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2022/0075 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 1303/2013 and Regulation (EU) No 223/2014 as regards Cohesion's Action for Refugees in Europe (CARE)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

This proposal provides for exceptional and targeted changes to the overall 2014-2020 legal framework established for the European Structural and Investment Funds and for the Fund for the European Aid to the Most Deprived (FEAD) in response to, firstly, the invasion of Ukraine by the Russian Federation and the resultant impact on the European Union and several of its eastern regions in particular; and secondly, the extended impact of the COVID-19 pandemic on the EU as a whole.

Firstly, as a result of the unprovoked and unjustified military aggression by Russia, the EU, and several of its eastern regions in particular, are faced with some immediate migratory challenges, notably as regards flows of third country nationals. It is therefore important to clarify the range of support that can be provided to Member States and regions to enable them to address this extraordinary situation and to prevent their on-going work to build a resilient recovery from the COVID-19 pandemic being put at risk.

In this context, it is important to recall that Member States and regions are already able to support measures to address migration challenges under the European Regional Development Fund ('ERDF') and the European Social Fund ('ESF') including under the additional resources made available as Recovery Assistance for Cohesion and the Territories of Europe ('REACT-EU'). Such support can include investments in infrastructure, equipment, products, access to services and operations in the areas of education, employment, social inclusion, health, administrative capacity, community-based and home-care services and anti-discrimination as well as support for reception systems complementing the support from the AMIF and other funding sources. It is also important to recall that the FEAD may be used to provide food and basic material assistance also to those affected by the military aggression by Russia including third country nationals.

While the additional REACT-EU resources already benefit from a number of implementation flexibilities, some of those flexibilities do not apply to the ERDF and ESF resources from the 2014-2020 multiannual financial framework. In addition, it is also appropriate to set out specific measures for the FEAD, in particular taking into account the urgent need to provide basic material assistance to those persons affected by the military aggression by Russia. Taking into account the urgency to address the migratory challenges as a result of the military aggression of Russia, it is therefore necessary to allow for retroactive eligibility to the start date of that aggression for concerned operations. Furthermore, flexibility in the support between ERDF and ESF should be increased for such operations so that available funding in programmes may be used quickly. Moreover, in order to ensure that the FEAD can be swiftly used to provide basic material assistance to affected persons, including third country nationals, it is appropriate to allow Member States to amend certain elements of programmes supported by the FEAD without requiring approval by the Commission.

Secondly, the duration of the COVID-19 pandemic has been longer than could have been expected in 2020. The direct and indirect impacts of the pandemic persist in all Member States, requiring prolonged public support for the recovery of the most impacted territorial areas and economic sectors. This has led to very high pressure on the budgets of Member States, thus requiring further exceptional measures to be applied in these circumstances.

The two packages of measures under the Coronavirus Response Investment Initiative (CRII) and CRII+ approved by Regulations (EU) 2020/460 and (EU) 2020/558 respectively in spring 2020 introduced a number of significant changes that enabled a more effective response and provided exceptional additional flexibility to respond to the unprecedented situation. Taking into account the specific risks faced by the most deprived due to the pandemic, the second package also included amendments to Regulation (EU) No 223/2014 (FEAD Regulation), through Regulation (EU) 2020/559, introducing specific measures of additional flexibility and liquidity for Member States to address the COVID-19 pandemic under the Fund for European Aid to the Most Deprived (FEAD).

Furthermore, substantial additional resources were made available from NextGeneration EU for cohesion policy, as REACT-EU, to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy. These additional resources can also be used by Member States to increase the allocation for programmes supported by the FEAD.

The introduced flexibilities and additional resources, including EUR 50 billion of fresh money under REACT-EU, and EUR 23 billion of retargeted funding under CRII and CRII+, have had a major positive impact. In particular, some EUR 8 billion has been re-allocated towards urgent investment in personal protective equipment, ventilators and ambulances. More than EUR 12 billion has been targeted at providing emergency grants and low-interest rate loans to small businesses, enabling them to stay afloat. Nevertheless, the duration of the pandemic and its effects on the EU economy, people, notably the most deprived, and society at large have exceeded initial expectations. In particular, the high pressure on the budgets of Member States has reduced the resources available to ensure the necessary national co-financing for the programmes concerned.

