

Decommitment methodology (n+3) and process in 2014 - 2020

The purpose of decommitment is to encourage financial discipline in the Member States' implementation of their OPs (see Recital 73 of the CPR). In this respect, Art. 86 and Art. 136 of the CPR define the arrangements for decommitment.

In this note first all the different steps of the decommitment procedure are described. In the second part the calculation of the decommitment is explained in detail.

1. Decommitment procedure

Art. 136 (1) "The Commission shall decommit any part of the amount in an operational programme that has not been used for payment of the initial and annual pre-financing and interim payments by 31 December of the third financial year following the year of budget commitment under the operational programme or for which a payment application drawn up in accordance with Article 131 has not been submitted in accordance with Article 135."

Steps and timing:

➡ Warning letter

Art. 88 (1) "The Commission shall inform the MS and the managing authority in good time whenever there is a risk of application of the decommitment rule".

- ❖ **The letter will be sent only where there is a risk of decommitment.**
- ❖ **The annex of the warning letter shall contain detailed information on the situation for each OP (by Fund and by categories of regions) at risk for de-commitment.**
- ❖ **The letter will be sent via SFC2014 to Managing Authorities in September N+3 and by e-mail to the Permanent Representation. It is foreseen for the Certifying Authorities to have access to it in SFC2014 as well.**

➡ Notifications for the exceptions - by 31 January N+4

Art. 87 (2) "By 31 January, the Member State shall send to the Commission information on the exceptions referred to in points (a) and (b) of the first subparagraph of paragraph 1 for the amount to be declared by the end of the preceding year."

- ❖ **MS informs the Commission on the amounts under exception (per CCI /Fund /Category of region).**
- ❖ **The letter should be sent via SFC2014 at the latest by 31 January N+4 and should contain proof documentation.**

➡ **The decommitment letter**

Art. 88 (2) "On the basis of the information it has received as of 31 January, the Commission shall inform the Member State and the managing authority of the amount of the decommitment resulting from that information."

- ❖ **The letter will inform MS that the decommitment procedure has been launched.**
- ❖ **It will contain the amount(s) to be decommitted.**
- ❖ **The letter will be sent via SFC2014 to Managing Authorities and by e-mail to the Permanent Representation. It is foreseen for the Certifying Authorities to have access to it in SFC2014 as well.**
- ❖ **MS will be kindly requested to indicate through SFC2014 to the Commission Services, no later than two months from the reception of the letter, if they agree on the amounts to be decommitted; if no reply is received within two months, the Commission will consider that MS agrees.**
- ❖ **MS will be invited to send the revised financing plan by 30 June N+4.**
- ❖ **Failing the submission of a revised financing plan, the Commission will revise the financing plan by reducing the contribution from the ESI Funds for the financial year concerned. The reduction will be allocated to each priority proportionately.**

➡ **Submission of the revised financial plan – by 30 of June N+4**

Art. 88 (4) "By 30 June, the Member State shall submit to the Commission a revised financing plan reflecting, for the financial year concerned, the reduced amount of support over one or more priorities of the programme taking into account the allocation by Fund and by category of region, where appropriate.[...]"

- ❖ **The submission of the revised financing plan will be launched using programme amendment process via SFC2014.**
- ❖ **The MS are kindly requested to take into consideration in their planning that two programme amendments cannot be ongoing simultaneously.**
- ❖ **The Commission will amend the decision adopting the programme, by means of implementing acts, by 30 September N+4.**

2. Decommitment calculation (n+3)

According to Article 86 (1) and Article 136 (1) of Regulation (EU) No 1303/2013, all programs shall be submitted to a decommitment procedure. It is established on the basis that amounts committed but not covered by pre-financing (initial, additional initial and annual pre-financing) or by submitted

interim payment applications¹ (also taking into account the 10% retention, payment applications interrupted or affected by a suspension) during the budgetary years concerned are decommitted.

According to Article 86 (5), budgetary commitments in respect of the performance reserve are subject to automatic decommitment only if they are not justified by expenditure declared to the Commission at closure. They are therefore excluded from the annual commitments to which the automatic decommitment rule applies.

The results of the examination and acceptance of accounts, including the recoveries will have no impact on the decommitment calculation. The offsetting of the recoveries against future payments, whatever pre-financing or interim payment, has no impact on the decommitment calculations.

As a consequence, the full pre-financing due in accordance with Art. 134 of the CPR² for each and every year concerned is taken into consideration, even if recovered later or if only a part of it has been transferred in cash due to the offsetting. Submitted interim payment applications are taken into consideration for the calculation of the automatic decommitments and not the amounts certified in the accounts. This remains true for later years after the submission of the accounts.

