

Opinion of the European Economic and Social Committee on the Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 1303/2013 and Regulation (EU) 2021/1060 as regards additional flexibility to address the consequences of the military aggression of the Russian Federation FAST (Flexible Assistance for Territories) — CARE

(COM(2022) 325 *final* — 2022/0208 (COD))

(2022/C 486/20)

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Referral	European Parliament, 4.7.2022 Council of the European Union, 15.7.2022
Legal basis	Articles 177 and 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	9.9.2022
Adopted at plenary	21.9.2022
Plenary session No	572
Outcome of vote (for/against/abstentions)	189/0/1

1. Conclusions and recommendations

1.1. Through its FAST-CARE proposal, the Commission has taken much needed additional steps to help Member States, local authorities and civil society partners to address the consequences of Russia's aggression against Ukraine. The EESC warmly welcomes this new comprehensive package that extends the support already provided under CARE by providing further support and further flexibility within cohesion policy funding.

1.2. The EESC also recognises that the direct and indirect effects of the unprovoked invasion on 24 February have led to a continuing increase in the number of refugees arriving in all Member States, but in particular at the EU's borders, and that further action is therefore required. The current situation is unprecedented and requires all possible measures adapted to the situation to be applied in these specific circumstances. To this end, the EESC considers that FAST-CARE provides a response to these circumstances by offering additional funding for the migratory challenges resulting from the military aggression by Russia, but also by helping to mitigate the delayed implementation of projects due to the combined effects of COVID-19 and the high energy costs and shortage of raw materials and labour caused by the war.

1.3. The EESC has continuously stressed the need for an immediate and effective response through all means possible. The continued efforts to ensure flexibility for the funding should ensure the most efficient implementation of cohesion policy investments under the 2014-2020 MFF and also ensure a smooth start for the 2021-2027 programmes. The EESC welcomes the temporary possibility of 100 % co-financing from the EU budget for the implementation of cohesion policy programmes. The possibility of additional transfers between the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund, as well as between categories of regions, is also similarly welcomed.

1.4. The EESC strongly welcomes the Commission's recognition of the heavy burden that has fallen on local authorities and civil society organisations operating in local communities in addressing the migratory challenges resulting from Russia's military aggression. The EESC welcomes the provision that a minimum level of support of 30 % within the relevant priorities should be set aside for local authorities, social partners and civil society organisations in order to ensure that these types of beneficiaries receive an appropriate share of the resources given their active role in actions to welcome and

integrate refugees. However, this percentage might be too low for countries hosting a large number of refugees; thus, the possibility to increase this level for countries bordering Ukraine should be further explored.

1.5. The EESC believes that NGOs and the social partners have a crucial role to play, both as implementing organisations and as valuable partners in monitoring the implementation of such programmes, and the EESC is open to facilitating a further conversation about such engagement for civil society organisations and social partners either in the EU or in Ukraine. Civil society has proven its effectiveness in delivering an immediate response during the first stages of the war, and with sufficient resources will be a strong liaison between the grassroots needs and their high-level policy reflection. The EESC continues to seek a more thorough engagement in the immediate response and a better long-term inclusion in setting the integration agenda as the war continues.

1.6. The EESC welcomes the Commission's proposal to exempt Member States from the need to comply with thematic concentration requirements for the 2014-2020 Multiannual Financial Framework, allowing them the possibility to redirect funds between thematic objectives within the same priority of the same Fund and category of region, given the rapidly evolving changes in the situation on the ground. The EESC also welcomes the provision to allow exceptional expenditure for completed or fully implemented operations as from the date of the invasion to be eligible.

1.7. The EESC takes note of the mix of comprehensive measures that take into account the needs at micro/individual level (e.g. the extension in time and increase of the newly established unit cost allowed to cover the basic needs and support of persons granted temporary protection) as well as the needs at macro/Member State level (e.g. making it easier to phase operations from the 2014-2020 programmes to those of 2021-2027 to accommodate more operations facing delays, while not affecting Member States' obligations to comply with thematic concentration requirements and climate contribution targets).

1.8. The provisions aimed at alleviating the administrative burden for the Member States are also duly noted, as well as the commitments of the European Commission to help beneficiaries and stakeholders by offering additional support and guidance, for example in managing procurement contracts that suffer cost over-runs, and other non-legislative measures and guidance. The EESC urges the Commission to work with Member States, local authorities, and civil society to eliminate all possible unnecessary administrative burdens, while offering full transparency with regard to the allocation and execution of measures to tackle the consequences of the war in Ukraine. In this context, the EESC also stresses the need to more actively involve civil society and the social partners from the EU and Ukraine to ensure the effective planning, management and monitoring of the resources and to make sure that they reach those that need them the most, where they are needed the most.

