



The Cohesion policy negotiations: a state of play

IN A NUTSHELL

The Cohesion policy legislative package was published by the European Commission on May 2018. Since then, the European Parliament and the Council of the EU -the EU co-legislators- have been working on their respective positions in view of negotiating with each other. The EU elections stands on the horizon and will be held on 24-26 May 2018.

Following the publication of the Commission's proposal, the CPMR analysed in depth the different regulations (see [Initial views on the post-2020 Cohesion policy package](#), [How does the post-2020 EU budget support CPMR priorities?](#)). As a result and based on previous CPMR policy positions, the CPMR, together with CPMR Member regions, developed its [red lines on the Cohesion policy package](#) which served as the basis for the development of CPMR proposals for amendments to the Cohesion policy legislative package.

The CPMR general secretariat, together with CPMR Member regions, has developed over 65 amendments to the Commission' proposal and the four different legislative acts.

This note provides a state of play of the Cohesion policy package negotiations and the CPMR actions towards the European Parliament since its last Political Bureau meeting in May:

- **Section 1** looks at the **context** in which the Cohesion policy negotiations are taking place.
- **Section 2** presents **the CPMR action towards the European Parliament** through the development of amendments to the Cohesion policy regulation. We look in detail at:
 - The European Territorial Cooperation regulation;
 - The Common Provisions regulation;
 - The European Social Fund+ regulation;
 - The European Regional Development Fund and Cohesion Fund regulation.
- **Section 3** outlines proposals for **CPMR activities in the short and medium/long term** concerning the Cohesion policy negotiations.

1. The context of the Cohesion policy negotiations

The European Commission published its legislative proposals for the future EU Budget and the future Cohesion policy in May 2018, kicking off the start of the legislative work of the European Parliament and the Council of the EU, and the negotiation process between both institutions.

This legislative activity and the ensuing negotiations within each institution and between the two are taking place in a particular political framework that we delineate in the section below.

1.1. The framework

The Cohesion policy negotiations, especially within the Council and among Member states, are framed by:

- **A changing political landscape in the EU** – a significant number of governments or governmental coalitions that include EU sceptical parties (Italy and Austria to quote a few) render the usual alliances and traditional positions of certain EU Member States uncertain, hindering internal discussions and the work progress at the Council.
- **The EU budget proposal (and its negotiations)** – the Commission proposal, although not revolutionary, has profound implications for certain policies leading to significant reductions of some Member States' national allocations for Cohesion Policy and the CAP. Many of the countries that have historically supported Cohesion Policy (the so-called 'Cohesion countries') are some that would stand to lose the most after 2020 under the Commission's proposal. Poland, for instance, would lose about 24% of its 2014 – 2020 allocation¹.
- **The different 'working' rhythms of the European Parliament and the Council**

The European Parliament has been working at a very fast pace since the publication of the Commission proposals in May 2018. Its objective is to reach an agreement or, at least, set the basis for one before the EU elections in May 2019. This implies the frenzy simultaneous work of all Parliament committees, in parallel to the work of the EP Members in charge of the EU budget proposal. The EP published its initial [position on the EU budget for 2021-2027](#) on 28 September, hoping to be able to reach an initial agreement with the Council on the EU budget by January-February 2019.

In the meantime, the EP's Cohesion policy draft reports are expected to be voted in committee by the end of November. The vote in the EP plenary would follow shortly. More on the respective reports can be found on section 2 of this document.

The Council, on the other hand, appears to be working at a different speed. The negotiations at the Council have been, so far, exclusively focused on the Common Provisions regulation, which has been divided into eight thematic blocks. Up until now there has been progress only in two blocks, dedicated to programming, and to management and controls. There is no information at this stage as to when the other blocks will be negotiated and crucially, when the other three regulations (ETC, ERDF/CF and ESF+) will be discussed. Reaching an agreement before the EU elections in May 2019 might be a difficult task.

1.2. The main elements of the Cohesion policy package: the EC proposal in short

The European Commission EU budget proposal on 2 May 2018 proposed a cut to the Cohesion policy budget of 10% overall compared to the current period. The announced cut to the Cohesion policy

¹ See page 2 of [CPMR briefing 'Initial views on Cohesion policy'](#)

budget was accompanied by a series of far-reaching proposals on the Cohesion policy legislation on 29-30 May 2018. Some of the main new elements proposed by the Commission are the following:

- **The disappearance of the Common Strategic Framework**

The Common Provisions regulation (CPR) no longer includes the rural development fund (EAFRD), which instead would form part of a new framework together with the first pillar of the Common Agricultural policy. On the other hand, the CPR now includes financial rules for the Asylum and Migration Fund (AMIF), the Internal Security Fund (ISF), and the Border Management and Visa Instrument (BMVI), programmes directly managed by the European Commission.

