



EUROPEAN COMMISSION

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
amending Council Regulation (EC) No 1083/2006 as regards repayable assistance and
financial engineering

EXPLANATORY MEMORANDUM

1. BACKGROUND TO THE PROPOSAL

- **Reasons and objectives for the proposal**

Article 28(3) of Council Regulation (EC) 1260/1999 identified the various forms of assistance that could be provided through Structural Funds contributions, namely "non repayable direct assistance [...] as well as other forms, such as repayable assistance, an interest-rate subsidy, a guarantee, an equity holding, a venture-capital holding or another form of finance". The Commission Regulation (EC) 448/2004 defined as the general eligibility rule that expenditure shall actually be paid out by final beneficiaries as supported by receipted invoices or by accounting documents of equivalent probative value (Rule no. 1) and defined further specific eligibility rules regarding Structural Funds contributions to venture capital and loan funds (Rule no. 8) and guarantee funds (Rule no. 9) also setting out that payments into such funds are treated as eligible expenditure actually paid out (Rule no. 1 paragraph 1.3). Member States have established during the 2000-2006 programming period for Structural Funds these forms of assistance by setting up specific funds in accordance with rules no. 8 and 9, and through repayable assistance delivered via other instruments. At least in one Member State, independent evaluation has recommended these instruments as good practice.

Council Regulation (EC) 1083/2006 does not, by contrast, provide a definition of assistance as either repayable or non-repayable. The Regulation contains in Article 44 provisions for "Financial Engineering Instruments". These provisions are, in the current programming period, rather narrow as they allow financing of expenditure in respect of an operation comprising contributions to support a) financial engineering instruments for enterprises, b) urban development funds and c) funds or other incentive schemes for energy efficiency and use of renewable energy in buildings. As a result, strictly speaking - and without prejudice to provisions of Article 11 of Council Regulation (EC) 1081/2006, which already provides that assistance can take the form of reimbursable grant – repayable assistance seems not to be covered by the applicable Regulation.

Member States have continued to use repayable forms of assistance based on the positive experience of the past programming period 2000-2006 and some also included descriptions of these systems in their 2007-2013 programming documents, which were approved by the Commission. Furthermore, such schemes have also been started anew in the current programming period in some Member States.

It is therefore necessary to introduce a general definition of repayable assistance in the Regulation (EC) 1083/2006 and further provide that the assistance repaid shall be kept in a separate account and reused to the same purpose or in line with the objectives of the programme. The "repayable assistance" as defined covers reimbursable grants (i.e. grants which can be totally or partially reimbursed without interests) and credit lines managed by the managing authority via intermediate bodies (which are public financial institutions).

Moreover, as regards financial engineering, i.e. instruments covered by Article 44 of Regulation (EC) 1083/2006, it is a current practice of interpretation by the Commission that the rules on major projects, revenue generating projects and on durability of operations do not apply. Having regard to this current practice, for reasons of legal certainty, it is opportune to clarify in an appropriate legal text that the provisions on major projects, revenue generating projects and on durability of operations (Articles 39, 55 and 57 of Council Regulation (EC) 1083/2006) do not apply to the operations falling under Article 44. Indeed, in the case of financial engineering under Article 44, the operation is constituted by the financial contribution to the financial engineering instrument and by the subsequent assistance undertaken by the financial engineering instruments into final recipients. Such assistance is made through repayable support and the related resources returned to operations must be reused pursuant to the specific rules laid down by Article 78(7) of Regulation (EC) 1083/2006. It follows from the above that the application of Articles 39, 55 and 57 is neither necessary nor justified in respect of operations under Article 44.