The emergence of new variants of the virus in the course of 2021, notably the Omicron variant in the later part of the year, and the accompanying widespread tightening of restrictions in the last quarter of 2021 further exacerbated the negative effects on Member States' economies.

Moreover, Member States are facing additional pressure on their budgets as they take sizeable fiscal measures to address the recent spike in energy prices by mitigating the impact on the most vulnerable, on smaller businesses and on energy intensive industries. The economic impact of the invasion of Ukraine is also not yet clear and could have significant downside effects on the post-COVID-19 recovery of the economies of Member States.

Consequently, support from the Funds should be mobilised speedily to alleviate the burden on national budgets. It is therefore necessary, as a temporary and exceptional measure and without prejudice to the rules that should apply under regular circumstances, to extend to the ongoing accounting year 2021-2022 the temporary possibility of 100% co-financing from the EU budget for the implementation of cohesion policy programmes and programmes supported by the FEAD.

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

The proposal is consistent with the overall legal framework established for the European Structural and Investment Funds and for the Fund for the European Aid to the Most Deprived and is limited to targeted and exceptional amendments of Regulation (EU) No 1303/2013 and Regulation (EU) No 223/2014. The proposal also complements the preceding amendments to these regulations under Regulations (EU) 2020/460, (EU) 2020/558, (EU) 2020/559, (EU)

2021/177 and (EU) 2020/2221 as well as all other measures aimed at addressing the current unprecedented situation.

- **Consistency with other Union policies**

The proposal is limited to targeted and exceptional amendments of Regulations (EU) No 1303/2013 and (EU) No 223/2014 and maintains consistency with other Union policies.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The proposal is based on Articles 175(3) and 177 of the Treaty on the Functioning of the European Union.

It facilitates the use of cohesion policy and FEAD resources to support measures to address migratory challenges as a result of the military aggression by Russia and provides for the possibility of a co-financing rate of 100% for the ERDF, the ESF, the Cohesion Fund and the FEAD for the accounting year 2021-2022.

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

The proposal aims to facilitate the use of cohesion policy and FEAD resources by Member States and regions to support measures to address migratory challenges as a result of the military aggression by Russia and allow for a derogation from the normal co-financing rules currently applicable in order to allow for the necessary flexibility to mobilise existing investment resources to address the direct and indirect effects stemming from the unprecedented public health crisis in the context of the COVID-19 pandemic.

- **Proportionality**

The proposal is an exceptional and targeted change not going beyond what is necessary to achieve the objective of facilitating the use of cohesion policy and FEAD resources to support measures to address migratory challenges as a result of the military aggression by Russia and providing the possibility of 100% co-financing to mobilise investments in response to the widespread public health crises affecting the growth of regions and enterprises and the well-being of the general public and to avoid that the support to the most deprived is disrupted.

- **Choice of the instrument**

A Regulation is the appropriate instrument to facilitate the use of cohesion policy and FEAD resources to support measures to address migratory challenges as a result of the military aggression by Russia and to extend the possibility of 100% co-financing needed to address these unprecedented circumstances.

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

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

N/A

- **Stakeholder consultations**

The proposal follows high level exchanges with other institutions and Member States. A public consultation is not required given that there is no need for an impact assessment.

- **Collection and use of expertise**

N/A

- **Impact assessment**

An impact assessment has been carried out to prepare the proposals for Regulations (EU) No 1303/2013 and (EU) No 223/2014. These current targeted changes to respond to critical situations do not require a separate impact assessment.

- **Regulatory fitness and simplification**

N/A

- **Fundamental rights**

N/A

4. BUDGETARY IMPLICATIONS

The proposal only concerns cohesion policy and FEAD programmes from the 2014-2020 period and does not modify existing budgetary commitments. It will facilitate an acceleration of programme implementation and is expected to result in a frontloading of payment appropriations to 2022 and 2023, balanced by a reduced payment need for later years.

The proposed modification does not require changes in the Multiannual Financial Framework annual ceilings for commitments and payments as per Annex I to Council Regulation (EU, Euratom) 2020/2093, and does not imply changes to the overall payment needs over the 2021-2027 period.

