



## Questions and answers on the Coronavirus Response Investment Initiative Plus: New actions to mobilise essential investments and resources

Brussels, 2 April 2020

### **How does the Coronavirus Response Investment Initiative Plus (CRII+) complement the measures adopted under the first package?**

The first package of measures of the Coronavirus Response Investment Initiative concentrated on the immediate mobilisation of structural funds, to allow for a prompt response to the crisis. In this regard, a number of very important changes have been introduced that extend the scope of support of the Funds, provide immediate liquidity and give flexibility in programme amendments. The [first Coronavirus Response Investment Initiative package consisted of three main elements](#): about €8 billion of immediate liquidity to accelerate up to €37 billion of European public investment, flexibility in applying EU spending rules and extend the scope of the EU Solidarity Fund.

Today's package complements the first one by introducing extraordinary flexibility to allow that all non-utilised support from the European Structural and Investment Funds can be mobilised to the fullest. This flexibility is provided for through: transfer possibilities across the three cohesion policy funds (the [European Regional Development Fund](#), [European Social Fund](#) and [Cohesion Fund](#)); transfers between the different categories of regions; and also through flexibility when it comes to thematic concentration. There will also be the possibility for a 100% EU co-financing rate for cohesion policy programmes for the accounting year 2020-2021, allowing Member States to benefit for full EU financing for crisis-related measures. The CRII+ package also simplifies procedural steps linked to programme implementation, use of financial instruments and audit. This is unprecedented and warranted because of extraordinary situation that the coronavirus outbreak has led to.

Furthermore, CRII+ provides support to the most deprived by changing the rules for the [Fund for European Aid to the Most Deprived \(FEAD\)](#). For example, it will be possible to deliver food aid and basic material assistance through electronic vouchers and to provide the protective equipment, and thus lower risk of contamination. Also, it will be possible to finance measures at 100% for the accounting year 2020-2021.

In addition, amendments to the [European Maritime and Fisheries Fund \(EMFF\)](#) will enable a more flexible reallocation of financial resources within the operational programmes in each Member State and a simplified procedure for amending operational programmes with respect to the introduction of the new measures. The amendments will also provide support for temporary cessation of fishing activities and for the suspension of production and additional costs for the aquaculture farmers, as well as to producer organisations for the storage of fishery and aquaculture products.

For the second set of measures, the Commission consulted extensively with Member States, the European Parliament and the sectors concerned over recent weeks, taking account of the more than 200 clarification and advice questions received from national authorities concerning their handling of crisis response measures under the CRII.

### ***Facilitating EU-funded investments***

#### **Which changes is the Commission proposing to make to cohesion policy rules?**

The Coronavirus Response Investment Initiative Plus allows that all non-utilised support from the cohesion policy funds can be mobilised to address the effects of the public health crisis on our economies and societies. Certain procedural steps linked to programme implementation and audit will be simplified in order to grant flexibility, ensure legal certainty and to reduce administrative requirements. The Commission proposes notably to:

- Give the exceptional and temporary possibility for Member States to request for cohesion policy programmes a co-financing rate of 100% to be applied for the accounting year 2020-2021;
- Create additional flexibility to transfer resources between the cohesion policy funds, and between categories of regions;
- Exempt Member States from the need to comply with thematic concentration requirements, to enable a redirection of resources to the areas most impacted by the current crisis;

- Exempt Member States from the requirement to amend Partnership Agreements;
- Postpone the deadline for the submission of annual reports for 2019;
- Extend the possibility to make use of a non-statistical sampling method;
- Exempt the requirement to review and update of ex-ante assessments and business plans, in order to facilitate the adjustment of financial instruments to effectively address the public health crisis;
- Make expenditure for completed or fully implemented operations fostering crisis response capacity in the context of the coronavirus outbreak exceptionally eligible;
- Allow limited financial flexibility at the closure of programmes, in order to allow Member States and regions to make full use of support from EU funding;
- Allow for European Regional Development Fund to provide support for undertakings in difficulties in these specific circumstances consistently with the flexibility provided in State aid rules.

### **What are the conditions for applying a 100% EU co-financing rate for cohesion policy programmes?**

Member States may request amendments to operational programmes to enable a 100% EU co-financing rate to apply for the accounting year 2020-2021.