- **A remodelling of Interreg**

The Commission proposes several drastic modifications to European Territorial Cooperation, on top of a cut of 12 % to its budget:

- The elimination of the cross-border maritime cooperation from the cross-border component and its “integration” into the transnational cooperation component;
- The introduction of an outermost regions’ cooperation component;
- The introduction of an innovation interregional component;
- The elimination of Interreg Europe from the interregional cooperation component.

- **An overhauled ESF+ strongly linked to the EU semester**

The Commission proposed a new European Social Fund+ regulation that would include programmes under direct or indirect management: the Youth Employment Initiative (YEI), the Fund for European Aid to the Most Deprived (FEAD), the Employment and Social Innovation (EaSI) programme and the Health Programme. Besides this odd association of funds and programmes, the ESF+ would be now essentially guided by the European Pillar of Social Rights and by the European Semester and less so by the policy objectives of Cohesion policy. The territorial dimension of the ESF+ is also conspicuous by its absence.

- **Reduced co-financing rates**

The Commission also proposes significantly reduced EU co-financing rates. The co-financing rates are linked to categories of regions whose thresholds the Commission also proposes to change. The Commission also proposes the decrease of the EU co-financing rates for Interreg and for the outermost regions.

- **A shift in thematic concentration from the regional to the national level**

The Commission proposes a more national and complex system to concentrate funding to address the 5 (new) policy objectives. At a general level, thematic concentration will no longer be done at programme level but at national level following a categorisation based on the Gross National Income (GNI) of Member States. There are, however, specificities for each fund.

- **The possibility to transfer resources to the InvestEU and to other programmes under direct or indirect management**

The European Commission has introduced in its proposal provisions to further encourage Member States to transfer Cohesion policy resources to the InvestEU programme (5% maximum) and/or other EU programmes managed by the European Commission (5% maximum).

- **Simplification**

Simplifying the implementation of Cohesion policy was one of the main objectives of the European Commission and, therefore, there are many provisions in that direction within the legislative package. The most visible proposals are the establishment of a proportionate approach to audit, the

reintroduction of the N+2 rule, or the removal of the designation procedure of the managing authority and the certifying authority, to name a few.

For a more detailed analysis on the Commission proposal for Cohesion policy 2021-2027 see the [CPMR analysis on the post-2020 Cohesion policy package](#).

2. The CPMR actions towards the European Parliament

The CPMR has been proactively following and contributing to the discussions around the future of Cohesion policy in the last years and has scrutinised the Cohesion policy package put forward by the Commission in May 2018. Based on CPMR' previous policy positions (see [CPMR proposals for a strong and reformed post-2020 Cohesion policy](#)), the CPMR, together with CPMR Member regions, developed its main messages regarding the Cohesion policy package which served as the basis to develop proposals for amendments to the four Cohesion policy regulations. At the time of writing, these proposals for amendments are in the process to be circulated among the members of the European Parliament in charge of these reports².

This section takes a look at the CPMR key messages and proposals for amendments to each regulation as compared to the European Parliament legislative reports.

2.1. The European Territorial Cooperation

Interreg is one of the crucial aspects of Cohesion policy for all CPMR Members. The CPMR put forward far-reaching proposals for amendment to the ETC Commission proposal based on the [10 messages from the CPMR on the future of INTERREG](#) developed in June 2018. The main messages of the CPMR on the future of Interreg can be summarised as follows:

1. The **INTERREG budget** line should be brought back to its 2014-2020 level;
2. **Maritime cross-border cooperation** programmes should be maintained within the cross-border cooperation strand for the 2021-2027 programming period;
3. Interreg should continue to support **cooperation with non-EU countries**;
4. Regions should be at the core of the **new Interregional innovation component**;
5. The complementarity and coherence between the different Interreg strands and, in particular, of transnational programmes with **macro-regional and sea basin strategies** should be strengthened.

The CPMR organised a meeting with the rapporteur for Interreg at the European Parliament, Pascal Arimont on 30 August to share the above-mentioned messages on the future of European Territorial Cooperation. The majority of these proposals were picked up by the rapporteur in his draft report published on 3 September. The CPMR also worked closely with the rapporteur in charge of the opinion of the Committee of the Regions, Nanette Maupertuis, executive member of the Corsican regional authority.

In the table below, we have underlined the similarities and differences between the CPMR proposals and the EP draft report. Please note that the EP report is still a [draft](#).

² This process is still ongoing: the majority of the reports are still within the deadline to receive amendments whilst the ERDF/CF report has not yet been presented at the time of writing.