Based on the previous uptake of the 100% co-financing rate in the 2020-2021 accounting year, the level of payment applications submitted in the second half of 2021, and the latest Member State payment forecasts for 2022, the budgetary impact of the application of the 100% co-financing rate for the 2021-2022 accounting year is estimated to represent a frontloading of payment needs of EUR 9 billion to 2022 and EUR 1 billion to 2023, compensated by a corrresponding reduction of EUR 10 billion in 2024.

However, in order to be able to comply with the payment ceilings in years 2022 and 2023, it is proposed to cap the total additional payments resulting from the application of the 100% co-financing rate at EUR 5 billion in 2022 and EUR 1 billion in 2023. The additional amounts will only be paid after all the the payment applications are received for the accounting year 2021-2022. Where necessary, the additional payments resulting from the application of the 100% co-financing rate will be made on a pro rata basis to ensure equal treatment of all concerned programmes. Payments that cannot be made as a result of the application of these ceilings should be paid by the Commission at the earliest opportunity subject to the availability of funding, either with the acceptance of the accounts or through subsequent payments.

The Commission will carefully monitor the impact of the proposed modification on payment appropriations in 2022 and 2023, taking into account the overall implementation of the budget, revised Member State forecasts, as well as any possible emerging needs or priorities. Any possible impact from increased uncertainty linked to the security outlook will also be taken into account.

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

The implementation of the measures will be monitored and reported upon in the framework of the general reporting mechanisms established in Regulations (EU) No 1303/2013 and (EU) No 223/2014.

• Explanatory documents (for directives)

N/A

• Detailed explanation of the specific provisions of the proposal

It is proposed to amend Regulation (EU) No 1303/2013 and Regulation (EU) No 223/2014 in order to:

- ensure that Member States and regions may continue to benefit from a 100% EU co-financing rate for the accounting year 2021-2022 and this by way of notification to the Commission (amendment of Article 25a of Regulation (EU) No 1303/2013 and Article 20 of Regulation (EU) No 223/2014);
- introduce arrangements for the budgetary execution of additional payments resulting from the application of the 100% co-financing rate to take account of annual ceilings for payments (amendment of Article 25a of Regulation (EU) No 1303/2013);
- introduce additional flexibility between ERDF and ESF specifically for operations addressing the migratory challenges as a result of the military aggression by Russia and introduce simplified reporting arrangements on participants (amendment of Article 98 of Regulation (EU) No 1303/2013), with a retroactive start date of eligibility of support set at 24 February 2022 (amendment of Article 65(10) of Regulation (EU) No 1303/2013);
- introduce flexibility for Member States to amend programmes supported by the FEAD and this by way of notification to the Commission (amendment of Article 9 of Regulation (EU) No 223/2014) and also with a retroactive start date of eligibility of support set at 24 February 2022 (amendment to Article 22 of Regulation (EU) No 223/2014).

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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 Articles 175(3) and 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 Committee[1],

Having regard to the opinion of the Committee of the Regions[2],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The recent military aggression of Russia against Ukraine and the ongoing armed conflict has fundamentally changed the security situation in Europe. As a result of the aggression, the European Union, and its eastern regions in particular, is facing a substantial inflow of persons. This poses an additional challenge at a time when Member States' economies are still recovering from the impact of the COVID-19 pandemic.

(2) Member States can already finance a broad range of investments under their cohesion policy programmes to address migration challenges under the European Regional Development Fund ('ERDF') and the European Social Fund ('ESF') including under the additional resources made available as Recovery Assistance for Cohesion and the Territories of Europe ('REACT-EU') to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy. Actions may cover investments in the areas of social inclusion, health, education, employment, housing and childcare, including through investments in infrastructure, regeneration of deprived urban areas, actions to reduce spatial and educational isolation of migrants, business start-ups and others. Member States may redirect remaining resources within their programmes to address such challenges. In addition, the Fund for European Aid to the Most Deprived ('FEAD') may also be used to provide food and basic material assistance also to persons affected by the military aggression by Russia including third country nationals.

[1] OJ C , , p. .
[2] OJ C , , p. .

