Articles 208 and 209 of the Financial Regulation;
 - public law bodies;
 - bodies governed by private law with a public service mission to the extent that they provide 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 provide adequate financial guarantees;
 - persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
 - *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

N/A

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

N/A

¹⁵ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

2.2. Management and control system

2.2.1. *Risk(s) identified*

N/A

2.2.2. *Information concerning the internal control system set up*

N/A

2.2.3. *Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error*

N/A

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

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 [Heading.....]	Diff./Non-diff. ¹⁶	from EFTA countries ¹⁷	from candidate countries ¹⁸	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
1 Smart and Inclusive Growth	04 02 60 – European Social Fund – Less developed regions -Investment for growth and jobs goal					
	04 02 61 – European Social Fund – Transition regions - -Investment for growth and jobs goal					
	04 02 62 – European Social Fund – More developed regions – Investment for growth and jobs goal					
	04 02 64 – Youth Employment Initiative (YEI)	Diff.	NO	NO	NO	NO
	13 03 60 – European regional Development Fund (ERDF) – Less developed regions –Investment for growth and jobs goal					
	13 03 61 – European Regional Development Fund (ERDF) – Transition regions – Investment for growth and jobs goal					
	13 03 62 – European Regional					

¹⁶ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

¹⁷ EFTA: European Free Trade Association.

¹⁸ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

Development Fund (ERDF) – More developed regions- Investment for growth and jobs goal					
13 03 63 - European Regional Development Fund (ERDF) — Additional allocation for outermost and sparsely populated regions — Investment for growth and jobs goal					
13 03 64 01 - European Regional Development Fund (ERDF) — European territorial cooperation					
13 04 60 — Cohesion Fund — Investment for growth and jobs goal					

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading..... ...]	Diff./Non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]		YES/N O	YES/N O	YES/N O	YES/NO

3.2. Estimated impact on expenditure

For both commitment and payment appropriations, the proposed modification will imply changes to the title economic, social and territorial cohesion of the Multiannual Financial Framework (MFF) 2014-2020.

First, as regards commitment appropriations, the resources for economic, social and territorial cohesion available for budgetary commitment for the period 2017 - 2020 will increase by EUR 5 841 600 033 in current prices. Out of the total, EUR 14 200 000 000 represents the specific allocation for the YEI.

Second, as regards payment appropriations, the additional needs have been calculated in accordance with the following assumptions:

- Since the adoption of the modified Operational Programmes will be completed only in the second half of 2017, the annual pre-financing needs are included in 2018-2020
- Interim payments linked to the additional resources provided by the Article 7 technical adjustments are estimated to follow the pattern observed at the beginning of this programming period.
- Interim payments linked to the YEI specific allocation extension are estimated to follow a faster profile since all administrative bottlenecks are now removed and the implementation on the ground is progressing at a faster pace than for other ESIF.

3.2.1. Summary of estimated impact on expenditure

EUR million in current prices (to three decimal places)

Heading of multiannual financial framework	Number 1	Smart and Inclusive Growth
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DG: EMPL, REGIO			2014	2015	2016	2017	2018 ¹⁹	2019	2020	TOTAL
• Operational appropriations										
1b: Economic, social and territorial cohesion	Commitments	(1)								

¹⁹ In line with Article 136 of Regulation (EU) No 1303/2013 the pre-financing shall be justified (cleared) with YEI expenditure declared by 31/12/2018.

European Regional Development Fund, the European Social Fund, the Cohesion Fund	04 02 60 – European Social Fund – Less developed regions -Investment for growth and jobs goal				237,320,881	242,067,299	246,908,645	251,846,817	978,143,642
	04 02 61 – European Social Fund – Transition regions - - Investment for growth and jobs goal				251,466,089	256,495,412	261,625,320	266,857,826	1,036,444,647
	04 02 62 – European Social Fund – More developed regions – Investment for growth and jobs goal				87,329,881	89,076,479	90,858,008	92,675,169	359,939,537
	04 02 64 – Youth Employment Initiative (YEI)				500,000,000	233,333,333	233.333.333	233.333.333	1,200,000,000
	13 03 60 – European regional Development Fund (ERDF) – Less developed regions – Investment for growth and jobs goal				237,320,880	242,067,299	246,908,645	251,846,645	978,143,642
	13 03 61 – European Regional Development Fund (ERDF) – Transition regions – Investment for growth and jobs goal				251,466,089	256,495,411	261,625,320	266,857,826	1,036,444,646
	13 03 62 – European Regional Development Fund				87,329,881	89,076,479	90,858,009	92,675,168	359,939,537

	(ERDF) – More developed regions- Investment for growth and jobs goal									
	13 04 60 — Cohesion Fund — Investment for growth and jobs goal					-26,071,285	-26,592,711	-27,124,565	-27,667,056	-107,455,617

