

Brussels, 1 October 2020  
(OR. en)

10880/20

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**Interinstitutional File:**  
**2018/0197(COD)**

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FSTR 154  
REGIO 219  
FC 73  
CADREFIN 245  
CODEC 824

**NOTE**

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
No. Cion doc.:	COM(2018) 372 final
Subject:	ERDF and Cohesion Fund Regulation: Update following the EUCO conclusions of July 2020 - Partial mandate for negotiations with the European Parliament

**I. INTRODUCTION**

1. On 29 May 2018, the Commission tabled the proposal for the ERDF/Cohesion Fund Regulation (ERDF/CF Regulation)<sup>1</sup>, which is part of the Cohesion Policy legislative package for 2021-2027. The overarching policy objective of the ERDF/CF Regulation is to strengthen the economic, social and territorial cohesion of the Union, by reducing disparities between the various EU regions, in line with Articles 174, 176 and 177 TFEU.

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<sup>1</sup> Doc. 9522/18 + ADD1-2.

2. The ERDF/CF Regulation was presented to the Structural Measures Working Party in June 2018 during the Bulgarian Presidency. The detailed examination of the ERDF/CF Regulation took place under the Austrian and the Romanian Presidencies. The Permanent Representatives Committee endorsed a (partial) mandate for negotiations with the European Parliament on the ERDF/CF Regulation on 15 February 2019<sup>2</sup>.
3. On 28 May 2020, following the COVID-19 outbreak, and as part of the revised MFF 2021-27 and of the Recovery Package, the Commission proposed various amendments to the Cohesion policy legislative package 2021-2027, including to the ERDF/CF Regulation<sup>3</sup>. On 22 July 2020, the Permanent Representatives Committee endorsed a (partial) mandate for negotiations with the European Parliament as regards the amended Commission proposal for the ERDF/CF Regulation<sup>4</sup>.
4. The partial mandate for negotiations has to be updated to take account of the European Council Conclusions adopted in the special meeting of the European Council of 17, 18, 19, 20 and 21 July 2020.

## II. WORK WITHIN THE COUNCIL

5. Updates reflecting the European Council Conclusions were discussed in the Structural Measures Working Party in its meetings on 8, 11, 15 and 18 September 2020.
6. Substantial progress has been made on those updates of the ERDF/CF Regulation at working party level. Following the Structural Measures Working Party on 18 September, **the Presidency is of the view that, based on the principle that "nothing is agreed until everything is agreed", a balanced compromise text has emerged which has been supported by a majority of Member States.**

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<sup>2</sup> Doc. 6147/19 ADD 2.

<sup>3</sup> Doc. 8380/20 + ADD1.

<sup>4</sup> Doc. 9430/20.

### III. WAY FORWARD

7. The Permanent Representatives Committee is, therefore, invited to agree on a partial mandate for negotiations with the European Parliament and to confirm the compromise proposed by the Presidency on the updates of the ERDF/CF Regulation reflecting the July European Council Conclusions, as set out in the Annex to this note.
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**ERDF/CF Regulation****Elements from EUCO conclusions***Article 3**Thematic concentration of ERDF support*

1. With regard to programmes implemented under the Investment for jobs and growth goal, the total ERDF resources, other than for technical assistance, in each Member State shall be concentrated at national level or at the level of categories of regions in accordance with paragraphs 2a, 3, 3a and 4.
2. With regard to the thematic concentration of support for Member States comprising outermost regions, the ERDF resources allocated specifically to programmes for the outermost regions and those allocated to all other regions shall be treated separately.
- 2a. Member States may decide to comply with thematic concentration at national level or at the level of categories of regions. Each Member State shall indicate its choice in its Partnership Agreement. This choice shall apply to the total of that Member State's ERDF resources for the entire programming period.
3. For the purposes of a thematic concentration at national level, Member States shall be classified, in terms of their gross national income ratio, as follows:
  - (a) those with a gross national income ratio equal to or above 100 % of the EU average ('group 1');

(b) those with a gross national income ratio equal to or above 75 % and below 100 % of the EU average ('group 2');

(c) those with a gross national income ratio below 75 % of the EU average ('group 3').

For the purposes of this Article, the gross national income ratio means the ratio between the gross national income *per capita* of a Member State, measured in purchasing power standards and calculated on the basis of Union figures for the period from 2015 to 2017, and the average gross national income per capita in purchasing power standards of the 27 Member States for that same reference period.

With regard to programmes under the Investment for Jobs and growth goal for the outermost regions, they shall be classified as falling within group 3.

With regard to programmes under the Investment for Jobs and growth goal for island Member States which receive support from the Cohesion Fund, they shall be classified as falling within group 3.

3a. For the purposes of a thematic concentration at the level of categories of regions, regions shall be classified in accordance with Article 102(2) CPR, as follows:

(a) more developed regions;

(b) transition regions;

(c) less developed regions.

4. Member States shall comply with the following thematic concentration requirements:

(a) Member States of group 1 or more developed regions shall allocate at least 85 % of their total ERDF resources under priorities other than for technical assistance to PO 1 and PO 2, and at least 30% to PO 2;

- (b) Member States of group 2 or transition regions shall allocate at least 40 % of their total ERDF resources under priorities other than for technical assistance to PO 1, and at least 30 % to PO 2;
- (c) Member States of group 3 or less developed regions shall allocate at least 25 % of their total ERDF resources under priorities other than for technical assistance to PO 1, and at least 30 % to PO 2.

Where a Member State decides to comply with thematic concentration requirements at the level of categories of regions, the above thresholds shall apply to the total ERDF allocation for all regions falling in the respective category of region.

- 4a. By way of derogation from paragraph 4, where a Member State allocates more than 50% of its total Cohesion Fund allocation to PO2 as calculated after the transfer set out in Article 104(4) [new CPR], the allocation exceeding that 50% share may be taken into account for calculating the thematic concentration requirements set out in paragraph 4. If a Member State decides to comply with thematic concentration at the level of categories of regions, those resources shall be allocated pro rata to the different categories of regions based on their relative share of the total population of the Member State concerned. Member States shall set out in the Partnership Agreement whether the thematic concentration is calculated at national level or at the level of the category of region and whether the Cohesion Fund resources are taken into account.
- 5. The thematic concentration requirements set out in paragraph 4 shall be complied with throughout the entire programming period, including when ERDF allocations are transferred between priorities of a programme or between programmes and at the mid-term review in accordance with Article [14] of Regulation (EU) 2018/xxxx [new CPR].

6. Where the ERDF allocation with regard to PO 1 or PO 2 or both of a given programme is reduced following a decommitment under Article [99] of Regulation (EU) 2018/xxxx [new CPR], or due to financial corrections by the Commission in accordance with Article [98] of that Regulation, compliance with the thematic concentration requirement set out in paragraph 4 shall not be re-assessed.
7. This Article shall not apply to the additional funding for northern sparsely populated regions referred to in Article 104(1)(e).

#### *Article 10bis*

#### *Interregional Innovation Investments*

[...]

3. The Interregional Innovation Investments Instrument shall cover the entire territory of the Union. Third countries can be covered by this instrument in line with the arrangements foreseen in Article XXX of the [Horizon Europe programme].

[...]

## ANNEX<sup>5</sup>

In Annex I to Commission proposal COM(2018) 372, Table 1 is amended as follows:

- (1) the indicator ‘RCO 77 - Capacity of cultural and tourism infrastructure supported’ is replaced by the following:

‘RCO 77 - Number of cultural and tourism sites supported\*’.

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<sup>5</sup> N.B.: Technical alignment with Council mandate from June 2019.