(3) While the additional resources made available under REACT-EU already benefit from a number of implementation flexibilities, it is necessary to make the use of ERDF, ESF and FEAD resources from the 2014-2020 multiannual financial framework more flexible. Taking into account the urgency to address the migratory challenges as a result of the military aggression against Ukraine by Russia, expenditure for operations addressing those challenges should be eligible from the start date of that aggression. Furthermore, flexibility in how the ERDF and the ESF can be used should be increased for such operations so that available funding in programmes may be used quickly, provided the operation is in line with the operational programme as amended where necessary. This flexibility should be additional to the possibilities for the complementary financing of operations already provided for. Simplified reporting arrangements on participants in those operations should also be introduced.

(4) In order to ensure that affected persons may benefit from assistance under the FEAD without delay, it is also appropriate to allow Member States to amend certain elements of operational programmes supported by this Fund without requiring the adoption of a Commission decision.

(5) The support provided under cohesion policy should be complementary notably to actions financed under the Asylum, Migration and Integration Fund ('AMIF') to maximise the impact of available funding.

(6) It should be recalled that Member States have been affected by the consequences of the COVID-19 pandemic in an unprecedented manner. The overall impact of the pandemic put very high pressure on the budgets of Member States due to the sudden and significant increase in public investments needed in their health care systems and other sectors of their economies. It also risked disrupting the support provided to the most deprived. This has created an exceptional situation which needed to be addressed with specific measures.

(7) In order to respond to the impact of the crisis, Regulations (EU) No 1301/2013[3] and (EU) No 1303/2013[4] of the European Parliament and of the Council were amended by Regulation (EU) 2020/460 of the European Parliament and of the Council[5] to allow more flexibility in the implementation of programmes supported by the ERDF, the ESF and the Cohesion Fund (the 'Funds') and by the European Maritime and Fisheries Fund. However, as the serious negative effects on Union economies and societies worsened, both Regulations were amended again by Regulation (EU) 2020/558 of the

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3 Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 (OJ L 347, 20.12.2013, p. 289).

4 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 (OJ L 347, 20.12.2013, p. 320).

5 Regulation (EU) 2020/460 of the European Parliament and of the Council of 30 March 2020 amending Regulations (EU) No 1301/2013, (EU) No 1303/2013 and (EU) No 508/2014 as regards specific measures to mobilise investments in the healthcare systems of Member States and in other sectors of their economies in response to the COVID-19 outbreak (Coronavirus Response Investment Initiative) (OJ L 99, 31.3.2020, p. 5).

European Parliament and of the Council[6]. In addition, in order to respond to the impact of the crisis on the most deprived, Regulation (EU) No 223/2014 of the European Parliament and of the Council[7] was also amended by Regulation (EU) 2020/559 of the European Parliament and of the Council[8] to introduce specific measures for the FEAD for addressing the outbreak of COVID-19. Those amendments have provided exceptional additional flexibility to enable the Member States to concentrate on the necessary response to the unprecedented crisis by enhancing the possibility to mobilise non-utilised support from the Funds and by simplifying procedural requirements linked to programme implementation to address the need for a rapid response to the public health crisis. A subsequent amendment of Regulation (EU) No 1303/2013, introduced by Regulation (EU) 2020/2221 of the European Parliament and the Council[9], made available substantial additional resources as Recovery Assistance for Cohesion and the Territories of Europe ('REACT-EU') to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy. As part of the same package, Regulation (EU) No 223/2014 was also amended by Regulation (EU) 2021/177 of the European Parliament and the Council[10], in order to allow the mobilisation of these additional resources by Member States to the most deprived in the context of the implementation of the FEAD.

(8) While the flexibilities and additional resources provided for in respect of the 2014-2020 period have helped Member States in their crisis response and recovery efforts, the emergence of new coronavirus variants, notably the Omicron variant, as well as the widespread tightening of restrictions in the last quarter of 2021 continued to have serious negative effects on Member States' economies and societies and hampered a normal implementation of cohesion policy programmes and of programmes supported by the FEAD. The recent military aggression by Russia and the resulting migratory flows have exacerbated these effects and risk further undermining the recovery of the economy. In line with the possibility referred to in Regulation (EU) 2020/558, it is necessary therefore to provide for an exceptional extension of one of the measures introduced earlier, namely the option of the application of a co-financing rate of 100% for the accounting year 2020-2021 to the following accounting year.