1.9. The EESC acknowledges that all possible measures should be taken under the current Multiannual Financial Framework (MFF). In this context, the Committee agrees with the Commission's intention to amend the MFF Regulation so that the remaining 2014-2020 resources are optimised and allow a smooth transition to the 2021-2027 programme. However, it should be noted that although the EESC has always called for maximum flexibility⁽¹⁾ at all levels from the beginning until the closure of programmes in order to ensure that the available resources are used to the greatest extent possible, as the direct and indirect consequences of the war in Ukraine pile up, it feels that it may also be necessary to add new innovative financial tools⁽²⁾. One possible solution that the EESC has previously recommended is a separate European Union fund for the reconstruction and development of Ukraine to complement the efforts put in place to support the Member States affected by the war⁽³⁾.

⁽¹⁾ See EESC position paper on COVID-19: *European Structural and Investment Funds — Exceptional flexibility*.

⁽²⁾ In its opinions, the EESC has continuously stressed the need to make sure that the 2021-2027 MFF offers the possibility of adding new innovative financial tools, going beyond the *Recovery and Resilience Facility (RRF)* (OJ C 364, 28.10.2020); *COVID-19: European Structural and Investment Funds — Exceptional flexibility; Regulation on Coronavirus Response Investment Initiative; Fund for European Aid to the Most Deprived (FEAD)/COVID-19 Crisis*.

⁽³⁾ See the EESC opinion on the *8th Cohesion Report* (OJ C 323, 26.8.2022, p. 54).

1.10. The EESC calls on the Council and the European Parliament to swiftly approve the Regulation so that it can be adopted as soon as possible. The scale of the challenge requires a collective and more coordinated response, especially with the cold season fast approaching.

2. General comments

2.1. Since 24 February, the Commission has tabled a number of proposals, under Cohesion's Action for Refugees in Europe (CARE), to ensure that the funding available under the 2014-2020 cohesion policy and European Fund for the Most Deprived (FEAD), as well as pre-financing under REACT-EU programmes, is speedily mobilised to address the immediate consequences of the Russian war of aggression against Ukraine, while allowing Member States to continue their efforts to ensure a green, digital and resilient recovery of their economies from the crisis resulting from the COVID-19 pandemic.

2.2. However, as needs continue to grow, the European Council, the European Parliament and EU regions have called on the Commission to present new initiatives within the Multiannual Financial Framework to support the Member States' efforts in this regard. Support is now required for the longer term needs of displaced civilians, who should be helped to integrate through the provision of accommodation and healthcare, and access to employment and education while they are in EU member countries. It is worth noting that this issue of meeting the refugees' longer term needs affects communities that have already been severely impacted by the COVID-19 pandemic (e.g. the burden on the healthcare system) but also poses new problems such as gender-sensitive aspects of policy interventions (e.g. too few children being enrolled in schools, which is significantly hindering women's professional integration).

2.3. The war has caused supply chain bottlenecks and labour shortages. And it has exacerbated increases in commodity prices, including for energy and materials. This situation comes on top of the consequences of the pandemic, creating additional strain on public budgets and further delays to investments, especially in infrastructure.

2.4. The FAST-CARE package introduces several significant changes to the 2014-2020 and 2021-2027 cohesion policy legislation to further speed up and simplify Member States' support to the integration of third country nationals, while continuing to help regions' recovery from the COVID-19 pandemic.

2.5. More support for those welcoming displaced people — Member States, local authorities and civil society organisations is to be ensured through the following measures:

- pre-financing payments are increased by an additional EUR 3,5 billion to be paid in 2022 and 2023, which will provide rapid additional liquidity to all Member States;
- the possibility of 100 % co-financing by the EU under the 2014-2020 period is now extended to measures promoting the socio-economic integration of third country nationals;
- the same possibility is also extended to 2021-2027 programmes, to be reviewed by mid-2024;
- the amount of the simplified unit cost to cover the basic needs of refugees, which was set at EUR 40 under CARE, is to be increased to EUR 100 per week per person, and these costs can be claimed for a period of up to 26 weeks, from 13 weeks today;
- the cross-financing possibility already granted under CARE between the ERDF and the ESF will be extended. This means that the Cohesion Fund may now also mobilise resources to address the consequences of the migratory challenges;
- expenditure on operations addressing migratory challenges may now be declared retroactively for reimbursement, even when the operation has already been completed.

2.6. In order to ensure that investments go where they are most needed, FAST-CARE introduces two major changes:

- At least 30 % of the resources mobilised by the flexibilities provided should be granted to operations managed by local authorities and civil society organisations operating in local communities so that those bearing the brunt of the efforts receive adequate support.
- Programmes may support operations outside the programme's geographical scope, but within the Member State, recognising that refugees often move within Member States.

2.7. In terms of the practical support to solve the problem of delayed implementation, projects above EUR 1 million (especially those for infrastructure), supported under the 2014-2020 programmes but which could not be completed in time due to price increases and shortages of raw materials and labour, may continue to be supported under 2021-2027 programmes, even if they would not be eligible pursuant to the eligibility rules under 2021-2027.