In addition, having regard to the need to ensure a timely spending (for eligible expenditure) of the resources made available by the operational programmes to financial engineering instruments and an appropriate monitoring, by the Member States as well as by the Commission, of the implementation of financial engineering instruments which are established under Article 44, it is necessary to introduce: (i) a legal obligation for financial engineering instruments to spend, in line with Article 78(6) (a) to (e) of Regulation (EC) 1083/2006, the financial contribution paid by managing authorities in establishing or contributing to such funds within a timeframe of two years (if that is not the case, subsequent declarations of expenditure will be corrected accordingly by deducing the unspent amounts); (ii) a legal provision in respect of monitoring of the implementation, *inter alia* in order to allow the Member States to provide appropriate reporting to the Commission as regards the type of instruments put in place and the relevant actions undertaken by such instruments on the ground.

- **General context**

New forms of finance for assistance have been developed in the 2007-2013 programming period, moving away from traditional grant-base financing to revolving forms of finance. These new financial instruments are seen as catalysts of public and private resources, to achieve the investment levels needed to implement the EU 2020 strategy.

In terms of scope, currently revolving forms of finance are being used for a wider range of activities than financial engineering. A modification of the regulation is necessary to include support for operations where it is foreseen that financial support is repaid and which do not have the characteristics of and fall outside the mechanisms of financial engineering instruments as defined in Article 44 of Council Regulation (EC) 1083/2006. This covers reimbursable grants and credit lines directly managed by the managing authority or intermediate bodies.

At the same time, in view of the increasing degree of implementation of financial engineering instruments under Article 44 on the ground and of the limited

information available to the Commission so far on such instruments, a modification of the regulation is necessary to ensure that Member States as well as the Commission can properly monitor these forms of repayable assistance and report them to the Commission. This, at the same time, will provide the Commission with a useful tool for the global assessment of the performance of these types of assistance.

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

Article 44 of Council Regulation (EC) 1083/2006 defines the forms which financial engineering instruments can take in the current programming period as well as their scope of intervention: supporting SMEs access to finance, urban renewal and energy efficiency. Special provisions for reimbursement of expenditure paid by Member States or managing authorities and based on contributions to such instruments are contained in Article 78(6) of the above regulation.

Article 11 of Regulation (EC) 1081/2006 indicates the form of assistance provided by the ESF: non reimbursable individual or global grants, reimbursable grants, loan interest rebates, micro-credits, guarantee funds and the purchase of goods and services in compliance with public procurement rules.

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

Not applicable.

2. **CONSULTATION OF INTEREST PARTIES AND IMPACT ANALYSIS**

- **Consultation of interested parties**

The European Court of Auditors has identified the issue of repayable assistance outside Article 44 in its audits of ERDF operations, which led to this proposal of amendment of Council Regulation (EC) 1083/2006. The proposed modification has been initiated after a thorough mapping of the situation on the ground in the Member States and, as a result, has been evoked with Member States in the framework of COCOF meetings. Furthermore, based on the recommendation of the European Court of Auditors regarding monitoring of the financial engineering instruments, the current proposal includes separate provisions on timely and effective spending and on reporting of financial engineering instruments under Article 44.

- **Procurement and use of expertise**

Use of external expertise has not been necessary.

- **Impact analysis**

The present proposal will clarify the use of repayable forms of assistance at project level, a practice which has been well established in the programming period 2000-2006 and will give the use of structural funds a further boost and higher leverage.

The clarification of rules governing cohesion policy provides Member States with reassurance that the schemes based on repayable forms of assistance used successfully in the past programming period can be continued and built upon further. It will also have a positive impact on the pace of programme implementation, particularly by providing national, regional and local authorities a possibility to reuse funds for the same purpose.

The new obligation on timely spending (within two years of the payment into the fund) and on reporting of financial engineering instruments will provide the Commission with a useful tool for the monitoring and global assessment of the performance of these types of support.

The proposal aims to provide clarity about the legality of an existing legal practice; the main expected impact is thus the reduction of legal risk. The proposal will have only limited practical impacts, linked to increased reporting obligation on financial engineering instruments already in place. No new budget is requested.

3. LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed measures**

The proposed modification builds on the wider scope of different forms of assistance as specified in Article 28(3) of Council Regulation (EC) 1260/1999 and provides necessary complements or adjustments to the current regulatory framework as described below in detail.