(9) With a view to alleviating the burden on public budgets responding to the crisis situation, accelerating programme implementation and enabling needed investments

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6 Regulation (EU) 2020/558 of the European Parliament and of the Council of 23 April 2020 amending Regulations (EU) No 1301/2013 and (EU) No 1303/2013 as regards specific measures to provide exceptional flexibility for the use of the European Structural and Investments Funds in response to the COVID-19 outbreak (OJ L 130, 24.4.2020, p. 1).

7 Regulation (EU) No 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived (OJ L 72, 12.3.2014, p. 1).

8 Regulation (EU) No 2020/559 of the European Parliament and of the Council of 23 April 2021 amending Regulation (EU) No 223/2014 as regards the introduction of specific measures for addressing the outbreak of COVID-19 (OJ L 130, 24.4.2020, p. 7).

9 Regulation (EU) No 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU) (OJ L 437, 28.12.2020, p. 30).

10 Regulation (EU) 2021/177 of the European Parliament and of the Council of 10 February 2021 amending Regulation (EU) No 223/2014 as regards the introduction of specific measures for addressing the crisis associated with the outbreak of COVID-19 (OJ L 53, 16.2.2021, p. 1).

for the recovery of regions, Member States should therefore be given the exceptional possibility to apply a co-financing rate of 100% in a programme supported by the ERDF, the ESF, the Cohesion Fund or FEAD also for the accounting year 2021-2022.

(10) In order to comply with the multiannual financial framework payment ceilings for 2022 and 2023, a ceiling should be established for those years for payments resulting from the application of the 100% co-financing rate under the ERDF, the Cohesion Fund or the ESF. Payments that cannot be made as a result of the application of these ceilings should be paid by the Commission at the earliest opportunity subject to the availability of funding, either with the acceptance of the accounts or through subsequent payments. Such deferred payments should not affect the acceptance of accounts or bear any other effect.

(11) Taking into account that the application of the 100% co-financing will not substantially affect the content of the operational programmes themselves, it is appropriate to allow its rapid implementation without the need for a Commission decision approving the Member States' amendment to the financial tables of the operational programme. The Member State should nevertheless notify the revised financial tables prior to the submission of the final payment application for the accounting year. Potential consequential amendments, including to the values of indicators, may be made as part of a subsequent programme amendment after the end of the accounting year.

(12) Since the objectives of this Regulation, namely to introduce flexibility measures in the field of providing support from the Funds, cannot be sufficiently achieved by the Member States alone and can therefore, by reason of the scale and effects of the proposed action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.

(13) Regulation (EU) No 1303/2013 and Regulation (EU) No 223/2014 should therefore be amended accordingly.

(14) Given the need to allow Member States to amend their programmes in time to benefit from the application of the 100% co-financing rate for the accounting year 2021-2022, it is appropriate that this Regulation enters into force on the day following that of its publication in the *Official Journal of the European Union*.

(15) In view of the urgency to address the migratory challenges as a result of the recent military aggression by Russia and the continued public health crisis stemming from the COVID-19 pandemic, it is considered necessary to use the exception to the eight-week period referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendment to Regulation (EU) No 1303/2013

Regulation (EU) No 1303/2013 is amended as follows:

(1) In Article 25a, the following paragraph 1a is inserted:

"1a. By way of derogation from Article 60(1) and the first and fourth subparagraphs of Article 120(3), a co-financing rate of 100% may be applied to expenditure declared in payment applications for the accounting year starting 1 July 2021 and ending 30 June 2022 for one or more priority axes in a programme supported by the ERDF, the ESF or the Cohesion Fund.

By way of derogation from Article 30(1) and (2) and Article 96(10), the application of the co-financing rate of 100% shall not require a Commission decision approving a programme amendment. The Member State shall notify the revised financial tables to the Commission following approval by the monitoring committee. The co-financing rate of 100% shall apply only if the financial tables are notified to the Commission before the submission of the final application for an interim payment for the accounting year starting 1 July 2021 and ending 30 June 2022 in accordance with Article 135(2).

The total additional payments resulting from the application of the 100% co-financing rate shall not exceed EUR 5 billion in 2022 and EUR 1 billion in 2023.

