European Parliament

Enabling Greece to make best use of EU funding

On 17 July 2015, the European Commission proposed, as an exceptional measure, to amend the common rules governing the implementation of the five European Structural and Investment Funds, to provide immediate liquidity to Greece and help the country make full use of available EU funding to finance investment and economic activity. This follows the decisions taken at the Euro Summit of 12 July 2015, which paved the way for a new support programme for Greece.

Context

The European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), commonly referred to as the European Structural and Investment (ESI) Funds, provide significant support to Greece. In the 2007-13 programming period, almost €42 billion (including some €24 billion from the ERDF, ESF, CF and the fisheries and rural development funds, and around €17 billion for direct payments to farmers and support measures for agricultural markets) was allocated to the country. Greece has already received around €38 billion out of this total allocation. However, nearly €2 billion for cohesion policy, which must be used or lost by the end of 2015, is still available.

In the 2014-20 period, more than €35 billion, consisting of €20 billion from the ESI Funds and over €15 billion from agricultural funds, has been earmarked for Greece.

Access to EU grants under the above-mentioned funds is subject to various conditions set out in the EU funding rules, including the provision of sufficient national co-financing. Owing to its particular situation, Greece currently benefits from preferential treatment, with a higher share of EU co-financing in 2007-13 (up to 95%, as opposed to the maximum of 85% otherwise applicable). This 10% 'top up' of EU co-financing will apply until mid-2016.

Lately, the country's tight financial situation, liquidity shortages and lack of availability of public funds have threatened to jeopardise the implementation of much-needed investment projects.

European Commission proposal

In its communication on 'A new start for Jobs and Growth in Greece', the Commission proposed exceptional measures aimed at addressing the liquidity problems holding back investment. These include, for the 2007-13 programming period, early release of the last 5% of remaining EU payments normally retained until the closure of programmes, and the application of a 100% co-financing rate for programmes under the convergence and regional competitiveness and employment objectives. The Commission also proposed to increase, by a total of seven percentage points, the rate of initial pre-financing for Greece's cohesion policy programmes under the 'investment for growth and jobs' goal, and programmes financed from the EMFF, for the 2014-20 period.

These specific measures require changes to Regulation (EU) No 1303/2013 (the 'Common Provisions Regulation'), outlined in the amending proposal adopted by the Commission on 17 July 2015. The proposal, which consists of frontloading payment appropriations, is intended to be budget neutral over the 2014-20 period. It was backed by Coreper on 16 September 2015.

At its October I plenary sitting, the European Parliament is due to vote the proposed amending regulation under the ordinary legislative procedure. Given the exceptional nature of the measure and the urgency of the support needed, a simplified procedure without amendments was decided under Rule 50(1). In its report (rapporteur: Iskra Mihaylova, ALDE, Bulgaria) adopted on 17 September 2015, the Committee on Regional Development (REGI) proposed that Parliament adopts its position at first reading taking over the Commission proposal in its entirety.

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