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COMMISSION OF THE EUROPEAN COMMUNITIES

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2008/0233 (AVC)

Proposal for a

COUNCIL REGULATION

Amending Regulation (EC) No 1083/2006 on the European Regional Development Fund, the European Social Fund and the Cohesion Fund concerning certain provisions relating to financial management

EXPLANATORY MEMORANDUM

1. BACKGROUND TO THE PROPOSAL

- **Reasons and objectives for the proposal**

The unprecedented crisis besetting the international financial markets has created major challenges for the European Union and requires a rapid response in order to counter the impacts on the economy as a whole. It is in this context that the Commission wishes, together with the Member States, to act to strengthen investment with a view to generating renewed growth and job creation. This is the purpose of the Commission Communication entitled "From financial crisis to recovery: a European framework for action" adopted on 29 October 2008.

- **General context**

There are real fears that the financial crisis is substantially affecting the real economy due to the difficulties encountered by the banks and the tightening of credit (raising of interest rates, greater selectivity in borrowers) which could reduce household consumption as well as business investment, support to innovation, technological and industrial development with negative concomitant effects on GDP and employment.

The Commission's most recent economic forecasts predict a marked reduction of growth in the European Union - which would fall to 1,4 % in 2008 (half of that achieved in 2007), 0,2 % in 2009 and 1,1 % in 2010. These poor economic prospects will probably weigh heavily on public finances. Assuming unchanged policies, budget deficits could increase from 1 % of GDP in 2007 to 2,6 % in 2010. Reliable forecasting on public finances - and particularly in the area of debt - is difficult, however, on account of the uncertainty surrounding the budgetary impacts of emergency measures already taken by governments.

In order to combat the effects of the crisis, the Member States have acted both individually and through concerted actions agreed at European and international levels. In the United States, the government agreed to nationalise – on a case by case basis – companies in difficulty; this followed the agreement in early October for the State to buy \$700 billion of assets at risk. In Europe different national plans announced at the same time total some €1.700 billion, comprising both refinancing guarantees and recapitalisation / nationalisation measures.

It is in this context that the Commission has endeavoured to contribute to the debate currently taking place within the Union and with its international partners on how best to react to the current financial crisis and to its socio-economic consequences. In particular the Commission has examined together with Member States the possibility of accelerating investment projects and payments to Member States.

To do this, cohesion policy represents the most powerful and relevant lever for assisting the real economy. With total financial resources of €347 billion for the 2007-2013 period and €250 billion of this envelope earmarked for Lisbon-related

investment, cohesion policy provides a powerful support for both budgetary stability and public investment in the Member States and the regions of the European Union.

- **Provisions in force in the policy sphere of the proposal**

The serious economic repercussions suffered by the European economy will include the reduction of growth perspectives over the medium term and the marked slow-down in real growth in 2009 and 2010. According to the latest available forecasts, several national economies will be in recession. These poor economic prospects will have considerable negative impacts on the public finances of the Member States. Moreover the basic conditions for implementing cohesion policy – which requires public match-funding in order to mobilise Structural Funds – risk being seriously disrupted.

In such a situation, certain regulatory provisions presently in force should be adapted in order to accelerate the implementation of investment projects and the making available of Community financial resources for the benefit of the Member States and the regions of the European Union. These provisions include those relating to pre-financing, those concerning expenditure declarations – more specifically, on the one hand, the reimbursement of advances paid to beneficiaries within the framework of State Aids in the meaning of Article 87 of the Treaty and, on the other, major projects and finally those relating to the eligibility of expenditure and financial engineering instruments.

- **Consistency with other policies and objectives of the Union**

Not applicable.

2. CONSULTATION OF INTEREST PARTIES AND IMPACT ANALYSIS

- **Consultation of interested parties**

The effectiveness of actions undertaken by public authorities to counteract the negative effects of the financial crisis on the real economy requires rapid intervention. The urgency of the situation has not allowed prior consultation of the Member States. Thus, although these measures seek to accelerate the implementation of programmes, some of them are also simplifying in nature. In this connection the Member States have stated on several occasions that the work on the revision of Article 55 of the General Regulation should be continued. Additionally the European Parliament and the European Court of Auditors have repeatedly expressed their wish to simplify the regulations governing the Funds.