The proposed new point 8 of Article 2 provides for a definition of reimbursable grant as a direct financial contributions by way of donation which can be totally or partially reimbursable without interest.

The proposed new Section 3a under Title III, Chapter II introduces provisions on "repayable assistance". The new Article 43a seeks to establish that the Structural Funds may finance expenditure in respect of an operation comprising contributions to support repayable assistance. This provision covers reimbursable grants and credit lines managed by the managing authority through intermediate bodies which are "in-house" public financial institutions. For the sake of clarity, the mechanism for declaration of expenditure and reimbursement for such repayable assistance remains the same as for non-repayable assistance (i.e. for outright grants), since it is based on receipted invoices or documents having equivalent probative value (as per Article 78 (1) to (5) of Regulation (EC) 1083/2006).

In addition the new Article 43b clarifies that the assistance repaid, to the body providing the assistance or to another competent public authority of the Member State shall be kept in a separate account and reused to the same purpose or in line with the objectives of the operational programme.

The proposed new Article 44a intends to clarify that provisions regarding major projects (Article 39), revenue generating projects (Article 55) and durability of operations (Article 57) shall not, as a matter of principle, apply to financial

engineering instruments under Article 44, since these rules are rather conceived for other types of assistance.

In the same context, a new Article 67a on reporting of financial engineering instruments under Article 44 is introduced. This is done having regard to the need to ensure appropriate monitoring, by the Member States as well as by the Commission, of the implementation of financial engineering instruments, *inter alia* in order to allow the Member States to provide appropriate information to the Commission as regards the type of instruments put in place and the relevant actions undertaken by such instruments on the ground.

In the same context, the proposed new paragraph within Article 78(6) of Regulation (EC) 1083/2006 aims to introduce a legal obligation in order to ensure that the financial contribution paid by managing authorities for establishing or contributing to financial engineering instruments is spent for eligible expenditure within a timeframe of two years of the payment into the fund. If this is not the case, the subsequent statement of expenditure will have to be corrected accordingly by deducing the unspent amounts. This is with a view to avoiding that money remains parked in such funds and unspent for long periods.

The proposed new Article 78a inserts a general provision on the requirements of the statement of expenditure. With reference to Article 61 (2) of the Council Regulation (EC) 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, it shall allow the Commission the production of accounts which give a true image of the Communities assets and of the budgetary implementation.

- **Legal basis**

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 the programming process as well as 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 legal security at the level of European Union that support provided by Member States through Structural Funds to schemes based on repayable forms of assistance implemented lawfully in the previous programming period and/or started in the current period but not having the characteristics of financial engineering instruments are permitted and legitimate under the present Structural Fund regulations. In this context, it is necessary to also define at the European Union level the treatment of assistance repaid for these types of schemes not having the characteristics of financial engineering instruments.

Moreover, timely spending (within two years of the payment into the fund) and reporting obligations on financial engineering under Article 44 shall be introduced to allow the Member States to quickly implement the instruments and to provide appropriate information to the Commission as regards the type of instruments put in place and as regards the relevant actions undertaken by such instruments on the ground. This, at the same time, will provide the Commission with a useful tool for the global assessment of the overall performance of these types of assistance.

- **Proportionality principle**

The proposal conforms to the proportionality principle:

The current proposal is indeed proportionate since it does not go beyond the minimum required rules in order to provide legal security to Member States that schemes based on repayable assistance supported by Structural Funds but not having the characteristics of financial engineering instruments are permitted in the current programming period. In order to allow Member States benefit from the clarifications during the whole programming period it is necessary to apply it retroactively.

An obligation to spend the financial contribution of the managing authorities for establishing financial engineering instruments within two years of the payment of such contribution into the fund (if this is not the case, the subsequent statement of expenditure will have to be corrected accordingly by deducting the unspent amounts) and some reporting obligations are set out for financial engineering instruments only (unlike repayable assistance not having the characteristics of Article 44, they are implemented by means of "funds"), and are established in order to provide only the necessary minimum flow of information from the Member States to the Commission as regards the timely and correct implementation on the ground of financial engineering instruments. In addition, the obligation to timely spend and the further reporting obligations are not applied retroactively.

