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NOTE

From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	Closure of the 2014-2020 programming period = Exchange of views

At the meeting of the **General Affairs Council** dedicated to Cohesion Policy of next 30 November, on the basis of the Presidency paper set out in annex to this note, Ministers in charge of Cohesion Policy are invited to discuss the instruments that can be developed to ensure maximum absorption of Cohesion Policy funds in view of the upcoming closure of the 2014-2020 period.

Background paper
for the General Affairs Council dedicated to Cohesion Policy

“Closure of the 2014-2020 programming period”

We are currently at the final stage of the closure process for the 2014-2020 period, with 31/12/2023 being the final date for eligibility of expenditure and 30/06/2024 the final form for certifying and declaring expenditure. According to the EC data, **on 31/10/2023, the implementation rate for the EU-27 as a whole amounted to 84 %, which includes only the expenditure already declared by the Member States** (not the expenditure actually incurred and reviewed by them).

The importance of absorbing all resources allocated to the Member States for implementing the European Structural and Investment Funds (ESIF, including: European Regional Development Fund – ERDF, European Social Fund – ESF, Youth Employment Initiative, European Maritime and Fisheries Fund – EMFF and European Agricultural Fund for Rural Development – EAFRD), taking into account their impact on the original objective and enshrined in the Treaties of achieving balanced and harmonious development of the EU, requires to **take all necessary measures to ensure that the closure process takes place with the highest quality guarantees**, especially when analysing the significant external impacts that have occurred in the 2014-2020 programming period.

In this regard, events such as the **COVID pandemic and the war in Ukraine have had a high impact on the pace of implementation of European funds in all Member States**, considering the complexity and timing of the main investment projects financed by the ESIF. Moreover, the **launch of the REACT-EU initiative**, specifically aimed at providing additional resources and a corresponding framework for compensating for the impact of these events on the European economy, has been given a **shorter period for implementation**.

In this regard, several further legislative amendments have been introduced, with a view to alleviating the social and economic impact of these crises. These amendments entailed several provisions, related to pre-financing, co-financing, extended eligibility or enhanced flexibilities, which were specifically intended to facilitate the implementation of the funds.

We are therefore in a situation which makes it advisable **to further improve the rules for the management of European funds, in particular the extension of the period available for submitting the last interim payment application (i.e., certification period in Member States).** Indeed, this **would improve the management and contribute to increase the absorption of ESIF resources** by giving more time for the closure of the programming period.

Finally, it is necessary to recall that the concentration of a significant part of the ESIF implementation on the final part of the programming period is a reality that has taken place in the different programming periods. This demonstrates the need, among other reforms, to make the management processes of European cohesion policy more flexible.

In this context, we would like to use this meeting of the **General Affairs Council** dedicated to Cohesion to reflect on the following question:

What instruments can we develop to ensure maximum absorption of Cohesion Policy funds in view of the upcoming closure of the 2014-2020 period, in the light of the described events?
