Beat: News

A new start for jobs and growth in Greece

€35 billion from the EU budget

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USPA NEWS - Commission mobilises more than €35 billion from the EU budget: Two days after an agreement paving the way for a new support programme for Greece, the European Commission revealed plans today to help Greece maximise its use of EU funds.

Two days after an agreement paving the way for a new support programme for Greece, the European Commission revealed plans today to help Greece maximise its use of EU funds. As mandated by the Euro Summit on 12/13 July, this will help mobilise more than €35 billion up to 2020 to support the Greek economy, provided that the conditions agreed upon by the Euro Summit will be met.
The Jobs and Growth Plan for Greece is meant to flank the comprehensive set of reforms that could form part of a programme under the European Stability Mechanism to be negotiated in the coming weeks between Greece and its international partners.

Both elements "" the reforms and the mobilisation of funds for investment and cohesion "" are essential preconditions for restoring jobs and growth in Greece and returning the country to prosperity.
The Jobs and Growth Plan will help to invest in people and companies in Greece. It is a continuation of the support the Commission has already provided to Greece throughout the crisis, both in terms of financial support and technical assistance.

EU Commission President Jean-Claude Juncker, said: "Greece has already received more international financing than all of Europe did from the U.S. Marshall Plan after the Second World War. Following Monday's Euro Summit agreement, the European Commission is willing to step this up even further to help Greece unleash a significant economic rebound and to give the proposed reforms the best chance to work: these €35 billion can help make Greece an attractive location for investment and give hope to especially the younger generation.

After at times painstaking months of negotiations, we now need to look to the future. This new start for jobs and growth is the Commission's contribution. I trust the European Parliament and Member States will play their part so we can unlock the money swiftly."
Valdis Dombrovskis, Vice-President for the Euro and Social Dialogue, said: "The European Commission can mobilise more than €35 billion from EU budget to support growth, jobs and investment in Greece.

It can provide much-needed support to help lift the Greek economy at a time of dramatic decline in investment. This support alone will not be enough to ensure a lasting recovery. It needs to be underpinned by fundamental reforms that address long-standing structural weaknesses in the Greek economy."
Corina CreÅ£u, Commissioner for Regional Policy, said: "The reforms agreed in the Euro Summit are absolutely necessary for growth and jobs, but must be coupled with ambitious investments. The European Structural and Investment Funds can channel over €20 billion of investments on the ground in 2014-2020, for the benefit of Greece and of the Greek people."

As an exceptional measure and in light of the unique situation of Greece, the Commission proposes to improve immediate liquidity so that investments can still be funded in the 2007-2013 programming period. These will include early release of the last 5% of remaining EU payments normally retained until the closure of the programmes and applying a 100% co-financing rate for the 2007-2013 period. This would translate into immediate additional liquidity of some €500 million and a saving for the Greek budget of around €2 billion.

This money will be available to immediately resume financing for investments supporting growth and job. It is conditional on the Greek authorities ensuring that these additional funds are fully used for the beneficiaries and operations under the programmes.. The Commission will also propose to increase the rate of initial pre-financing for programmes for 2014-2020 in Greece by 7 percentage points[1]. This extra pre-financing can make an additional €1 billion available to be used only for the launch of the projects co-financed under the cohesion policy in full compliance with Article 81 (2) of the Common Provision Regulation.

Greece has already benefited from preferential treatment: Greek programmes financed with EU funds in 2007-2013 receive a higher proportion of EU financing. Therefore, Greece is required to co-finance less than many other countries via a 10% "top up" of EU co-financing until mid-2016. In many cases, this means that the EU pays for 95% of the total investment cost under the 2007-2013 financing period (as opposed to the maximum of 85% otherwise applicable).

In addition, for cohesion policy, provided all conditions are met, the Greek authorities can still continue to be reimbursed up to the regulatory 95% ceiling for eligible expenditure made on 2007-2013 programmes.
Today's Communication follows the setting up of a High-Level Group under the leadership of Vice-President Dombrovskis. Together with the Greek authorities, this Group aims to ensure that all the money available from the 2007-2013 programming period is used before it expires at the end of the year, and to help Greece meet the requirements to access all EU Funds available to it in 2014-2020.

Greece will also continue to benefit from technical support for reforms and implementation from the Commission's new Structural Reform Support Service, which began its work on 1 July and builds on the valuable experience of the Task Force for Greece and other technical assistance provided to Member States.
The Investment Plan for Europe can play a crucial role for jobs and growth in Greece. The new European Fund for Strategic Investment (EFSI) will benefit commercially viable investment projects in Greece.

The new European Investment Advisory Hub will provide targeted outreach activities and assistance to help investors, project promoters, authorities and SMEs to construct projects that are likely to be eligible for EFSI-financing. Assistance will also be available on how to combine EFSI-financing with the EU's Structural and Investment Fund.
Background
On the basis of proposals made by President Juncker, the Euro Summit of 12 July 2015 asked the Commission to help support job and growth creation in Greece in the next three to five years.

It tasked the Commission to "work closely with the Greek authorities to mobilise up to €35 billion (under various EU programmes) to fund investment and economic activity, including in SMEs“.
EU funding has already been the primary source of public investment in Greece during the crisis. For example, the Athens metro, the General Hospital in Katerini, the Acropolis museum and the district heating system of Kozani were all financed largely from the EU budget.

The more than €35 billion that Greece could receive from the 2014-2020 programming period would consist of €20 billion from the European Structural and Investment Funds as well as €15 billion from Agricultural Funds. They can flow into investment, fighting unemployment, poverty and poor social conditions, research and education as well as infrastructure. The first payments from these EU funds in 2014 and 2015 already amount to €4.4 billion.

The use of EU funds has not been a given for Greece lately. In recent months, tight financing conditions and uncertainty about the economic situation have disrupted investment plans and put into question the ability of the Greek authorities to make good and full use of available EU funding.
A significant number of projects are currently at risk of not being completed. Furthermore, if the Greek authorities do not make full use of EU funding still available under the 2007-2013 financing period by the end of this year, they will miss out on roughly €2 billion. Greece must have basic legal requirements in place, such as respecting EU rules, sound financial management of the funds and accounting, in order to benefit from EU funding.

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