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The Council increases co-financing rates for EU funds to counter crisis

The Council today adopted[1] a regulation providing for a temporary increase of EU co-financing rates from structural funds and the cohesion fund for member states under financial difficulties (66/11 + 18038/11 ADD 2 REV 1). This follows a first-reading agreement with the European Parliament. The main objective of the new rules is to facilitate the use of funding from the EU cohesion policy and to alleviate herewith the impact of the financial crisis on the real economy, the labour market and citizens.

By adopting the new regulation the Council responds to an invitation of the heads of state and government of the euro zone from 21 July 2010 to strengthen "efforts to improve the capacity to absorb EU funds in order to stimulate growth and employment, including through a temporary increase in co-financing rates".

The new rules provide for an increase of the EU co-financing rates by ten percentage points above the usual co-financing rates. They apply to member states which benefitted from the European financial stabilisation mechanism (Greece, Ireland, Portugal) and from financial assistance for member states' balances of payments (Hungary, Latvia and Romania). They may be applied retroactively from 1 January 2010 and are limited until 31 December 2013.

The new support measures do not increase the total appropriations for the affected countries. This means that the top-ups do not lead to additional EU funding.

1 This decision has been taken at the Transport, Telecommunications and Energy Council.

The Council also adopted a regulation amending the general rules on the European regional development fund, the European social fund and the cohesion fund (*65/11* + *18036/11 ADD 1*), following a first-reading agreement with the European Parliament. The main aim of the new regulation is to provide clarification in the current cohesion policy general regulation on the use of repayable assistance in the context of financial engineering under the structural funds. It also introduces definitions of "reimbursable grant" and "credit line" and new provisions on the reuse of repayable assistance. In addition, it modifies some reporting obligations and includes information requirements in the statement of expenditure.