- **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 legal framework to declare the established practice of operations directly managed by intermediate bodies or managing authorities not having the characteristics of financial engineering instruments as compatible with the existing regulation on Structural Funds. However, after thorough internal consultations, it turned out, that for the sake of un-ambiguity an amendment of the Council Regulation (EC) 1083/2006 in this respect is required. The objective of these revisions is to further facilitate the mobilisation of Union resources for various projects falling outside the scope of Article 44 thereby increasing number of projects benefitting from Structural Funds support. Instruments set up under the provisions of Article 44 of this regulation could not be established for these non standard operations, as Article 44 limits itself to funds investing in favour of SMEs, urban renewal and energy efficiency.

Currently, there is no legal obligation to spend within a defined timeframe within the duration of the programme the financial contribution paid by managing authorities into financial engineering instruments, since the "netting" of such contribution (in terms of verification of "eligible expenditure") only takes place at the the closure of the operational programme; in addition, the monitoring and reporting on financial engineering instruments by Member States has only recently been introduced on a voluntary basis. This is not sufficient to allow the Commission to have an overall picture of the implementation of these repayable forms of assistance on the ground. In addition, the European Court of Auditors has recommended the Commission to carry out an appropriate check on the effective spending of the resources allocated to financial engineering instrument as well as an appropriate monitoring of the implementation of their actions. In view of the above, the current proposal includes separate provisions on (i) timely spending of the financial contribution paid into financial engineering instruments under Article 44 (if this is not the case, the subsequent statement of expenditure will have to be corrected accordingly by deducing the unspent amounts) and (ii) reporting of financial engineering instruments under Article 44.

4. BUDGETARY IMPACT

There is no impact on commitment appropriations since no modification is proposed to the maximum amounts of Structural Funds financing provided for in the Operational Programmes for the programming period 2007-2013.

The Commission believes that the proposed measure may improve the implementation through increased legal security provided to the Member States.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
amending Council Regulation (EC) No 1083/2006 as regards repayable assistance and financial engineering

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 Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure

Whereas:

- (1) Member States have had positive experiences with repayable assistance schemes at the level of operations during the programming period 2000-2006 and have therefore continued such schemes or have started to implement repayable assistance schemes in the current programming period 2007-2013. Some Member States have also included descriptions of those schemes in their programming documents, which were approved by the Commission.
- (2) Council Regulation (EC) 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 1260/1999³ sets out financial engineering instruments with precise areas and scope of intervention. However, the schemes implemented by Member States in the form of reimbursable grants and of credit lines managed by managing authorities via intermediate bodies are neither appropriately covered by the provisions on financial engineering instruments, nor by other provisions of Regulation (EC) No 1083/2006. It is therefore necessary, in line with Article 11(1) of Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing

¹ OJ L , , p. .

² OJ L , , p. .

³ OJ L 210, 31.7.2006, p. 25.

Regulation (EC) No 1784/1999⁴, which already provides that assistance can take the form of reimbursable grants, to set out in a new Section of Regulation (EC) No 1083/2006 that the Structural Funds may co-finance repayable assistance. That Section should cover reimbursable grants and credit lines managed by the managing authority through intermediate bodies which are public financial institutions.