Such requests can be made during the accounting year starting on 1 July 2020 and ending on 30 June 2021. This exceptional measure is proposed in order to allow Member States to benefit from full EU financing for coronavirus outbreak-related measures. The 100% co-financing rate shall only apply if the corresponding programme amendment is approved by Commission decision before the end of the accounting year concerned.

### **Is there any limit regarding the transfer of resources between categories of regions?**

Currently, Member States can transfer up until 3% of allocated funds between regions. In today's proposal, there is no longer a limit, as the impact of the coronavirus does not follow the usual cohesion policy categorisation of less and more developed regions. As we are in the last year of the 2014-2020 programming period, this full flexibility applies to the 2020 budget appropriations only.

In order to ensure continued focus on less developed regions, Member States should first examine other possibilities for transferring funding before considering transfers from the budget of less developed regions to more developed ones. In other words, transfers should not impede essential investments in the region of origin or prevent the completion of operations selected before. In addition, the transfer can be requested by Member States only for coronavirus-related operations in the context of the coronavirus crisis. It should be remembered that the goal of cohesion policy is to support reducing the backwardness of the least favoured regions. This principle is enshrined in the Treaty and should be followed even in the current circumstances.

### **How will the transfer between cohesion policy funds work, and what are the conditions?**

The transfer is voluntary. Member States may request to transfer its resources available for programming for the year 2020 for the Investment for Growth and Jobs goal between the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

Following this decision, the minimum share for European Social Fund established at 23.1% and the minimum share of the Cohesion Fund for Member States who joined the EU on or after 1st May 2004 set one third of their total final financial allocation, will not have to be respected.

Transfers shall not affect resources allocated to the [Youth Employment Initiative \(YEI\)](#).

Resources transferred between the ERDF, the ESF and the Cohesion Fund in response to the coronavirus crisis shall be implemented in accordance with the rules of the Fund to which the resources are transferred.

### **What does the exemption of Member States from the need to comply with thematic concentration requirements entail?**

In the programming 2014-2020 period, Member States have to concentrate support on interventions that bring the greatest added value in relation to the Union strategy for smart, sustainable and inclusive growth. Therefore, specific rules were established in Fund-specific regulations that require from Member States to focus European Regional Development Fund on low-carbon economy or support to research and innovation and the European Social Fund on promoting social inclusion and combating the poverty.

In the current circumstances of the coronavirus outbreak, it is justified to exceptionally exempt Member States from the need to comply with these thematic concentration requirements until the end of the programming period. This will help Member States to quickly deploy available resources to

respond to the crisis.

**What will happen if the coronavirus outbreak is invoked as a reason of force majeure? What influence it will have on the implementation rules?**

The Commission considers that all necessary flexibility should be deployed in dealing with failure by beneficiaries to fulfil obligations in a timely manner for reasons related to the coronavirus outbreak (for example, the unavailability of staff). Equally, the Commission will display the same flexibility in assessing the compliance of Member States with their obligations.

Therefore, where the coronavirus outbreak is invoked as a reason of force majeure, information on the amounts for which it has not been possible to make a payment application shall be provided at an aggregate level by priority for operations of total eligible costs of less than €1,000,000.

**What does the exemption of Member States from the requirement to amend Partnership Agreements entail?**

To enable Member States to concentrate on the necessary response to the coronavirus outbreak and to reduce the administrative burden, certain procedural requirements linked to programme implementation will be simplified.

In particular, Partnership Agreements should no longer be amended, until the end of the programming period; neither to reflect prior changes in operational programmes nor to introduce any other changes.

Taking into consideration a substantial number of programme amendments that will be processed in the upcoming months, this proposal will drastically simplify the re-programming process.

**What does the extension of the possibility to make use of a non-statistical sampling method entail?**

The current circumstances may have an impact on certain tasks, such as for instance on audit work both in the Member States as well as at EU-level. Therefore, certain procedural requirements linked to audits may be simplified in these exceptional times.

As regards the cohesion policy funds and the European Maritime and Fisheries Fund, the audit authorities may decide, based on their professional judgement, to use a non-statistical sampling method for the accounting year starting on 1 July 2019 and ending on 30 June 2020. This will significantly lower the required number of audited operations, and therefore reduce the pressure on final beneficiaries and audit authorities.

In addition to this legislative change, the Commission will work in close cooperation with national authorities to make use of additional methods that will allow Member State auditors to carry out their tasks.

