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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Upgrading Cohesion policy - Flexible Assistance to territories (FAST - CARE) - to
address the consequences of Russian aggression**

1. Introduction

Russia's war of aggression against Ukraine has brought new and unexpected challenges for the European Union and for the whole world. While our societies are still recovering from the COVID-19 pandemic, the Russian invasion has brought war and destruction, heightened geopolitical instability and disruption to the world economy.

The EU continues to stand in solidarity with Ukraine and its people. Since 2014, the EU and its Member States have contributed over €1 billion in humanitarian and early recovery aid to the country. Since the Russian invasion of Ukraine, this support has been scaled up, totalling over €4 billion for Ukraine's economic, social and financial resilience in the form of macro-financial assistance, budget support, emergency assistance, crisis response and humanitarian aid. The EU also mobilised additional €2 billion in military assistance under the European Peace Facility. Moreover, the EU has reacted swiftly and decisively to Russia's invasion by adopting sanctions that will have massive and severe consequences for Russia.

Since 24 February, the EU has received a sudden inflow of people fleeing the Russian aggression. To date more than 6.2 million Ukrainian nationals arrived in the Union. Although some have begun returning to Ukraine and entry flows are slowly stabilising, the numbers are still significant and climbing. The impacts of the inflow vary across Member States. Some Member States and regions have received a very high share of arrivals, with those granted temporary protection already exceeding 1% of the national population in eight Member States and surpassing 3% in Poland and Czechia.

The efforts to welcome and swiftly facilitate the integration of displaced persons during their stay in the EU are unprecedented. The initiatives of Member States have been multiplied by local authorities and civil society, which continue to be at the front line of the efforts to address humanitarian needs, including shelter, clothing, hygiene items, as well as psychological support.

The EU has provided support through unprecedented measures and funding addressing the needs of displaced persons¹. The EU activated the Temporary Protection Directive² for the first time ever, granting immediate and collective temporary protection to people fleeing the Russian aggression. The temporary protection status provides access to health care, to education and to the labour market, and around half a million children from Ukraine are now benefitting from schooling in refugee-hosting countries.

Union support under the European Civil Protection Mechanism (RescEU) has also been immediately mobilised, together with Home Affairs Funds still available under the 2014-2020 period. In addition, following the "Stand Up for Ukraine" pledging event, €400 million is being mobilised from the Home Affairs Funds as Emergency Assistance to the most affected Member States. Part of these funds will target local and regional authorities as well as civil

¹ COM(2022) 131 final - Welcoming those fleeing Ukraine: Readyng Europe to meet the needs.

² Council Implementing Decision (EU) 2022/382 establishing the existence of a mass influx of displaced persons from Ukraine.

society organisations to acknowledge the crucial role they are playing in providing first reception to displaced persons from Ukraine.

Given the urgency to address the situation, several proposals were adopted to increase flexibility in cohesion funding to support Member States. The Cohesion's Action for Refugees in Europe (CARE) successive packages³ are helping Member States to provide emergency support and access to services such as temporary accommodation, food and water supplies or medical care.

CARE has enabled in particular the flexible use of the European Regional Development Fund (ERDF) and the European Social Fund (ESF) under 2014-2020 cohesion programmes for projects addressing these migratory challenges, applying retroactive eligibility as from the date of the invasion, in order to enable all actions that had been taken immediately to cover the related needs of refugees to be supported by the EU.

Moreover, a tailor-made unit cost was introduced to reduce the administrative burden for beneficiaries and Member State administrations in the context of addressing these challenges.

Furthermore, the possibility to receive a full reimbursement of expenditure declared to the Commission was extended until 30 June 2022 and pre-financing from REACT-EU resources was substantially increased, amounting to an extra €3.5 billion in advance payments to alleviate the burden on Member States' public finances.

Member States may already use this funding to develop tailor-made solutions for the long-term integration of third country nationals through investments in housing, education, employment, health, social inclusion and care, or other social services. It is nonetheless crucial that they proceed quickly with programme adjustments to ensure the financing flows where it is most needed.

Despite all the efforts made, needs continue to grow. Numerous stakeholders from civil society, local and regional authorities and Member States have addressed the Commission and raised specific difficulties that have been encountered in helping persons fleeing the Russian aggression. Their concerns have been echoed by the European Parliament and by the European Council⁴, which has invited the Commission, at its special meeting on 30-31 May, to “present new initiatives to support this effort within the Multiannual Financial Framework”.

Building on previous efforts, the Commission adopted today an additional set of measures to further increase the flexibility of the cohesion policy to address the consequences of the war, and provide liquidity amounting to €3.5 billion. These FAST-CARE measures will help ensure that Member States get easier and faster access to funding to

³ Regulation (EU) 2022/562 amending Regulations (EU) No 1303/2013 and (EU) No 223/2014 (OJ L 109, 8.4.2022, p. 1).

Regulation (EU) 2022/613 amending Regulations (EU) No 1303/2013 and (EU) No 223/2014 (OJ L 115, 13.4.2022, p. 38).

⁴ Conclusions of the European Council of 30 et 31 May 2022

address the needs of people fleeing the war in Ukraine, while continuing to support the recovery of Europe's regions.

2. Additional flexible assistance within cohesion policy to address the consequences of the war

The Russian war of aggression against Ukraine has led to an unprecedented influx of displaced persons, exacerbated hikes in commodity prices, including for energy and food, and caused renewed supply chain bottlenecks. Addressing these challenges comes on top of the unparalleled support provided to tackle the pandemic and strengthen the recovery and further burdens Members States' public finances. As a result, deficit and debt levels have increased and are expected to remain above pre-pandemic levels in most Member States in the coming years.