- **Procurement and use of expertise**

Use of external expertise has not been necessary.

- **Impact analysis**

All options for the acceleration of implementation, including the simplification of certain administrative procedures, have been discussed. The present proposal completes a series of non-regulatory adjustments which seek to ensure that Member States can fully exploit the existing scope for flexibility including, where necessary, the possibility of modifying or simplifying programmes in order to adapt them to new requirements. Equally the Commission calls on Member States to finalise the description of their system of their management and control systems in order to accelerate their acceptance, thus permitting quicker handling of interim financial transactions while respecting the rules of sound financial management.

This willingness to simplify the management of the Funds will undeniably have a positive impact on the pace of programme implementation, particularly in terms of providing greater levels of liquidity resource at the start-up stage.

Accelerated implementation of operational programmes will also represent an effective contribution hastening a return to normal economic conditions once the crisis is over. In fact an increase in advances to beneficiaries within the framework of already approved programmes will actually provide additional liquidity at all territorial levels. Equally these advances will help strengthen the impact of cohesion policy on the real economy.

3. LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed measures**

The proposed modifications to Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund seek to counteract the negative effects of the economic crisis in its totality, in order to accelerate in the short term the implementation of the Funds for the benefit of the real economy, notably through strengthened support to SMEs.

The proposed modifications are concentrated on four principal areas:

- extending the scope of application of Article 44 relating to financial engineering instruments for the intervention of the EIB and EIF in support of Member States for the preparation and implementation of operational programmes;
- an amendment to Article 56 relating to the eligibility of expenditure with a view to clarifying the possibility of payment of overheads on the basis of flat rates and to introduce the possibility of in-kind contributions being considered as eligible expenditure at the time of establishing - or contributing to - funds;
- A modification of the dispositions relating to expenditure declarations: (i) for major projects with the removal of the prohibition from including incurred expenditures for such projects in interim payment requests before major project approval by the Commission and (ii) for State Aids within the meaning of Article

87 of the Treaty through the removal of the 35 % limit hitherto attaching to advances paid to beneficiaries by the body granting the aid, thus permitting advance payments of up to 100 %, other conditions remaining unchanged;

- An increase in the third pre-financing instalment (2009) of 2 % for Structural Funds for those Member States that acceded to the European Union on or after 1 May 2004, the creation of a third instalment (2009) of 2,5 % for Structural Funds for all those Member States which had acceded to the European Union as constituted before 1 May 2004, in terms of the territorial co-operation objective, if the programme contains at least one participating Member State which acceded to the European Union on or after 1 May 2004, it is attributed an additional percentage advance of 2% in 2009. These additional resources which should be made available at the beginning of the year should be rapidly transferred to beneficiaries, taking due account of the rules of sound financial management.

- **Legal base**

Council Regulation (CE) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 defines the common rules applicable to the three Funds. Based on the principle of shared management between the Commission and the Member States, this regulation includes provisions for a new programming process as well as new arrangements for programme (including financial) management, monitoring, financial control and evaluation of projects.

- **Subsidiarity principle**

The proposal complies within the subsidiarity principle to the extent that it seeks to provide flanking support to the Member States in their combat against the effects of the present financial crisis through changes strengthening their role within the framework of shared management of the Funds.

- **Proportionality principle**

The proposal conforms to the proportionality principle for the following reasons.

On account of its being limited to five articles of the General Regulation, it allows discussion to be focussed on a few provisions of relatively technical nature and thus creates the conditions for a rapid (legislative) revision, the only means of guaranteeing legal uncertainty which is strictly limited in terms of time and a rapid contribution towards the revival of economic activity in the European Union.

Moreover, by reason of the principles of equality of treatment and legal security, only the amendment relating to Article 56.2 should apply retrospectively from 1 August 2006, the date of coming into force of Regulation (CE) No 1083/2006.

Thanks to the proposed simplifications, the financial and administrative burden on the Member States will be reduced.

- **Choice of instruments**

Proposed instrument: regulation.

Other instruments would not be appropriate for the following reasons.

The Commission has explored the scope for manoeuvre provided by the Funds Regulations to accelerate investment projects and the commitment of Community resources for the benefit of the Member State economies and the regions of the EU. Alongside the non-regulatory modifications presented in the Communication of 26 November 2008, the Commission proposes modifications to the General Regulation which are limited to five Articles. The objective of these revisions is to facilitate the mobilisation of Community resources for the start-up of projects thereby accelerating both their implementation and the impact of such investments on the real economy.