**What does the exemption of the requirement to review and update of ex-ante assessments and business plans entail?**

To use the EU financial instruments to tackle this public health crisis, changes in the implementation procedure will be required. Under normal circumstances, Member States would need to amend the supporting documents, demonstrating that support provided was used for its intended purpose.

However, in the current situation, to reduce administrative burdens and delays in implementation, the review and update of the ex-ante assessment and updated business plans or equivalent documents will no longer be required until the end of the programming period.

**How will you allow limited financial flexibility at the closure of programmes?**

The Commission proposes to allow Member States to 'overspend' up until 10% of the budget allocated to a given priority, provided it is compensated by an equivalent reduction in another priority of the same programme. This flexibility will apply to the total programme, i.e. also the expenditure incurred prior to 1 February, but will only be applied at the closure of the programmes (the acceptance of the last annual accounts). This will enable the possibility of a higher co-financing of different measures, without the need of programme amendments. This does not change the total support available from the cohesion policy funds and the EMFF.

This possibility does not exist under the current rules, and constitutes yet another way of increasing the flexibility for Member States who want to use the programmes financed from cohesion policy and the EMFF in order to address the effects of the public health crisis.

**How will you make expenditure for completed or fully implemented operations eligible for reimbursement in the context of the coronavirus outbreak?**

To ensure the greatest possible added value of EU investments, EU rules did not allow for the financing of operations that have been physically completed or fully implemented before the application for funding by the beneficiary under the programme was made.

However, in the current exceptional situation of the coronavirus outbreak this should exceptionally be allowed to ensure that operations already implemented in response of the crisis can receive EU support. Such operations may be selected even before the necessary programme amendment is carried out. This means that operations for example where medical equipment is purchased, and the purchase was already made before the entry into force of the amending proposal, become eligible for EU support retroactively. This will alleviate pressure on national and regional budgets to respond to the public health crisis.

### **Will the Commission waive the obligation to comply with applicable management and control rules under cohesion policy?**

The EU budget and taxpayer's money must be protected and therefore all control and audit mechanism remain in place. The Commission merely proposes to simplify and clarify certain rules related to audit, the implementation of financial instruments or eligibility, in the context of the coronavirus outbreak.

This means that the legislative framework for the implementation of the European Structural and Investment Funds programmes remains fully applicable even under the current exceptional circumstances. This concerns in particular rules on the setup and functioning of the management and control system, which remain an important safeguard for obtaining assurance on their functioning and on the legality and regularity of operations.

### **What are the conditions for providing support from the European Regional Development Fund to undertakings in difficulty?**

The current change in the European Regional Development Fund Regulation aims at ensuring a full alignment between the approach taken under the applicable EU State aid framework and the rules and conditions under which the ERDF may provide support to undertakings in the current crisis situation linked to the coronavirus outbreak. This follows in particular the adoption by the Commission on 19 March 2020 of the [State aid Temporary Framework to support the economy in the context of the coronavirus outbreak](#), which enables Member States to support undertakings that entered into financial difficulty in a more flexible manner.

### ***Alleviating the impact on the most deprived***

#### **What is the European Fund for European Aid to the Most Deprived (FEAD)?**

The Fund for European Aid to the Most Deprived (FEAD) supports EU countries' actions to provide food and/or basic material assistance to the most deprived. This includes food, clothing and other essential items for personal use, e.g. shoes, soap and shampoo. Material assistance needs to go hand in hand with social inclusion measures, such as guidance and support to help people out of poverty. National authorities may also support non-material assistance to the most deprived people, to alleviate the forms of extreme poverty with the greatest social exclusion impact, such as homelessness, child poverty and food deprivation. National authorities can either purchase the food and goods, and supply them to partner organisations, or fund the organisations so that they can make the purchases themselves. Partner organisations that buy the food or goods themselves can either distribute them directly, or ask other partner organisations to help. In real terms, over €3.8 billion are earmarked for the FEAD for the 2014-2020 period. In addition, EU countries are to contribute at least 15% in national co-financing to their national programme.