- (3) Having regard to the fact that the financial resources used through repayable assistance are partially or totally reimbursed by the beneficiaries, it is necessary to introduce appropriate provisions for the reuse of assistance reimbursed for the same purpose or in line with the objectives of the respective programme.
- (4) It is necessary to clarify that the provisions on major projects, revenue-generating projects and durability of operations should not be applicable as a matter of principle to financial engineering instruments, since those rules are rather meant for other types of operations.
- (5) Having regard to the need of ensuring appropriate monitoring, by the Member States as well as by the Commission, of the implementation of financial engineering instruments, inter alia in order to allow the Member States to provide appropriate information to the Commission on the type of instruments put in place and on the relevant actions undertaken by such instruments on the ground, it is necessary to introduce a provision on reporting. This would also allow the Commission to better assess the overall performance of financial engineering instruments.
- (6) In order to ensure that the financial contribution which has been paid by the managing authorities into financial engineering instruments and included in a statement of expenditure is effectively spent within a defined timeframe, it is necessary to introduce an obligation for financial engineering instruments to spend the contribution for eligible expenditure within two years of the date of the relevant certified statement of expenditure. The subsequent statement of expenditure should be corrected accordingly, by deducing the unspent amounts, if the contribution in question has not been spent within the indicated period.
- (7) In order to ensure compliance with Article 61(2) of the Council Regulation (EC) 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities⁵, it is necessary to require that the statement of expenditure to be submitted to the Commission shall provide all information necessary for the Commission to produce accounts which give a true image of the Union's assets and of budgetary implementation
- (8) The amendment intended to clarify the legality of the application of an existing practice with effect from the beginning of the eligibility period as set out by Regulation (EC) 1083/2006 should have retroactive effect from the beginning of the current programming period 2007-2013.
- (9) Regulation (EC) No 1083/2006 should therefore be amended accordingly,

⁴ OJ L 210, 31.7.2006, p. 12.

⁵ OJ L 248, 16.9.2002, p. 1.

HAVE ADOPTED THIS REGULATION:

Article 1

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

- (1) In Article 2 the following point 8 is added:

"(8) "reimbursable grant": a direct financial contribution by way of a donation which can be totally or partially reimbursable without interest."

- (2) In Chapter II of Title III, the following Section 3a is inserted:

"Section 3a

Repayable assistance

Article 43a

Forms of repayable assistance

1. As part of an operational programme, the Structural Funds may co-finance repayable assistance in the form of reimbursable grants, or credit lines managed by the managing authority through intermediate bodies which are public financial institutions.

2. The statement of expenditure concerning repayable assistance shall be submitted in accordance with Article 78(1) to (5).

Article 43b

Reuse of repayable assistance

Assistance repaid to the body that provided the assistance or to another competent authority of the Member State shall be kept in a separate account and reused for the same purpose or in line with the objectives of the operational programme."

- (3) The following Article 44a is inserted:

"Article 44a

Non-application of certain provisions

Articles 39, 55 and 57 shall not apply to operations falling under Article 44."

- (4) The following Article 67a is inserted:

"Article 67a

Reports on implementation of financial engineering instruments

1. By 31 January and by 15 September each year, the managing authority shall send to the Commission a specific report covering the operations consisting of financial engineering instruments for the period until 31 December and until 30 June respectively.
2. The reports referred to in paragraph 1 shall include, for each financial engineering instrument, the following information:
 - (a) description of the financial engineering instrument and implementation arrangements;
 - (b) identification of the entities which implement the financial engineering instrument, including those acting through holding funds, as well as description of their selection process;
 - (c) dates of payments and amounts of the assistance from the Structural Funds and national co-financing paid to the financial engineering instrument;
 - (d) dates and corresponding amounts included in statements of expenditure submitted to the Commission and dates and amounts reimbursed by the Commission;
 - (e) amounts of the assistance from the Structural Funds and national co-financing paid by the financial engineering instrument."
- (5) In Article 78(6), the following sub-paragraph is added:

"The financial contribution to financial engineering instruments as defined in Article 44, which has been included in a statement of expenditure and which has not been paid out as eligible expenditure in line with the second subparagraph of this paragraph within two years of the date of the certified statement of expenditure concerned, shall be deducted from the next certified statement of expenditure."
- (6) The following Article 78a is inserted:

"Article 78a

Requirement to provide information in the statement of expenditure

The statement of expenditure to be submitted to the Commission shall provide all the information necessary for the Commission to produce accounts in accordance with Article 61(2) of the Regulation (EC) 1605/2002.