4. BUDGETARY IMPACT

The amount of additional advance payments foreseen in 2009 on the basis of the proposal totals €3 billion. Other proposed amendments may increase the speed of interim payments.

Proposal for a

COUNCIL REGULATION

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 161(3) thereof,

Having regard to the proposal from the Commission,

Having regard to the assent of the European Parliament,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Whereas

- (1) The unprecedented crisis hitting international financial markets has brought about major challenges for the Community, which necessitates a rapid response in order to counter effects on the economy as a whole and, in particular, to support investments in order to promote growth and employment.
- (2) The regulatory framework for the 2007-2013 programming period has been adopted with a view to achieving further simplification in the programming and management of the Funds, their effectiveness and subsidiarity in terms of their implementation.
- (3) The adaptation of certain provisions of Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 is necessary in order to facilitate the mobilisation of Community financial resources for the start-up of operational programmes and assisted projects within the framework of these programmes in such a manner as to accelerate implementation and the impact of such investments on the economy.

- (4) It is necessary to strengthen the possibility of provision by the European Investment Bank (EIB) and the European Investment Fund (EIF) of assistance to Member States in the preparation and implementation of operational programmes.
- (5) Taking account of the status of the EIB and EIF as financial entities recognised by the Treaty, when financial engineering operations are organised involving them as holding funds, it should be possible to directly award them a contract.
- (6) With a view to simplification, it is all the more appropriate to specify the conditions in which overheads should be permitted to be considered as paid expenditure by beneficiaries during the course of implementation of operations.
- (7) In order to facilitate the use of financial engineering instruments, notably within the field of sustainable urban development, it is necessary to provide for the possibility of in-kind contributions being considered as eligible expenditure in the constitution of – or contributions to – funds.
- (8) In order to support enterprises, and in particular small and medium-sized enterprises, it is also necessary to make more flexible the conditions governing the payment of advances within the framework of State Aids under Article 87 of the Treaty.
- (9) In order to accelerate the implementation of major projects, it is necessary to allow expenditures relating to major projects which have not yet been adopted by the Commission to be included in expenditure declarations.
- (10) To bolster the financial resources of Member States thus facilitating the rapid start-up of operational programmes in a crisis context, it is necessary to modify the provisions concerning pre-financing.
- (11) The payment of a payment on account at the beginning of operational programmes should allow a regular cash flow and facilitate payments to beneficiaries during programme implementation. For this reason provisions should be established for such payments on account for the Structural Funds: 7,5% (for Member States for Member States of the European Union as constituted before 1 May 2004) and 9% (for the Member States who acceded to the European Union on or after 1 May 2004) in order to accelerate the implementation of operational programmes.
- (12) By reason of the principles of equality of treatment and of legal security, solely the amendment relating to Article 56.2 should apply with retroactive effect from 1 August 2006, the date on which Regulation (EC) No 1083/2006 came into force.
- (13) Regulation (EC) No 1083/2006 should therefore be modified.

HAS ADOPTED THIS REGULATION

Article 1

Regulation (EC) No 1083/2006 is modified as follows:

1. At Article 44, the second paragraph, is amended as follows:
 - a) point (b) is replaced by the following text:

(b) "when the agreement is not a public service contract within the meaning of applicable public procurement law, the award of grant, defined for this purpose as a direct financial contribution by way of donation to a financial institution without call for proposals, if this is in accordance with a national law compatible with the Treaty."
 - b) the following point (c) is added:

"(c) the award of a contract directly to the EIB or the EIF."
2. At Article 46.1, the following second paragraph is added:

"The EIB or the EIF may upon request of the Member States take part in technical assistance activities referred to in the first paragraph."
3. Article 56.2 is replaced by the following text:

"2. By way of derogation from Article 56.1, contributions in kind, depreciation costs and overheads may be considered as incurred expenditure by beneficiaries for the implementation of operations under the conditions laid down in the third paragraph.

By way of derogation from paragraph 1, contributions in kind, as regards financial engineering instruments as defined in Article 78 (6), first subparagraph, can be treated as expenditure paid at the constitution of the funds or holding funds or contributing to those funds or holding funds, under the conditions established in the third subparagraph of this paragraph.

