Council of the European Union

PRESS
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BACKGROUND[1]
Brussels, 24 June 2019

General Affairs Council (Cohesion)
Tuesday 25 June 2019 in Luxembourg

This meeting of the General Affairs Council will be dedicated to cohesion policy. It will be chaired by Roxana Mînzatu, Minister for European Funds of Romania.

Starting at 10.00, the Council will discuss, in public session, the legislative package for cohesion policy 2021-2027.

The Romanian presidency is expected to provide ministers with an overview of the achievements during its term and the state of play of the negotiations. This will be followed by a discussion on the future challenges for the programming of the funds for 2021-2027.

A presidency press conference will be held at the end of the meeting (+/- 13.15).

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Press conferences and public events by video streaming

Video coverage in broadcast quality (MPEG4) and photo gallery

1 This note has been drawn up under the responsibility of the press office.

Legislative package for cohesion policy 2021-2027

I Overall state of play of negotiations

The Council will take stock of the state of play in the negotiations on the legislative package for cohesion policy.

The Romanian presidency will provide ministers with an overview of the achievements during its term on the basis of two reports submitted to the Council, concerning:

- progress achieved within the Council on the various regulations included in the cohesion policy legislative package (10049/19), and
- the state of play in the negotiations with the Parliament on the common provisions regulation (CPR) (10052/19).

Over the last months, partial mandates for negotiations with the European Parliament have been reached on the common provisions regulation and the relevant regulations covering the European Regional Development Fund (ERDF) / Cohesion Fund, the European Social Fund Plus (ESF+) and Interreg. All provisions with budgetary implications or of a horizontal nature have been put between square brackets and excluded from such partial negotiating mandates pending further progress in the discussions on the next multiannual financial framework (MFF). They will be discussed at Council level on the basis of the guidance provided by the EU leaders.

Negotiations with the European Parliament took place in February and March 2019 on parts of the common provisions regulation (see below). The negotiations with the new EP on the various parts of the cohesion policy package are expected to start this autumn.

The state of play in the Council's work on the legislative package on cohesion policy can be summarised as follows:

Common provisions regulation

The discussions within the Council were structured around eight thematic blocks (see annex). On 19 December 2018, under the Austrian presidency, the Permanent Representatives Committee agreed on a partial mandate for negotiations on the CPR covering provisions on programming and strategic planning (block 1) and management and control (block 5) (15429/18 ADD 1).

Between February and June 2019, the Permanent Representatives Committee agreed on a partial mandate for negotiations on the common provisions regulation covering:

- the conditions for eligibility and performance framework (block 2) and annex IV on the thematic enabling conditions (6147/19 ADD 1);
- the provisions on monitoring, evaluation, communication and visibility (block 3) and on financial support from the funds (block 4) and their related annexes (7983/19);
- the provisions on financial management (block 6) and their related annexes (8728/19);
- the provisions on definitions and other provisions such as delegation of power, and implementing, transitional and final provisions (block 7)(9590/19);
- annex III on horizontal enabling conditions (9961/19);
- the CPR and ERDF/Cohesion Fund annexes, being aligned to the mandates already agreed (10291/19 and 10285/19, respectively).

The Council has welcomed the Commission proposal on the common provisions regulation as the umbrella under which the rules for seven shared management funds are managed. The Council has streamlined the management of the funds, reducing administrative burden while increasing flexibility and proportionality for member states. For instance, under the Austrian presidency, the partnership agreement was made not compulsory for all member states and the provisions on management and control were further clarified.

Regarding the partial mandates reached under the Romanian presidency, the following are some key elements of the Council's position:

- The mid-term review as proposed by the Commission has accommodated member states' needs, allowing for resources to be programmed for the full 7 years (instead of 5+2 as proposed by the Commission) and thus ensuring stability for the investments.
- The criteria governing fulfilment of the enabling conditions have been scrutinised to make sure they do not impose stricter rules that go beyond the scope of application of the funds covered by the CPR.
- With regard to the provisions on monitoring and evaluation, the Council has endorsed a common approach for all the funds covered by the CPR, ensuring the same rules apply to all of them and moving away from the differentiated approach proposed by the Commission.
- The Council's partial mandate for CPR block 4 has brought back the VAT rules currently in place for 2014-2020, meaning that VAT is non-eligible except where it is non-recoverable under national VAT legislation.
- With regard to management and control, member states' participation in the European Public Prosecutor's Office has been deleted as a criterion for applying the single audit arrangements.
- With regard to financial management, the Council has increased the number of payment applications from 4 to 7 per programme, per fund and per accounting year.
- Finally, the Council's partial mandates also brings more predictability since relevant information that the Commission proposed should be set up through secondary legislation will now be annexed to the regulation. The power of the Commission to amend certain annexes has also been limited.

