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NOTE

From: Presidency
To: Permanent Representatives Committee
Subject: Cohesion policy legislative package 2021-2027
- Overall state of play of negotiations
= Presidency Report

I. INTRODUCTION

1. Cohesion policy plays a crucial role in strengthening the economic, social and territorial cohesion of the European Union by reducing disparities between the various EU regions, in line with Article 174 TFEU. Following the publication of the Multiannual Financial Framework for 2021-2027, the Commission's legislative proposals for Cohesion policy for the 2021-2027 period were published on 29 and 30 May 2018.

2. The original Cohesion policy legislative package includes the Common Provisions Regulation (CPR)¹, the ERDF/Cohesion Fund Regulation (ERDF/CF)², the European Social Fund Plus Regulation (ESF+)³, the European Territorial Cooperation (Interreg) Regulation⁴, as well as a Regulation for a mechanism to resolve legal and administrative obstacles in a cross-border context (ECBM)⁵.
3. Following the Communication on a European Green Deal, and as part of the Just Transition Mechanism, the Commission presented a new proposal on a Just Transition Fund (JTF) on 14 January 2020⁶, accompanied by a related amendment to the Common Provisions Regulation⁷.
4. Following the COVID-19 outbreak, and as part of the revised MFF 2021-27 and of the Recovery Package, the Commission also proposed various amendments to the Cohesion policy legislative package 2021-2027⁸, touching the Common Provisions Regulation, the ERDF/CF Regulation, the ESF+ Regulation as well as the JTF Regulation.

II. STATE OF PLAY OF NEGOTIATIONS

5. The Bulgarian Presidency kicked-off the examination of the legislative proposals with the organisation of presentations and first exchanges of views during the month of June 2018.
6. From July until December of the same year, the Austrian Presidency organised an in-depth examination of the legal proposals, including a policy debate at the General Affairs Council (Cohesion) on 30 November 2018. The Permanent Representatives Committee endorsed partial mandates on several blocks of the CPR.

¹ Doc. 9511/18 + ADD 1.

² Doc. 9522/18 + ADD 1-2.

³ Doc. 9573/18 + ADD 1-2.

⁴ Doc. 9536/18 + ADD 1.

⁵ Doc. 9555/18.

⁶ Doc. 5256/20 + ADD1.

⁷ Doc. 5259/20 + ADD1.

⁸ Docs. 8399 + ADD1, 8380/20 + ADD1, 8394/20 and 8386/20 +ADD1.

7. The Romanian Presidency continued with the examination of the remaining CPR blocks and the fund-specific regulations. By the end of the term, the Permanent Representatives Committee endorsed the (partial) mandates for negotiations with the European Parliament on the remaining blocks of the CPR, the ERDF/Cohesion Fund Regulation and the ESF+ Regulation. The General Affairs Council (Cohesion) had a policy discussion on 25 June 2019.
8. Finland's Presidency held trilogues with the European Parliament from September to December 2019, with very substantial progress on the Common Provisions Regulation (Blocks 1, 2 and 5) as well as on significant parts of the Interreg Regulation, amongst others. Such progress was well acknowledged by Coreper and constituted an essential building block for future work.
9. During the period from January to early March 2020, the Croatian Presidency made significant advances on the inter-institutional negotiations of the Cohesion policy legislative package, as a whole. Progress and pace of the negotiations with the European Parliament were substantial on all files. Moreover, the Croatian Presidency regularly debriefed the Members States at the Structural Measures Working Party on the state of the negotiations and consulted delegations with regard to a number of Presidency's drafting proposals aimed at achieving balanced and fair compromises between the co-legislators.
10. Following the COVID-19 outbreak, negotiations with European Parliament on the Cohesion policy legislative package 2021-2027 suddenly stopped. Additionally, in view of the discussion on the MFF, the EP's REGI Committee decided to suspend the negotiations with the Council at technical and political level from early March onwards.
11. The focus of the Croatian Presidency also shifted to quickly adopt in record time, also with the European Parliament, crisis-response measures such as the Coronavirus Response Investment Initiative, the Coronavirus Response Investment Initiative PLUS as well as additional amendments to the EU Solidarity Fund.