Expenditure mentioned in the first and second paragraphs must fulfil the following conditions:

 - a) the eligibility rules drawn up on the basis of paragraph 4 foresee the eligibility of such expenditures;
 - b) the amount of the expenditure is duly justified by supporting documents having equivalent probative value to invoices;

c) in the case of contributions in kind, the co-financing from the Funds does not exceed the total of eligible expenditure excluding the value of such contributions.

By derogation to point b) above, and within the context of grants, overheads mentioned in the first paragraph of this section may be declared on the basis of a flat rate. This rate is to be established in advance according to an accurate, reasonable and verifiable method of calculation."

4. Article 78 is modified as follows:

a) Article 78.2: point (b) is deleted;

b) Article 78.4 is replaced by the following text:

"4. When, in application of Article 41.3, the Commission refuses to make a financial contribution to a major project, the expenditure declaration following the adoption of the Commission must be rectified accordingly."

5. Article 82.1, second paragraph, points (a), (b) and (c) are replaced by the following text:

(a) for Member States of the European Union as constituted before 1 May 2004: in 2007, 2 % of the contribution from the Structural Funds to the operational programme, in 2008 3 % of the contribution from the Structural Funds to the operational programme and in 2009, 2,5 % of the contribution from the Structural Funds to the operational programme;

(b) for Member States that acceded to the European Union on or after 1 May 2004: in 2007 2 % of the contribution from the Structural Funds to the operational programme, in 2008 3 % of the contribution from the Structural Funds to the operational programme and in 2009, 4 % of the contribution from the Structural Funds to the operational programme;

(c) if the operational programme falls under the European territorial cooperation objective and at least one of the participants is a Member State that acceded to the European Union on or after 1 May 2004, 2 % of the contribution from the European Regional Development Fund to the operational programme, in 2008 3 % of the contribution from the European Regional Development Fund to the operational programme and in 2009, 4 % of the contribution from the European Regional Development Fund to the operational programme.

Article 2

This regulation shall enter into force on the day following its publication in the Official Journal of the European Union.

However, Article 1.3 is applicable with effect from 1 August 2006.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

This document is intended to accompany and complement the Explanatory Memorandum. As such, when completing this Legislative Financial Statement, and without prejudice to its legibility, an attempt should be made to avoid repeating information contained in the Explanatory Memorandum. Before filling in this template, please refer to the specific Guidelines that have been drafted to provide guidance and clarification for the items below.

1. NAME OF THE PROPOSAL:

Proposal for a COUNCIL REGULATION amending Regulation (EC) No 1083/2006 on the European Regional Development Fund, the European Social Fund and the Cohesion Fund concerning certain provisions relating to financial management

2. ABM / ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

Regional Policy; ABB activity 13.03

Employment and social Affairs; ABB activity 04.02

3. BUDGET LINES

3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A lines)) including headings:

The proposed new action will be implemented on the following budget lines in 2009:

- 13.0316 Convergence
- 13.0318 Regional competitiveness & employment
- 13.0319 European territorial cooperation
- 04.0217 Convergence
- 04.0219 regional Competitiveness

3.2. Duration of the action and of the financial impact:

The budgetary impact is on the payments Budget for 2009 with the advance being made as soon as possible following the adoption of the Draft Council Regulation amending Regulation 1083/2006. In view of the uncertainties linked to the timing of the receipt of interim payment claims and in regard to progress of the compliance by Member States with article 71 of Council Regulation 1083/2006, the proposed advance will be funded from within the existing payments budget. In the light of Member State's progress in regard to the submission of interim payments and of satisfactory compliance assessments, the Commission will in 2009 review the need for additional payment credits and if necessary propose the necessary actions to the Budgetary Authority.

3.3. Budgetary characteristics (add rows if necessary):

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
13.0316	Non-comp	Diff	NO	NO	NO	No 1b
13.0318	Non-comp	Diff	NO	NO	NO	No 1b
13.0319	Non-comp	Diff	NO	NO	NO	No 1b
13.0402	Non-comp	Diff	NO	NO	NO	No 1b
04.0217	Non-comp	Diff	NO	NO	NO	No 1b
04.0219	Non-comp	Diff	NO	NO	NO	No 1b

4. SUMMARY OF RESOURCES

4.1. Financial Resources

4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

No further additional financial resources for 2009 will be requested at this stage due to uncertainties linked to the timing of the receipt of interim payment claims and in regard to progress of the compliance by Member States with article 71 of Council Regulation 1083/2006.