	Payments									
	04 02 60 – European Social Fund – Less developed regions -Investment for growth and jobs goal					25,285,013	50,887,923	108,495,693	184,668,629	
	04 02 61 – European Social Fund – Transition regions - - Investment for growth and jobs goal					26,792,094	53,921,033	114,962,440	195,675,567	
	04 02 62 – European Social Fund – More developed regions – Investment for growth and jobs goal	(2)				9,304,437	18,725,854	39,924,494	67,954,785	
	04 02 64 – Youth Employment Initiative (YEI)				85,000,000	220,000,000	231,000,000	349,000,000	885,000,000	
	13 03 60 – European regional Development Fund (ERDF) – Less developed regions –Investment for growth and jobs goal					25,285,013	50,887,923	108,495,693	184,668,629	

13 03 61 – European Regional Development Fund (ERDF) – Transition regions – Investment for growth and jobs goal						26,792,094	53,921,033	114,962,440	195,675,567
13 03 62 – European Regional Development Fund (ERDF) – More developed regions- Investment for growth and jobs goal						9,304,437	18,725,854	39,924,493	67,954,785
13 03 63 - European Regional Development Fund (ERDF) — Additional allocation for outermost and sparsely populated regions — Investment for growth and jobs goal									
13 03 64 01 - European Regional Development Fund (ERDF) — European territorial cooperation									
13 04 60 — Cohesion Fund — Investment for growth and jobs goal						-2,777,728	-5,590,378	-11,918,977	-20,287,083

Appropriations of an administrative nature financed from the envelope of specific programmes ²⁰										
N/A		(3)								
TOTAL appropriations for DG EMPL, REGIO	Commitments	= 1 + 1 a + 3				1,626,162,416	1,382,019,001	1,404,992,715	1,428,425,901	5,841,600,033
	Payments	= 2 + 2 a + 3				85,000,000	339,985,361	472,479,242	863,846,276	1,761,310,878

• TOTAL operational appropriations	Commitments	(4)	0	0	0	0	0	0	0	0
	Payments	(5)	0							
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0	0	0	0	0	0	0	0
TOTAL appropriations under HEADING 1 of the multiannual financial framework	Commitments	=4+6	0	0	0	0	0	0	0	0
	Payments	=5+6	0							0

²⁰ 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.

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)								
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6								
	Payments	=5+ 6	0							0

Heading of multiannual financial framework	5	‘Administrative expenditure’
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EUR million (to three decimal places)

		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)	TOTAL
DG: <.....>							
• Human resources							
• Other administrative expenditure							
TOTAL DG <.....>	Appropriations						

TOTAL appropriations under HEADING 5	(Total commitments = Total payments)							
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of the multiannual financial framework									
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EUR million (to three decimal places)

		Year N ²¹	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments								
	Payments								

²¹ Year N is the year in which implementation of the proposal/initiative starts.

3.2.2. *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:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓			Year N		Year N+1		Year N+2		Year N+3		Enter as many years as necessary to show the duration of the impact (see point 1.6)						TOTAL	
	OUTPUTS																	
	Type ²²	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 ²³ ...																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTAL COST																		

²² Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

²³ As described in point 1.4.2. ‘Specific objective(s)...’

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- 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:

EUR million (to three decimal places)

	Year N ²⁴	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)				TOTAL
--	-------------------------	-------------	-------------	-------------	--	--	--	--	--------------

HEADING 5 of the multiannual financial framework									
Human resources									
Other administrative expenditure									
Subtotal HEADING 5 of the multiannual financial framework									

Outside HEADING 5²⁵ of the multiannual financial framework									
Human resources									
Other expenditure of an administrative nature									
Subtotal outside HEADING 5 of the multiannual financial framework									

TOTAL									
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

²⁴ Year N is the year in which implementation of the proposal/initiative starts.

²⁵ 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.

3.2.3.2. 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:

Estimate to be expressed in full time equivalent units

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
• Establishment plan posts (officials and temporary staff)							
XX 01 01 01 (Headquarters and Commission's Representation Offices)							
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External staff (in Full Time Equivalent unit: FTE)²⁶							
XX 01 02 01 (AC, END, INT from the 'global envelope')							
XX 01 02 02 (AC, AL, END, INT and JED in the delegations)							
XX 01 04 yy ²⁷	- at Headquarters						
	- in Delegations						
XX 01 05 02 (AC, END, INT - Indirect research)							
10 01 05 02 (AC, END, INT - Direct research)							
Other budget lines (specify)							
TOTAL							

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	
External staff	

²⁶ AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

²⁷ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.2.4. Compatibility with the current multiannual financial framework

- The proposal/initiative is compatible the current multiannual financial framework.
- The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. Third-party contributions

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			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 miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ²⁸						
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article								

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

Specify the method for calculating the impact on revenue.

²⁸

As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.