12. Notwithstanding the health emergency situation and the new context in which the negotiations on the Cohesion package took place, the Presidency continued informal exchanges with the European Parliament on all files.
13. At the same time, the Croatian Presidency managed to hold exhaustive examinations at working party level of the newly tabled amendments to the CPR, the ERDF/CF, the ESF+ as well as to the JTF (part of the Recovery Package and the MFF 2021-2027 revision) during June 2020, paving the way for future work of the German Presidency.
14. Despite the constraints mentioned above, the advancements on the negotiations have been noteworthy. Progress achieved on the regulations part of the Cohesion policy legislative package during the Croatian Presidency can be summarised as follows:

Common Provisions Regulation

15. The Croatian Presidency started the negotiations with the European Parliament on the CPR from early January 2020 with several technical meetings between the co-legislators. A total of 8 technical meetings on the CPR took place between January and early March 2020, with an exceptional and ninth additional wrap-up meeting held in June 2020.
16. The inter-institutional negotiations with the European Parliament on the CPR focused on those provisions covering monitoring, evaluation, communication and visibility (Block 3), financial support from the funds (Block 4) and financial management (Block 6).
17. By the end of its term, the Presidency achieved substantial progress, with a provisional common understanding at technical level with the European Parliament on most of the provisions included in CPR Blocks 3, 4 and 6, pending final endorsement by Member States and validation at trilogue level.
18. The results of the work and the progress on the negotiations with the European Parliament are set out in ADD1 of this Presidency Report (doc. 8760/20 ADD1).

ERDF/Cohesion Fund Regulation

19. The negotiations with the European Parliament on this file started in October 2019 under Finland's Presidency and mainly focussed on a thorough discussion on Article 2 (Specific objectives). Building on this work, the Croatian Presidency held 3 technical meetings with the European Parliament on this Regulation, achieving substantial progress on various Articles.
20. Following the COVID-19 outbreak, exchanges between the two co-legislators continued in written form, with clarifications and explanations of the various positions, mainly on Articles 7 to 14.
21. The results of the work and the progress on the negotiations with the European Parliament are set out in ADD2 of this Presidency Report (doc. 8760/20 ADD2).

ESF+ Regulation

22. The negotiations with the European Parliament started with a kick-off trilogue on 9 December 2019, in which the Croatian Presidency already played an essential role. Both co-legislators agreed to give priority to those provisions that were crucial for the programming and for the quick and effective implementation of the fund.
23. The first technical meetings under Croatian Presidency quickly followed in January 2020 with an excellent pace and progress achieved by the co-legislators. 4 technical meetings with the EMPL Committee took place in the January-February 2020 period, covering the shared management part of the fund, as well as one technical meeting with the ENVI Committee in early March 2020, covering the Health strand of the fund.

24. The results of the work and the progress on the negotiations with the European Parliament are set out in ADD3 of this Presidency Report (doc. 8760/20 ADD3)⁹.

European Territorial Cooperation (Interreg) Regulation

25. Building on the progress achieved by Finland's Presidency, the Croatian Presidency continued the work on the Interreg Regulation, with 3 technical meetings between the co-legislators during the January-March 2020 period and fruitful informal discussions from March to June 2020.
26. The work on the file focused on those provisions dealing with direct and indirect management, eligibility and monitoring, evaluation and communication. Some additional provisions of technical nature were also discussed, including those that required an alignment with the relevant CPR blocks.
27. The results of the work and the progress on the negotiations with the European Parliament are set out in ADD4 of this Presidency Report (doc. 8760/20 ADD4).

European Cross-Border Mechanism Regulation (ECBM)

28. The Council Legal Service opinion on the ECBM Regulation¹⁰ was delivered on 2 March 2020 and presented at the Structural Measures Working Party shortly after. Initial assessments of both the opinion and the way forward on the file took place. However, considering the fact that the ECBM Regulation is not linked to the MFF discussions, the file has so far received a lower level of priority.

⁹ The document includes the negotiations conducted by the Presidency on the health strand of the ESF+ Regulation. However, following the new amendments and proposals submitted by the Commission in May 2020 in the context of the revised MFF 2021-2027 and the Recovery Package, the Health Programme is a stand-alone proposal outside of the ESF+ umbrella.

¹⁰ Doc. 6009/20.

Just Transition Fund

29. The JTF Regulation was presented to the Structural Measures Working Party in January 2020, and detailed examination of the file at working party level followed. Presidency compromise proposals on the JTF Regulation were discussed at the working party meetings on 7 and 20 May, and 4 June.
30. The Croatian Presidency submitted to delegations a proposal for a partial mandate for negotiations with the European Parliament on the JTF Regulation, for discussion and potential agreement at the meeting of the Committee of Permanent Representatives on 24 June. Those provisions with budgetary implications or of a horizontal nature that are linked to the Multi-Annual Financial Framework or to the European Union Recovery Instrument have been excluded from the partial mandate.
31. The partial mandate for negotiations on the JTF, as submitted to Coreper, is set out in doc. 8502/20.

III. CONCLUSION

32. In light of the above, the Permanent Representatives Committee is invited to take note of this Presidency report and of the progress made in the negotiations on the Cohesion policy legislative package 2021-2027.