The Commission shall make interim payments by applying the co-financing rate applicable to the priority axes concerned before the notification referred to in the second subparagraph. By way of derogation from Article 135(5), the Commission shall pay the additional amounts resulting from the application of the 100% co-financing rate following receipt of all final applications for interim payment for the accounting year 2021-2022, where necessary on a pro-rata basis to respect the ceilings set out in the third subparagraph.

By way of derogation from Article 139(7), remaining amounts resulting from the application of the 100% co-financing rate, which cannot be paid following the acceptance of the accounts to respect the ceilings set out in the third subparagraph, shall be paid in 2024 or later.".

(2) In paragraph 10 of Article 65, the following subparagraph is added:

"By way of derogation from paragraph 9, expenditure for operations addressing the migratory challenges as a result of the military aggression by Russia shall be eligible as of 24 February 2022.".

(3) In Article 98, the following paragraph 4 is added:

"4. Operations addressing the migratory challenges as a result of the military aggression by Russia may be financed either by the ERDF or the ESF on the basis of the rules applicable to the other Fund.

In such cases, these operations shall be programmed under a dedicated priority axis of that other Fund contributing to its corresponding investment priorities.

Where data on participants is required to be reported for operations under the dedicated priority axis referred to in the second subparagraph, that data shall be based on informed estimates and shall be limited to the total number of supported persons and the number of children under 18 years old.

This paragraph shall not apply to programmes under the European territorial cooperation goal.".

Article 2

Amendment to Regulation (EU) No 223/2014

Regulation (EU) No 223/2014 is amended as follows:

(1) In Article 9(4), the following subparagraph is added:

"The first and second subparagraphs shall also apply for the purposes of modifying elements of an operational programme addressing migratory challenges as a result of the military aggression by Russia.".

(2) In Article 20, the following paragraph 1b is inserted:

"1b. By way of derogation from paragraph 1, a co-financing rate of 100% may be applied to expenditure declared in payment applications for the accounting year starting 1 July 2021 and ending 30 June 2022.

By way of derogation from Article 9(1), (2) and (3), the application of the co-financing rate of 100% shall not require a Commission decision approving a programme amendment. The Member State shall notify the revised financial tables, referred to in Section 5.1 of the operational programme templates set out in Annex I, to the Commission. The co-financing rate of 100% shall apply only if the financial tables are notified to the Commission before the submission of the final application for an interim payment for the accounting year starting 1 July 2021 and ending 30 June 2022 in accordance with Article 45(2)."

(3) In Article 22(4), the following subparagraph is added:

"By way of derogation from the first subparagraph, expenditure for operations addressing migratory challenges as a result of the military aggression by Russia shall be eligible from 24 February 2022.".

Article 3

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*

ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

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	Diff./Non-diff.[11]	from EFTA countries[12]	from candidate countries[13]	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
2a Economic, social and territorial cohesion	05.02.99.01 Completion of the European Regional Development Fund (ERDF) 05.03.99.01 Completion of the Cohesion Fund (CF) 07.02.99.01 Completion of the European Social Fund (ESF) 07.02.99.04 Completion of the Fund for European Aid to the Most Deprived (FEAD)	Diff.	NO	NO	NO	NO

11 Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
12 EFTA: European Free Trade Association.
13 Candidate countries and, where applicable, potential candidates from the Western Balkans.

Estimated financial impact of the proposal on appropriations

Summary of estimated impact on operational appropriations

The proposed modification does not imply any changes in the Multiannual Financial Framework annual ceilings for commitments as per Annex I to Regulation (EU) No 1311/2013, nor to the overall payment needs over the 2021-2027 period.

The total annual breakdown of commitment appropriations for the European Regional Development Fund, the European Social Fund and the Cohesion Fund remains unchanged.

The proposal is expected to result in a frontloading of payment appropriations for the accounting year starting on 1 July 2021 and ending on 30 June 2022, as estimated below.

The proposal/initiative does not require the use of appropriations of an administrative nature.