In this context, the Commission is proposing a comprehensive set of measures under cohesion policy, complementing the initiatives taken so far. The Flexible Assistance to Territories (FAST - CARE) will complement the CARE measures⁵ and rests on two pillars: legislative proposals, on the one hand, providing additional flexibility under cohesion policy and additional pre-financing and, on the other, complementary, non-legislative measures to optimise the effective use of the funds and to address the emerging needs.

The proposed legislative measures include:

- Additional pre-financing, amounting for €3.5 billion, to be paid in 2022 and 2023 which will provide rapid additional liquidity to all Member States.
- A co-financing rate of up to 100% for priorities promoting the socio-economic integration of third country nationals under 2014-2020 programmes, with the increased rate also being available under 2021-2027 programmes, until mid-2024 with a possibility to review.
- Given the essential role of local authorities and civil society organisations operating in local communities in welcoming and supporting people fleeing the Russian aggression of Ukraine, Member States should ensure that at least 30% of support under the relevant priorities is granted to such authorities and organisations.
- For projects addressing migratory challenges, Member States will be able to declare expenditure for reimbursement, even for operations that are already completed or fully implemented at the time of selection⁶.
- Under CARE, the Commission had introduced a new unit cost as a simplified way for Member States and beneficiaries to calculate eligible project costs. Given the extended impact of the Russian aggression, this unit cost is proposed to be increased to EUR 100 per week for 26 weeks to cover the basic needs and support of persons granted temporary protection from their arrival in the Union.

⁵ The proposal is also consistent with the Commission proposal of 13 April 2022, to amend the European Maritime and Fisheries Fund for 2014-2020 budget to support operators and introduce specific crisis measures.

⁶ This flexibility will also apply to affected projects in the fishery and aquaculture sectors under the European Maritime and Fisheries Fund.

- The cross-financing possibility already granted between the ERDF and ESF is proposed to be extended to the Cohesion Fund to support projects addressing these challenges, under 2014-2020 programmes, irrespectively of their traditional eligibility scope. This will allow the mobilisation of resources still available under the Cohesion Fund for emergency and integration-related purposes.
- Other measures enable the continuation of support to uncompleted operations, in order to address other consequences of Russia's military aggression in the implementation of EU funds, such as the risk of delays due to price increases, especially for energy and food and the shortage of input materials, notably in the construction sector.
- In addition, further flexibility is proposed for refugee-related support to be possible for operations outside the area covered by the programme providing the funding but within the Member State. This is necessary because persons fleeing the Russian aggression may move within Member States, and support may therefore be needed outside the areas otherwise covered by the funding programmes.
- Lastly, in order to smoothen the implementation of programmes, additional flexibility would be granted to make transfers within programmes, without requiring Commission decisions, as well as an increased level of flexibility for declaring expenditure at programme closure.

In addition to the above measures, the Commission is also actively working on ways to reduce the administrative burden of operations supporting the socio-economic integration of third country nationals. Building on the simplified cost options (SCOs) of the 2014-2020 period, the Commission will also develop, before the end of the year, simple ways to support operations on education, training of unemployed people, training of employees and job-related counselling services, to be supported under the ESF+ for 2021-2027. A new delegated act will contain specific provisions for third country nationals with the goal of fostering their long-term integration in the EU.

Besides these legislative proposals, the Commission will also extend its support to stakeholders, beneficiaries and managing authorities through two additional non-legislative actions.

These non-legislative actions include:

- Firstly, the proposed changes facilitating the phasing of projects over two programming periods will be complemented, upon adoption of the Commission legislative proposals, by an update of the guidelines on closure of the 2014-2020 programmes. This will bring substantial additional flexibilities benefiting to unfinished projects, by: (i) extending the administrative deadlines for their completion from national resources; (ii) reducing the size of such projects which may still be included in the final accounts; and (iii) by increasing the corresponding share of expenditure, compared to the total expenditure decided for the concerned programmes.
- In addition, in the coming weeks, the Commission will assess the situation of contracting authorities that are currently struggling with the implementation of contracts, due to economic difficulties encountered by contractors because of

increased costs and supply chain difficulties. The Commission is planning to provide appropriately tailored technical guidance, aiming in particular at clarifying the possibilities for contract modifications which exist under the current legal framework.

3. Conclusion

With this package, the EU further adapts cohesion policy to help address the consequences of the Russian aggression. The proposals accompanying this Communication respond to the request of the European Council to “present new initiatives to support this effort within the Multiannual Financial Framework”. They aim to help Member States, regional and local authorities leading the effort to address the humanitarian, medical and integration needs by offering additional financial support and flexibility.

The package further contributes to building the resilience of regions. It is in line with cohesion policy’s long-term objective of reducing disparities and promoting convergence and does not alter the structure and objectives of cohesion policy under its 2021-2027 programmes, including the overarching objectives of fast-forwarding the twin green and digital transitions. While introducing important flexibilities, this package does not compromise the principles of budgetary discipline and sound financial management.

In order to be effective, it is essential that Member States and regions quickly make full use of the opportunities created by this new set of measures, as well as from the recently adopted initiatives. They provide unprecedented flexibilities in using the cohesion policy funding available today and they also provide recognition for the enormous efforts made by Member States and regions. Effective coordination of all the support and possibilities granted under cohesion policy and under other EU instruments is key to supporting all of the people and businesses that are bearing the consequences of the Russian war of aggression against Ukraine.

It is also crucial that the co-legislators proceed to swiftly examine and adopt the legislative measures proposed, to ensure their rapid and effective take up.