The following tables show the impact of the proposed advances. The measure on simplification and the possibility to have interim payment payments for major projects before the decision of the Commission approving them could also have an impact on the repartition of the payment appropriations, leading to some frontloading in 2009/2010. However at this stage its effect is difficult to quantify.

EUR million (to 3 decimal places)

Expenditure type	Section no.		Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later	Total
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Operational expenditure¹

Commitment Appropriations (CA)	8.1	a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Payment Appropriations (PA)		b	n.a.	6 250, 833	0	0	0	-6 250, 833	

Administrative expenditure within reference amount²

Technical & administrative assistance (NDA)	8.2.4	c	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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TOTAL REFERENCE AMOUNT

Commitment Appropriations		a+c	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Payment Appropriations		b+c	n.a.	6 250, 833	0	0	0	- 6 250, 833	0

Administrative expenditure not included in reference amount³

Human resources and associated expenditure (NDA)	8.2.5	d	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

¹ Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

² Expenditure within article xx 01 04 of Title xx.

³ Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.

Total indicative financial cost of intervention

TOTAL CA including cost of Human Resources		a+c+d +e	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL PA including cost of Human Resources		b+c+d +e	n.a.	6 250, 833	0	0	0	- 6 250, 833	0

Co-financing details

EUR million (to 3 decimal places)

Co-financing body		Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later	Total
.....	f	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL CA including co-financing	a+c +d+ e+f	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

4.1.2 Compatibility with Financial Programming

- Proposal is compatible with existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the financial perspective.
- Proposal may require application of the provisions of the Interinstitutional Agreement⁴ (i.e. flexibility instrument or revision of the financial perspective).

4.1.3 Financial impact on Revenue

- Proposal has no financial implications on revenue
- Proposal has financial impact – the effect on revenue is as follows:

NB: All details and observations relating to the method of calculating the effect on revenue should be shown in a separate annex.

⁴ See points 19 and 24 of the Interinstitutional agreement.

EUR million (to one decimal place)

		Prior to action [Year n-1]	Situation following action					
Budget line	Revenue		[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5] ⁵
	a) Revenue in absolute terms		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	b) Change in revenue	Δ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(Please specify each revenue budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line.)

4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

Annual requirements	Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later
Total number of human resources	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

5. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

5.1. Need to be met in the short or long term

The current deteriorating economic prospective will have a negative impact on the public finances of the Member States, putting into question the capacity of Member States to maintain expected levels of national co-financing as required for the smooth, efficient and quick start-up and implementation of operational programmes. Indeed, in a context of economic downturn, the objective of this modification to the Council Regulation is to act rapidly in order to facilitate the acceleration of investment and, in this way, to provide an early boost to growth and employment.

⁵ Additional columns should be added if necessary i.e. if the duration of the action exceeds 6 years

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

By introducing more flexibility and increasing cash availabilities, the implementation of the operational programmes will be better placed to resist the negative impacts of the current economic downturn and to build a rhythm of implementation allowing achieving the objective of boosting growth and employment.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

It has been assessed that given the uncertainties linked to the timing of the receipt of interim payment claims and in regard to progress of the compliance by Member States with article 71 of Council Regulation 1083/2006, the proposed advance can be funded from within the existing payments budget subject to the possible need for additional payments credits in the second semester of 2009.

The positive effects of this modification are expected for mid to late 2009 and also for early 2010 and they would counter any relatively slow start to the programming period. More flexibility leading to simplifications as well as further pre-financing seem to provide together an adequate reply to the current needs of the Member States for a larger margin of manoeuvre.

5.4. Method of Implementation (indicative)

Show below the method(s)⁶ chosen for the implementation of the action.

