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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee

Subject: Cohesion policy legislative package 2021-2027
- Overall state of play of negotiations
= Progress 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.

The 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.

II. STATE OF PLAY OF NEGOTIATIONS

2. 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.
3. 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.
4. 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.
5. Finland's Presidency started trilogues with the European Parliament in September 2019. The negotiations with the European Parliament were very intense (on average, 3-4 meetings per week). Finland's Presidency regularly debriefed the Members States at the SMWP 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.

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. Progress achieved on the various regulations part of the Cohesion policy legislative package can be summarised as follows:

Common Provisions Regulation

7. Finland's Presidency has based its work on the CPR on the partial mandates achieved under both Austrian and Romanian Presidencies. These mandates covered all provisions except the CPR provisions with budgetary implications (e.g. transfers, pre-financing, co-financing, de-commitment) or of a horizontal nature, which were put between square brackets and thus excluded from the partial mandates for negotiations, pending further progress on the MFF discussions.
8. The inter-institutional negotiations with the European Parliament from September 2019 until December 2019 focused on those provisions (Blocks) that are crucial for the programming and for the quick and effective implementation of the Funds, namely Block 1 (Programming and strategic planning), Block 2 (Conditions for eligibility and performance framework) and Block 5 (Management and control).
9. By the end of its term, the Presidency achieved substantial progress, with a provisional common understanding reached at trilogue level with the European Parliament on CPR Blocks 1, 2 and 5.
10. The results of the work and the outcome of trilogue negotiations are set out in a Progress Report (doc. 14962/19 + ADD 1-2).

ERDF/Cohesion Fund Regulation

11. The Permanent Representatives Committee agreed on a partial mandate for negotiations on the ERDF/Cohesion Fund Regulation under the Romanian Presidency. Article 3 (Thematic concentration of ERDF support) was put between square brackets and thus excluded from the compromise text pending further progress on the MFF discussions.

12. The negotiations with the European Parliament on this file started in October 2019 and comprised 4 technical meetings and 1 political trilogue, as well as a number of informal meetings. By the end of its term, the Presidency discussed thoroughly Article 2 (Specific objectives) with the European Parliament and established a solid understanding for further productive cooperation between both co-legislators.
13. The results of the work and the outcome of trilogue negotiations are set out in a Presidency Report (doc. 14958/19).

ESF+ Regulation

14. The Permanent Representatives Committee reached a partial mandate for negotiations on the ESF+ Regulation on 3 April 2019. All provisions with budgetary implications or of a horizontal nature were put between square brackets and thus excluded from the negotiations pending further progress on the MFF discussions.
15. The negotiations with the European Parliament started with a kick-off trilogue on 9 December 2019. 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. Accordingly, the first technical meetings are planned to take place in January 2020 under the Croatian Presidency and would focus on Article 4 (Specific objectives).

European Territorial Cooperation (Interreg) Regulation

16. On 29 May 2019, under the Romanian Presidency, the Permanent Representatives Committee agreed on a partial mandate for negotiations on the Interreg Regulation. All provisions with budgetary implications or of a horizontal nature were excluded from the negotiations, pending further progress on the MFF discussions.

17. The negotiations with the European Parliament took place between October and December 2019 and focused on the programming provisions for Interreg programmes. The intense work of Finland's Presidency comprised 6 technical meetings and 2 political trilogues, as well as a number of informal meetings.
18. By the end of its term, the Presidency achieved substantial progress, with a provisional common understanding reached at trilogue level with the European Parliament on more than two thirds of the provisions included in the Regulation.
19. The results of the work and the outcome of trilogue negotiations are set out in a Progress Report (doc. 14960/19).

European Cross-Border Mechanism Regulation (ECBM)

20. Detailed examination of the ECBM Regulation by the SMWP started in the second half of 2018, with an orientation debate on 16 October and a dedicated seminar on 21 November 2018. However, the proposal itself raised a large number of questions and the Austrian Presidency requested the Council Legal Service to further scrutinise the dossier.
21. 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 has not been delivered during the term of Finland's Presidency. It is expected to be presented to delegations during the Croatian Presidency.

III. CONCLUSION

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