EP draft report	CPMR position
Fully aligned	
The rapporteur proposes to bring back maritime cooperation under the cross-border cooperation component.	Maritime cross-border cooperation programme should be maintained within the cross-border cooperation strand.
The EP rapporteur proposes that third countries participate in the outermost regions' cooperation and in the interregional innovation investments components, provided they make a funding contribution.	The CPMR believes that cooperation with third countries through INTERREG programmes should be continued and that initiatives to develop European value chains would benefit from participation from the EU's nearest neighbours and should therefore be open to third countries and the UK.
Proposes to maintain the three interregional cooperation programmes .	The CPMR advocates for the maintenance of the Interreg Europe , ESPON and INTERACT programmes.
The EU maximum co-financing rate for Interreg should be brought back to 85 %.	The EU maximum co-financing rate for Interreg should be brought back to 85 %.
Similar approach with notable differences	
The INTERREG budget shall amount to 3 % of the Cohesion policy budget for components 1 to 4 . The interregional innovation investments component would be financed with an additional 0.3 % outside the Interreg budget, a lower budget than that proposed by the Commission.	The CPMR calls for a INTERREG budget of 3.5 % of the Cohesion policy budget (i.e. EUR 11 571 840 000), including all 5 territorial cooperation components .
Remaining concerns not addressed by the EP	
The rapporteur takes a critical view of the new interregional innovation investments component since he believes the cohesion policy relevance of those investments' aims is limited. He also argues that the lack of shared management for this component is at odds with the spirit of subsidiarity that underpins ETC.	The CPMR supports the creation of the new component 5 and supports it forming part of the Interreg budget. Regions should be, however, at the core of the new regional innovation investments component.
The rapporteur has not introduced any proposals for amendment regarding the allocation methodology for cross-border and transnational cooperation.	The CPMR proposes to re-establish the allocation methodology for the 2014-2020 cross-border and transnational cooperation programmes (to increase resources for cross-border cooperation programmes) whilst supporting the additional components.
The rapporteur has not introduced any proposals for amendment regarding complementarity between Interreg programmes and macro-regional and sea basin strategies.	The complementarity and coherence between the different Interreg strands and, in particular, of transnational programmes with macro-regional and sea basin strategies should be strengthened. The CPMR calls on the setting up of an ex ante mechanism to ensure all actors at macro-region and sea basins, ETC programme authorities, regions and countries are brought together at the start of the programming period to decide jointly on the priorities for each programme.
The rapporteur has not introduced any proposals for amendment showing particular attention to specific territories.	The rapporteur has not introduced any proposals for amendment showing particular attention to specific territories.

Calendar

- **Presentation:** 3 September 2018
- **Deadline for amendments to MEP Arimont's report:** 1 October 2018
- **Vote in committee:** 21 November 2018

2.2. The Common Provisions Regulation

The Common Provisions regulation is the largest of all four Commission proposed regulations and the drafting task at the European Parliament is shared by two co-rapporteurs: Constanze Krehl (S&D) and Andrey Novakov (EPP).

The table below shows the similarities and differences between the CPMR proposals and the EP draft report. Please note that the EP report is still a [draft](#).

EP draft report	CPMR position
Fully aligned	
The EP draft report proposes to reintegrate the rural development fund into the Common Provisions regulation.	The CPMR support the EP's proposal to reintegrate the rural development fund into the CPR.
The draft report proposes to eliminate the possibility to transfer Cohesion policy resources to the InvestEU programme .	The CPMR supports the proposal by the EP co-rapporteurs.
The co-rapporteurs propose to limit the transfer of ESI resources exclusively to other ESI funds (ERDF, ESF+, CF) and in no case more than 5 %.	The CPMR supports the proposal by the EP co-rapporteurs.
Similar approach with notable differences	
The co-rapporteurs propose to go back to the 2014-2020 EU maximum co-financing rates : <ul style="list-style-type: none"> • 85 % for less developed regions (and therefore also for outermost regions); • 60 % for transition regions; • 50 % for more developed regions; • 85 % for Interreg; • 85 % for the Cohesion fund. 	The CPMR supports the EP draft report with two additions: <ul style="list-style-type: none"> • Transition regions should not see reduced its co-financing rate more than 10 percentage points compared to previous period; • The co-financing rates for all island and outermost regions shall not be higher than 85 %.
The co-rapporteurs propose an increased Cohesion policy budget to EUR 372 197 000 000 (the EC proposes EUR 330 624 388 630). In addition, they propose: <ul style="list-style-type: none"> • to increase the Interreg budget to 3 % share of the ESI funds for Interreg (EUR 11 165 910 000); • to increase the volume of ESF+ resources to EUR 99 786 000 000, a of 27.6% of Cohesion policy funds (the EC proposes EUR 88 646 194 590.). 	The CPMR stands for a Cohesion policy with strong budget and, therefore, supports the EP draft report on the overall envelope for Cohesion policy . However, the CPMR differs on other budgetary aspects: <ul style="list-style-type: none"> • Regarding Interreg, the CPMR proposes a more ambitious budget of 3.5 % of the Cohesion policy budget (i.e. EUR 11 571 840 000), including all 5 ETC components; • Regarding the ESF+ additional allocation for outermost regions, the CPMR proposes to amend the article to make sure the allocation is indeed additional.