#### **Why do you propose to amend the current FEAD rules?**

The coronavirus crisis presents an unprecedented challenge for the operations supported by FEAD. Most importantly, it presents specific risks to the most deprived themselves. Specific measures need to be taken urgently in order to protect them from falling victim to this disease. This includes providing them and the workers and volunteers delivering the aid with the necessary protective equipment, and ensuring that the FEAD assistance still reaches the most vulnerable. Logistical and human resource constraints, notably due to the confinement and social distancing measures increasingly impede the distribution of food and basic material assistance, as well as social inclusion support. Many volunteers, the backbone of the Fund, can no longer be mobilised, as they often belong to groups at a higher risk of severe illness caused by the coronavirus. Therefore, new methods of delivery such as delivery through electronic vouchers are needed to ensure the safety of all the people involved in the implementation of the FEAD and of the most deprived.

#### **What are the amendments to the FEAD rules proposed by the Commission?**

The proposed measures include:

- Eligibility of the expenditure for FEAD operations that are fostering crisis response capacities to the coronavirus outbreak as of 1 February 2020;
- Eligibility of expenditure related to protective equipment for partner organisations is made explicit.

- Temporary exemption of certain FEAD support measures from Commission approval;
- Possibility to deliver food aid and basic material assistance through electronic vouchers (lower risk of contamination).
- Providing 100% of co-financing (instead of 85%) to be applied for the accounting year 2020-2021

The proposed changes are intended to enable Managing Authorities, partner organisations and other actors involved in the implementation of the Fund to react quickly to the emerging additional needs of the target groups that are exposed to further hardship stemming from this crisis. In this respect, and notably on the social inclusion challenges related to it, the European Social Fund (ESF) will complement the support provided by the FEAD.

### ***Supporting the seafood sector***

#### **What measures does the proposal include to mitigate the impact of coronavirus outbreak on the fishery and aquaculture sector?**

The following specific measures are proposed to mitigate the impact of the coronavirus outbreak in the fishery and aquaculture sector:

- support to fishermen for the temporary cessation of fishing activities caused by the coronavirus outbreak;
- support to aquaculture farmers for the temporary suspension of production or additional costs caused by the coronavirus outbreak;
- support to producer organisations and associations of producer organisations for the storage of fishery and aquaculture products, in accordance with the Common Market Organisation.

It is proposed that these measures are retroactively eligible as of 1 February 2020 and available until 31 December 2020.

Additional amendments to the EMFF Regulation aim to ensure a flexible reallocation of financial resources within the operational programmes.

#### **How does the proposal support temporary cessation of fishing activities?**

To mitigate the significant socio-economic consequences of the coronavirus outbreak and the need for liquidity in the economy, the European Maritime and Fisheries Fund (EMFF) would grant a financial compensation to fishermen for the temporary cessation of their fishing activities. The EU will pay up to maximum 75% of this compensation, the rest to be borne by Member States. Support for the temporary cessation of fishing activities caused by the coronavirus outbreak will not be subject to the financial capping applicable to the other cases of temporary cessation, thus allowing Member States to grant support on the basis of needs. Vessels that have already reached the maximum six month duration of EMFF support for temporary cessation under article 33 of the EMFF Regulation will nevertheless be eligible for support under the Coronavirus Response Investment Initiative Plus measures until the end of 2020.

#### **How does the proposal support aquaculture farmers?**

The proposal introduces compensation to aquaculture farmers for the temporary suspension or reduction of production, where it is the consequence of the coronavirus outbreak. This compensation will be calculated on the basis of the income foregone. The EU will pay up to 75% of this compensation, the rest to be borne by Member States.

#### **How does the proposal ensure simplification of procedures?**

Given the urgency of the support needed, it will be possible to apply a simplified procedure for amendments to Member States' operational programmes related to the specific measures and the reallocation of financial resources. This simplified procedure should cover all the amendments necessary for the full implementation of the measures concerned, including their introduction and the description of the methods for calculating support.

#### **The Commission proposal also includes budgetary flexibility. What is new?**

The proposed modification does not imply any changes in the Multiannual Financial Framework annual ceilings for commitments and payments. The annual breakdown of commitment appropriations for the EMFF remains thus unchanged, the EMFF being one of the five European Structural and Investment (ESI) Funds.