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	2a

DG: Regional and Urban Policy and DG Employment, Social Affairs and Inclusion			**2021**	**2022**	**2023**	**2024**	**2025**	**TOTAL**
• Operational appropriations								
05.02.99.01 Completion of the European Regional Development Fund (ERDF) 05.03.99.01 Completion of the Cohesion Fund (CF) 07.02.99.01 Completion of the European Social Fund (ESF) 07.02.99.04 Completion of the Fund for European Aid to the Most Deprived (FEAD)	Commitments	(1a)	0.000	0.000	0.000	0.000	0.000	**0.000**
	Payments	(2a)	0.000	5.000	1.000	-6.000	0.000	**0.000**

Budget line	Commitments	(1b)						
	Payments	(2b)						
Appropriations of an administrative nature financed from the envelope of specific programmes[14]								
Budget line		(3)						
TOTAL appropriations for DG Regional and Urban Policy and DG Employment, Social Affairs and Inclusion	Commitments	=1a+1b +3	0.000	0.000	0.000	0.000	0.000	**0.000**
	Payments	=2a+2b +3	0.000	5.000	1.000	-6.000	0.000	**0.000**

• TOTAL operational appropriations	Commitments	(4)						
	Payments	(5)						
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)						
TOTAL appropriations under HEADING 2a of the multiannual financial framework	Commitments	=4+ 6	0.000	0.000	0.000	0.000	0.000	**0.000**
	Payments	=5+ 6	0.000	5.000	1.000	-6.000	0.000	0.000

14 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.

Heading of multiannual financial framework	**7**	'Administrative expenditure'

This section should be filled in using the 'budget data of an administrative nature' to be firstly introduced in the Annex to the Legislative Financial Statement (Annex V to the internal rules), which is uploaded to DECIDE for interservice consultation purposes.

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 7 of the multiannual financial framework	(Total commitments = Total payments)								

EUR million (to three decimal places)

		2021	**2022**	**2023**	**2024**	**2025**	**TOTAL**
TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework	Commitments	0.000	0.000	0.000	0.000	0.000	**0.000**
	Payments	0.000	5.000	1.000	-6.000	0.000	**0.000**

Estimated output funded with operational appropriations

The proposal/initiative requires the use of existing operational appropriations (no changes):

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[15]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1[16]…																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTALS																		

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

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

Summary of estimated impact on administrative appropriations

X 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**[17]	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 7 of the multiannual financial framework								
Human resources								
Other administrative expenditure								
Subtotal HEADING 7 of the multiannual financial framework								
Outside HEADING 7[18] of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 7 of the multiannual financial framework								
TOTAL								

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.

17 Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

18 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.

Estimated requirements of human resources

X 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)								
– 20 01 02 01 (Headquarters and Commission's Representation Offices)								
– 20 01 02 03 (Delegations)								
– 01 01 01 01 (Indirect research)								
– 01 01 01 11 (Direct research)								
– Other budget lines (specify)								
– **• External staff (in Full Time Equivalent unit: FTE)**[19] –								
– 20 02 01 (AC, END, INT from the 'global envelope')								
– 20 02 03 (AC, AL, END, INT and JPD in the delegations)								
– **XX** 01 xx **yy zz** [20] –	– - at Headquarters –	–						
	– - in Delegations	–						
– 01 01 01 02 (AC, END, INT - Indirect research)								
– 01 01 01 12 (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	

19 AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

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

Compatibility with the current multiannual financial framework

The proposal/initiative is compatible the current multiannual financial framework.

The proposal/initiative:

☐ can be fully financed through redeployment within the relevant heading of the Multiannual Financial Framework (MFF).

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts. Please provide an excel table in the case of major reprogramming.

☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation.

Explain what is required, specifying the headings and budget lines concerned, the corresponding amounts, and the instruments proposed to be used.

☐ requires a revision of the MFF.

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

Third-party contributions

The proposal/initiative:

X does not provide for co-financing by third parties

☐ provides for the co-financing by third parties estimated below:

Appropriations in 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
Specify the co-financing body								
TOTAL appropriations co-financed								

[21] Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

Estimated impact on revenue

X The proposal/initiative has no financial impact on revenue.

☐ The proposal/initiative has the following financial impact:

☐ on own resources

☐ on other revenue

please indicate, if the revenue is assigned to expenditure lines ☐

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[22]						
		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 assigned revenue, specify the budget expenditure line(s) affected.

[…]

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[…]

22 As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.