3. Specific comments

3.1. The EESC commends the efforts by the European Commission to establish adjusted and efficient means of providing financial support that address the consequences of the Russian military aggression, which has grown in scope and whose impact has expanded. As a result, Member States are facing continuous substantial inflows of persons fleeing the Russian aggression. This situation comes on top of the consequences of the COVID-19 pandemic, notably the disruption of value chains, which challenges public budgets that were focused on the recovery of the economy, but also risks delaying investments, especially in infrastructure.

3.2. The EESC also recognises that, as the direct and indirect effects of the war in Ukraine continue to increase in all Member States, it is crucial to ensure the means to address migratory challenges and market disruptions through a mix of funding, procedures and technical assistance, all coupled with flexibility, agility, and rapid reaction.

3.3. The EESC fully agrees that financing must be made available by means of a targeted revision of the current financial framework, in order to prevent any interruption to the funding needed for the key measures to mitigate the crisis and support those in need. The EESC has already recommended in previous opinions ⁽⁴⁾ that additional resources be allocated to the Member States as immediate pre-financing.

3.4. The EESC welcomes the fact that the possibility of making use of up to 100 % co-financing was extended for these measures to the accounting year ending on 30 June 2022 in order to help alleviate the burden on Member States' public finances, and the fact that the substantial increase in pre-financing ⁽⁵⁾ from REACT-EU resources has provided the Member States with the liquidity needed to cover the most pressing needs.

3.5. The EESC is also pleased that the Commission has proposed that a co-financing rate of up to 100 % should be introduced for priorities promoting the socio-economic integration of third country nationals under the 2021-2027 programmes. Even though this has an end date of 30 June 2024, the possibility of having it reviewed on the basis of how it has been used and extended if proven efficient offers a roadmap towards more flexibility and liquidity being made available when urgent funding needs appear.

3.6. The EESC strongly praises the provision that at least 30 % of the support within the relevant priorities should be granted to beneficiaries that are local authorities, social partners and civil society organisations operating in local communities, in order to ensure that these types of beneficiaries receive an appropriate share of such resources given their active role in actions to welcome and integrate refugees. Nonetheless, the percentage might be too low for countries bordering Ukraine that are hosting a significantly higher number of refugees. Therefore, even though the level is a minimum, a larger allocation should be encouraged, with at least 50 % of the support within the given priority to be granted to beneficiaries that are local authorities and civil society organisations operating in local communities.

3.7. The EESC understands the need to preserve the original objectives of cohesion policy and the fact that it cannot become a universal 'band aid' for all emergencies that might arise. To this end, the provisions limiting the total amount programmed under refugee-integration priorities in a Member State to 5 % of the initial national allocation of that Member State from the ERDF and the ESF+ combined are understandable. However, these thresholds should be made subject to an earlier review in order to leave sufficient space available if need be, especially for bordering countries. It is clear to see that the challenges for countries hosting the large majority of refugees fleeing Ukraine are bigger than for other EU Member States. Thus, the percentage limits should take into account the realities on the ground and the disparities between the challenges facing the different Member States.

⁽⁴⁾ EESC position paper on REACT-EU.

⁽⁵⁾ The EESC has been consistent in its previous opinions that the percentage increase in advance payments or pre-financing is to be welcomed, but that more should be done to ensure that the financial resources are mobilised as quickly as possible. As mentioned in the EESC position paper on *Financial assistance to Member States affected by a major public health emergency*.

3.8. The EESC urges the European Commission to work closely with the Member States, local authorities and civil society organisations to make the most effective and rapid use of the possibilities to support Ukrainian refugees created by FAST-CARE. While the Regulation asks the Member States to report on the fulfilment of the 30 % condition in the final implementation report, the EESC would call for continuous reporting, as well as the involvement of civil society in monitoring the implementation of these provisions.

3.9. The above considerations also apply to the planning, implementation and monitoring of programmes linked to implementing cohesion policy and to the process of selecting projects to be implemented. In this context, attention should be paid to the risk of transforming cohesion policy into a set of fragmented responses to emergencies that have shaken up our continent.

3.10. Creating a clear synergy between the cohesion principles and the policy's core objectives and the new social, economic, and environmental realities concerning shortages of labour, supply chain difficulties and rising prices and energy costs should be a key concern as regards delivering a proper absorption rate that reflects the most effective use of existing resources.

4. The EESC takes note of the Commission's choice not to extend by an additional year the n+3 rule for 2014-2020, as well as of its evaluation that, regardless of the frontloading of payment appropriations for 2022 and 2023 (mostly due to pre-financing), FAST-CARE is budget-neutral over the 2021-2027 period and does not require changes to the Multiannual Financial Framework annual ceilings for commitments and payments. However, the EESC strongly encourages the Commission to monitor the impact of the changes and leave room for emerging or expanding needs or priorities.

Brussels, 21 September 2022.

The President
of the European Economic and Social Committee
Christa SCHWENG