Consequently, the calculation method to identify the amounts to be automatically decommitted for the years 2017, 2018, 2019, 2020, 2021 and 2022 are calculated by Fund and by category of region³ and follows the formula below:

For 31/12/2017:

Main allocations until 2014⁴ (as indicated in the Financial Plan in force on 31/12/2017)

- less the initial pre-financing due in accordance with Article 134 of the CPR for 2014, 2015 and 2016
- less annual pre-financing due in accordance with Article 134 of the CPR for 2016, 2017
- less payment applications drawn up in accordance with Art. 131 of the CPR and submitted by 31/12/2017.

¹ Only the amount of the EU contribution in the payment application is taken into account for the decommitment calculation.

² The additional pre-financing for Greece (3,5% in 2015 and 3,5% in 2016) is also taken into account in the decommitment calculation, for which reason the legal reference should be understood as article 134 CPR as modified by article 1 of Regulation 2015/1839.

³ Since an outermost and northern sparsely populated region is not a category of region as defined by the CPR, the additional funding for outermost/northern sparsely populated regions shall be treated as an addition ("top up") to the category of region concerned. Consequently, this funding shall be calculated together with the allocation for the category of region concerned. The same principle applies for the YEI specific allocation and the ESF matching support.

⁴ 1. Programmes adopted at the latest on 31 December 2014 have a separate 2014 and 2015 tranche in the Financing Plan, so the main allocation of 2014 has a 2017 target and the main allocation of 2015 has a 2018 target.

2. Programmes ready for adoption at the end of December 2014 but actually adopted in 2015 and for which commitments of 2014 were carried over to 2015 and committed up to 31 March 2015 (carried-over OPs) have also a separate 2014 and 2015 tranche in the Financing Plan. However, for the purpose of the decommitment these programmes will have no 2017 target as the commitment was made in 2015, and will have a double 2018 target, which is the third financial year following the year of the budgetary commitment (Art. 136 of the CPR).

3. Programmes not ready for adoption at the end of December 2014 do not have a 2014 tranche, but the initially budgeted amounts for 2014 were added to the 2015 tranche of commitments. These programmes have no 2017 target, the new (increased) 2015 allocation will have a 2018 target.

For 31/12/2018:

Main allocations up to 2015 (as indicated in the Financial Plan in force on 31/12/2018)

- less the initial pre-financing due in accordance with Article 134 of the CPR for 2014, 2015 and 2016
- less annual pre-financing due in accordance with Article 134 of the CPR for 2016, 2017 and 2018
- less payment applications drawn up in accordance with Art. 131 of the CPR and submitted by 31/12/2018.

For 31/12/2019:

Main allocations up to 2016 (as indicated in the Financial Plan in force on 31/12/2019)

- less the initial pre-financing due in accordance with Article 134 of the CPR for 2014, 2015 and 2016
- less annual pre-financing due in accordance with Article 134 of the CPR for 2016, 2017, 2018 and 2019
- less payment applications drawn up in accordance with Art. 131 of the CPR and submitted by 31/12/2019.

For 31/12/2020:

Main allocations up to 2017 (as indicated in the Financial Plan in force on 31/12/2020)

- less the initial pre-financing due in accordance with Article 134 of the CPR for 2014, 2015 and 2016
- less annual pre-financing due in accordance with Article 134 of the CPR for 2016, 2017, 2018, 2019 and 2020
- less payment applications drawn up in accordance with Art. 131 of the CPR and submitted by 31/12/2020.

For 31/12/2021:

Main allocations up to 2018 (as indicated in the Financial Plan in force on 31/12/2021)

- less the initial pre-financing due in accordance with Article 134 of the CPR for 2014, 2015 and 2016
- less annual pre-financing due in accordance with Article 134 of the CPR for 2016, 2017, 2018, 2019, 2020 and 2021
- less payment applications drawn up in accordance with Art. 131 of the CPR and submitted by 31/12/2021.

For 31/12/2022:

Main allocations up to 2019 (as indicated in the Financial Plan - in force on 31/12/2022)

- less the initial pre-financing due in accordance with Article 134 of the CPR for 2014, 2015 and 2016
- less annual pre-financing due in accordance with Article 134 of the CPR for 2016, 2017, 2018, 2019, 2020, 2021 and 2022
- less payment applications drawn up in accordance with Art. 131 of the CPR and submitted by 31/12/2022.

According to Article 86 (2) of Regulation (EU) No 1303/2013, the commitment related to the last year of the period (i.e. for the 2020 main allocation) shall be decommitted in accordance with the rules to be followed for the closure of the programmes.

Fiche 1 contains explanation on the above.