With fishing and aquaculture activities locked down or significantly reduced, there is little room for implementing the current EMFF measures and operational programmes normally. The Commission therefore proposes to grant maximum flexibility to Member States to allocate resources at short notice in order to address coronavirus needs. However, resources available for fisheries control, the collection

of scientific data and the compensation of additional costs in the outermost regions remain ring-fenced to ensure the implementation of the Common Fisheries Policy (CFP). Other available resources under shared management should be allocated by Member States on the basis of their needs.

The Commission will carefully monitor the impact of the proposed modification on payment appropriations in 2020 taking into account both the implementation of the budget and revised Member States forecasts.

### **How will producer organisations benefit from the Commission's proposal?**

Given the key role played by producer organisations in the management of the crisis, the ceiling for support to production and marketing plans is increased from 3% up to 12 % of the average annual value of the output placed on the market. It will also be possible for Member States to grant advances of up to 100 % of the financial support to producer organisations.

### **Why did the Commission decide to reintroduce storage aid and to expand its scope to aquaculture produces?**

The sudden disruptions to fishery and aquaculture activities ensuing from the coronavirus outbreak and the resulting risk of jeopardising markets of fishery and aquaculture products, makes it appropriate to set up a mechanism for storing fishery and aquaculture products for human consumption. This will foster greater market stability, mitigate the risk of having such products wasted or redirected to non-human food purposes, and contribute to absorbing the impact of the crisis on the return of products.

This mechanism should enable fishery and aquaculture producers to make use of the same preservation or conservation techniques for similar species and ensure that fair competition between producers is maintained.

In order to enable Member States to react promptly to the suddenness and unpredictability of the coronavirus outbreak, they will be entitled to set trigger prices for their producer organisations to activate the storage mechanism. That trigger price should be set in such a way that fair competition between operators is maintained.

### ***Supporting farmers and rural areas***

#### **What measures will directly support farmers and rural areas under the CRII+?**

The Commission is proposing to increase flexibility in the use of financial instruments. Farmers and other rural development beneficiaries will be able to benefit from loans or guarantees of up to €200,000 at favourable conditions, such as very low interest rates or favourable payment schedules under the EAFRD. Usually these financial instruments have to be linked to investments, under this new measure, they can help farmers with their cash flow to finance costs or compensate temporary losses.

In addition, rural development funds can be used to invest in medical facilities and small-scale infrastructure in rural areas, such as the adaptation of health centres to treat growing numbers of patients or the set-up of mobile health facilities to carry out tests and provide treatments to farmers and rural inhabitants.

#### **What measures under the CRII+ will help Member States in the implementation of their Rural Development Programmes?**

Member States are facing practical difficulties in meeting certain requirements under the Common Agricultural Policy (CAP) and the Commission aims to help through a range of concrete measures.

Firstly, Member States will be allowed to reallocate money left unused under their Rural Development Programmes (RDP), rather than sending it back into the EU budget. The money will still have to be used in the framework of the respective RDP.

Secondly, Member States will also not have to amend their ESI Funds' Partnership Agreements concluded for the 2014-2020 budgeting period to modify their Rural Development Programmes, lifting some administrative procedures for Member States.

Thirdly, every year Member States have to send an Annual Implementation Report on their Rural Development Programmes to the Commission. In these exceptional circumstances, the Commission is postponing the deadline for submissions (originally 30 June) to give more time to national authorities to put it together.

#### **What other measures are being taken under the Common Agricultural Policy (CAP) to support the agri-food sector in these exceptional circumstances?**

In addition to the measures directly linked to the EAFRD under the CRII+, the Commission is proposing further flexibility and simplification of other Common Agricultural Policy (CAP) instruments.

Firstly, the deadline for CAP payment applications will be extended by a month, from 15 May to 15 June 2020, offering more time to farmers to fill in their application for both direct payments and rural

development payments.

Secondly, to increase the cash flow of farmers, the Commission will increase the advances of direct payments and rural development payments. The rate of advance payments will go up from 50% to 70% for direct payments, and from 75% to 85% for rural development payments. Farmers will start receiving these advances from 16 October 2020.

Finally, the Commission will propose a reduction of physical on-the-spot checks and give more leeway for timing requirements. This will reduce the administrative burden and avoid unnecessary delays. Currently Member States have to carry out checks to ensure that eligibility conditions are met. However, in the current exceptional circumstances, it is crucial to minimise physical contact between farmers and the inspectors carrying out the checks.

The final legal steps are currently being taken to adopt these measures.

QANDA/20/574

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