For the purpose of defining the uniform conditions of application of this Article, the Commission shall be empowered to adopt implementing acts according to Article 291 of the Treaty on the Functioning of the European Union."

Article 2

This Regulation shall enter into force on third day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2007.

However Articles 1(4), 1(5) and 1(6) shall apply with effect from the day of entry into force of this Regulation.

For the purpose of Article 1(5), where the financial contribution was already included in a statement of expenditure prior to the entry into force of this Regulation, the two years deadline shall start from the day of entry into force of this Regulation.

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. NAME OF THE PROPOSAL:

Proposal for a REGULATION (EU) No .../2011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Regulation (EC) No 1083/2006 as regards repayable assistance and financial engineering.

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)):

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

- 13.031600 Convergence (ERDF)
- 13.031700 Peace (ERDF)
- 13.031800 Regional competitiveness & employment (ERDF)
- 13.031900 Territorial cooperation (ERDF)
- 04.0217 Convergence (ESF)
- 04.0219 Regional competitiveness & employment (ESF)

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

The proposed measure may improve the implementation as it provides legal security to Member States on the use of all forms of repayable assistance.

In addition, legal obligations for financial engineering instruments to spend the financial contribution paid by managing authorities in establishing or contributing to such funds within a timeframe of two years are introduced; moreover reporting obligations are set out for financial engineering instruments, and are established in order to provide the minimum necessary flow of information from the Member States to the Commission as

regards the implementation on the ground of financial engineering instruments. These obligations are not applied retroactively. The financial impact for the Union budget is non existing as no additional resources are required.

3.3. Budgetary characteristics:

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
13.031600	Non-comp	Diff	NO	NO	NO	No 1b
13.031700	Non-comp	Diff	NO	NO	NO	No 1b
13.031800	Non-comp	Diff	NO	NO	NO	No 1b
13.031900	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)

The following tables show the estimated impact of the proposed measures in 2011 to 2013.

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 expenditure⁶

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.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Administrative expenditure within reference amount⁷

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.	n.a.	n.a.	n.a.	n.a.	n.a.	0,000

Administrative expenditure not included in reference amount⁸

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.

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.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

⁶ Expenditure that does not fall under Chapter xx 01 of the Title xx concerned

⁷ Expenditure within article xx 01 04 of Title xx.

⁸ Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.

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 Agreement⁹ (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:

EUR million (to one decimal place)

Budget line	Revenue	Prior to action [Year n-1]	Situation following action					
			[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5] 10
	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.)

⁹ See points 19 and 24 of the Interinstitutional agreement.

¹⁰ Additional columns should be added if necessary i.e. if the duration of the action exceeds 6 years

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

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

Given that it is linked to real expenditure incurred by beneficiaries, the reimbursement of payment claims including repayable forms of assistance at the level of operations will prolong the impact of structural funds interventions in assisted areas and sectors.

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

The continuation of good practice of repayable forms of assistance at projects level will create long lasting instruments and enable reuse of Funds.

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

Further clarification of rules governing cohesion policy will have positive effects on the implementation of programmes on the ground. The use of repayable forms of assistance is further encouraged and leads to greater leverage and durability of interventions.

5.4. Method of Implementation (indicative)

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

- With Member states

6. MONITORING AND EVALUATION

6.1. Monitoring system

Not needed, as it falls under the established monitoring of Structural Funds.

6.2. Evaluation

6.2.1. *Ex-ante evaluation*

Given the fact that this proposal aims at allowing an established and justifiable practice and is a correction of an omission of the current regulation, 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)*

N/A

6.2.3. *Terms and frequency of future evaluation*

N/A

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 Sustain the implementation of the operational programmes																
Action 1 – 100% co-financing rate				0,000		0,000										0,000
TOTAL COST				0,000		0,000										0,000

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 (XX 01 01)	A*/AD	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	B*, C*/AST	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Staff financed by art. XX 01 02		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other staff 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

N/A

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

8.2.4. *Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)*

EUR 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	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.
- intra muros	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
- extra muros	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.

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	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.