- Centralised Management***
 - directly by the Commission
 - indirectly by delegation to:
 - executive Agencies
 - bodies set up by the Communities as referred to in art. 185 of the Financial Regulation
 - national public-sector bodies/bodies with public-service mission
- Shared or decentralised management***
 - with Member states

⁶ If more than one method is indicated please provide additional details in the "Relevant comments" section of this point

- with Third countries
- Joint management with international organisations (please specify)**

Relevant comments:

For ESF, the amount of the additional advance of 2,5 % for the EU-15 Member States and 2% for EU-12 Member States is 1,763 M€

For ERDF, the amount of the additional advance of 2,5 % for the EU-15 Member States (with Cross border initiatives set at 2%) and 2% for EU-12 Member States is 4,488 M€

The total amount of the proposed further pre-financing totals 6,251 M€.

		ERDF	ESF	Advance total
EU12	2,0 %	1.764.808.036	528.758.858	2.293.566.894
EU15	2,5 %	2.567.983.696	1.233.899.696	3.801.883.392
EU cross-border cooperation	2,0 %	155.382.632		155.382.632
Sum:		4.488.174.364	1.762.658.554	6.250.832.918

2000-2006 interim payments: the B2009 is based on the hypothesis that the payments in 2009 will reach the 95% threshold.

2007-2013 interim payments: some factors may have a negative impact on the interim payments notably the risk of a delayed submission of compliance assessments by Member States and due to late compliance assessment, the risk that some Member States send their interim payments at the end of the year.

6. MONITORING AND EVALUATION

6.1. Monitoring system

The currently in place monitoring of acceptance of compliance assessments, adoption of major projects and interim payments of period 2007-2013 will ensure the smooth budgetary execution of the proposed modification.

6.2. Evaluation

6.2.1. Ex-ante evaluation

Given the emergency situation requiring a very quick reaction, no ex-ante evaluation has been undertaken.

6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

6.2.3. Terms and frequency of future evaluation

The monitoring system in place is made on a monthly basis.

7. ANTI-FRAUD MEASURES

N.A.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year n		Year n+1		Year n+2		Year n+3		Year n+4		Year n+5 and later		TOTAL	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE No.1 ⁷ ...Sustain the implementation of the operational programmes																
Action 1 – Further pre-financing				0,000												
Action 2 – Simplification of management of major projects				0,000												
Action 3 – Simplification of pre-financing related to State aid				0,000												
Action 4 – Simplification of financial engineering				0,000												
Action 4 – Clarification on lump sum for overheads				0,000												
TOTAL COST				0,000												

⁷

As described under Section 5.3

8.2. Administrative Expenditure

8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)					
		Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5
Officials or temporary staff ⁸ (XX 01 01)	A*/A D	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	B*, C*/A ST	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Staff financed ⁹ by art. XX 01 02		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other staff ¹⁰ financed by art. XX 01 04/05		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

8.2.2. Description of tasks deriving from the action

8.2.3. Sources of human resources (statutory)

(When more than one source is stated, please indicate the number of posts originating from each of the sources)

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year n
- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

⁸ Cost of which is NOT covered by the reference amount

⁹ Cost of which is NOT covered by the reference amount

¹⁰ Cost of which is included within the reference amount

8.2.4. *Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)UR million (to 3 decimal places)*

Budget line (number and heading)	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
1 Technical and administrative assistance (including related staff costs)							
Executive agencies ¹¹	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other technical and administrative assistance	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
- <i>intra muros</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
- <i>extra muros</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Technical and administrative assistance	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

EUR million (to 3 decimal places)

Type of human resources	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later
Officials and temporary staff (XX 01 01)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total cost of Human Resources and associated costs (NOT in reference amount)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Calculation– *Officials and Temporary agents*

Reference should be made to Point 8.2.1, if applicable

n.a.

¹¹ Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

Calculation– *Staff financed under art. XX 01 02*

Reference should be made to Point 8.2.1, if applicable

n.a.

8.2.6. *Other administrative expenditure not included in reference amount*

EUR million (to 3 decimal places)

	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
XX 01 02 11 01 – Missions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
XX 01 02 11 02 – Meetings & Conferences	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
XX 01 02 11 03 – Committees ¹²	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
XX 01 02 11 04 – Studies & consultations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
XX 01 02 11 05 - Information systems	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Total Other Management Expenditure (XX 01 02 11)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3. Other expenditure of an administrative nature (specify including reference to budget line)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Calculation - *Other administrative expenditure not included in reference amount*

n.a.

¹² Specify the type of committee and the group to which it belongs.