The negotiations with the European Parliament on CPR block 1 started in February 2019. Three political trilogues were conducted, along with several technical meetings. However, a common understanding between the co-legislators could not be reached before the end of the legislative term. Interinstitutional negotiations with the EP are likely to start again in autumn.

ERDF/Cohesion Fund regulation

The Council's partial negotiating mandate for the ERDF/Cohesion Fund regulation was agreed by the Permanent Representatives Committee on 15 February 2019 (6147/19 ADD 2).

The Council has welcomed the Commission proposal on the ERDF/Cohesion Fund regulation as a way of simplifying the two funds and combining them into a single regulation. The Council has streamlined the management of the ERDF and the Cohesion Fund, increasing flexibility and proportionality for member states.

The Council's partial mandate for the ERDF/Cohesion Fund regulation broadens the scope of ERDF support by making productive investments and investments in airports and in gas infrastructure eligible under certain conditions. The European Urban Initiative has been aligned with current practices, thus moving URBACT back to the Interreg regulation. The interregional innovation investments proposed by the Commission under the Interreg regulation have been shifted to the ERDF/Cohesion Fund regulation.

ESF+ regulation

The Council's partial negotiating mandate for the ESF+ regulation and its related annexes was agreed by the Permanent Representatives Committee on 3 April 2019 (8211/19).

The Council has welcomed the Commission proposal on the ESF+ as a way of simplifying all social instruments and combining them into a single regulation. The Council has streamlined the management of the ESF+ by reducing administrative burden for national authorities and beneficiaries, while at the same time increasing flexibility and proportionality for member states.

European territorial cooperation (Interreg) regulation

The Council's partial negotiating mandate for the Interreg regulation and its annex was agreed by the Permanent Representatives Committee on 29 May 2019 (9781/19).

The Council has welcomed the Commission proposal on the Interreg regulation as a way of simplifying cooperation within and beyond the borders of the Union. The Council has streamlined the management of Interreg programmes, while ensuring continuity with key elements of the current period (see above, under ERDF/Cohesion Fund).

European cross-border mechanism regulation (ECBM)

Detailed examination of the ECBM regulation started in the second half of 2018. However, the proposal raised a large number of legal questions and the Austrian presidency asked the Council Legal Service to provide its opinion. Under the Romanian presidency, the Council Legal Service presented its preliminary assessment on the applicable legal framework and on the main elements of the ongoing analysis. The Council Legal Service opinion on the ECBM regulation is expected to be presented to delegations during the Finnish presidency.

II Future challenges for the programming of the funds

Ministers will hold a policy debate on the future challenges for the programming of the funds for 2021-2027.

The debate is expected to focus on the links between cohesion policy and the European Semester, and the conditions for the effectiveness of this policy.

The legislative package for cohesion policy strengthens the link with the European Semester, making the 2019 country-specific recommendations (CSRs) a key element in designing the programmes for 2021-2027, with a mid-term review exercise in 2025 based on the 2024 CSRs. Ministers are expected to discuss issues related to the implementation of this new approach.

They will also have an opportunity to exchange views on sound economic governance and other conditionalities applicable to EU budget expenditure in the field of cohesion policy.

- Presidency background paper for the policy debate

ANNEX. Common provisions regulation - thematic blocks

Block 1	**Strategic approach and programming** • Title I, chapter II • Title II, chapter I, title III, annexes I, II, V and VI (with the exception of appendices 1 and 2 to annexes V and VI)
Block 2	**Conditions for eligibility and performance framework** • Title II, chapters II and III • Annexes III and IV
Block 3	**Monitoring, evaluation, communication and visibility** • Title IV • Annexes VII (except for table 7) and VIII
Block 4	**Financial support from the funds** • Title V • Annex IX
Block 5	**Management and control** • Title VI • Annexes VII (table 7), and X - XVIII
Block 6	**Financial management** • Title VII • Appendices 1 and 2 to annexes V and VI • Annexes XIX-XXI
Block 7	**Subject matter and definitions** **Delegation of power, implementing, transitional and final provisions** • Title I, chapter I • Title IX
Block 8	**Financial framework** • Title VIII • Annex XXII