EP draft report	CPMR position
The co-rapporteurs propose to create a new European Code of Conduct on Partnership for the 2021-2027 programming period.	The CPMR proposes to reinforce provisions on partnership and multilevel governance throughout the text but maintaining the existing European Code of Conduct on Partnership for a smooth and quick start of the next programming period.
Remaining concerns not addressed by the EP	
The EP draft report does not propose amendments on regarding specific types of territories .	The CPMR has traditionally advocated for measures towards specific types of territories and for the EU treaty provisions to be coherently applied, as per the 2014-2020 legislation. The CPMR believes a coherent and proportional approach to insularity applicable to all of the 2 500 European islands should be developed.
The co-rapporteurs do not to eliminate the provision on macro-economic conditionality . The co-rapporteurs make no reference to the reinforcement of the territorial dimension of the European Semester .	The CPMR has long advocated for the elimination of the provisions on macro-economic conditionality . The CPMR also proposes the reinforcement of the territorial dimension of the European Semester through the involvement of regional authorities and territorial analysis paying attention to the regional dimension and the regional authorities implementing Country specific recommendations.

The table above is in no way exhaustive since the proposal of the co-rapporteurs includes several other elements such as pre-financing, technical assistance, major projects, etc. The CPMR has developed around 30 proposals for amendment only on the CPR regulation.

Calendar

- **Presentation:** 24 September 2018
- **Deadline for amendments:** 15 October 2018
- **Vote in committee:** 21 November 2018

2.3. The European Social Fund+

The European Parliament committee in charge of the ESF+ report is the Employment committee. Regrettably, the [draft report](#) by MEP Veronica Lope Fontagné does not pay attention to the territorial dimension of the ESF+ and the role of regional and local authorities.

The table below summaries the differences between the EP draft report and the CPMR position:

EP draft report	CPMR position
The rapporteur adds a reference to the European Code of Conduct on Partnership for an efficient and effective implementation of actions supported by the ESF+. The draft report includes no references to regional and local authorities .	The CPMR believes partnership and multilevel governance should be reinforced and proposes to strengthen provisions on partnership and multilevel governance throughout the text.

<p>The report does not take properly into account the situation of specific types of territories. It includes a reference to Article 174 of the EU treaty but without naming all types of territories within the article, notably excluding island regions among others.</p>	<p>Greater flexibility in the areas of intervention of the ESF+ should be provided to ensure better alignment with the specific needs of the regions.</p>
<p>The report does not address the territorial dimension of the ESF+ and does not put into question the role of the European Semester and its adequacy.</p>	<p>The CPMR believes that European Social Fund operational programmes should be managed at regional level or at least guarantee the involvement of local and regional stakeholders, as they are best placed to know the social and economic needs at regional level.</p> <p>The CPMR calls for the ESF allocation destined to support the EU Semester to be properly defined and justified, reasonable and proportionate to avoid transforming the ESF into a mere instrument of the European Semester without a tangible territorial dimension and avoid using Cohesion policy funds for matters that have little to none bearing on the regional level.</p>

The [draft opinion by MEP Mercedes Bresso](#), in charge of the opinion from the [Committee on Regional development](#), is of high relevance to CPMR Members. Three main elements of her opinion are fully in line with CPMR position on the ESF+:

- The **role of regions** as both beneficiaries and managing authorities of the ESF and the need to better recognised this reality in the legislative text;
- The **importance of the traditional objectives** of the ESF which should continue to be key in the next ESF+;
- The need to **provide flexibility at managing authority level** at national and regional level to identify the priorities and areas of investments required and to **better define the relationship between cohesion policy and the European Semester** so that the latter acquires a more social and territorial dimension.

Calendar

- **Presentation:** 30 August 2018
- **Deadline for amendments:** 24 September 2018
- **Vote in committee:** 27 November 2018

2.4. The ERDF/CF regulation

The European Regional Development Fund and Cohesion Fund regulation had not yet been published at the time of writing and is provisionally due for October 8. The ERDF/CF regulation is the shortest of the four legislative texts within the Cohesion policy package. The member of the European Parliament in charge of this report is Andrea Cozzolino (S&D).

Since the EP draft report has not yet been published, the sub-section below outlines the main CPMR proposals regarding this regulation:

1. To bring back the current system to concentrate funding (thematic concentration)

The European Commission, as mentioned in section 1.2 of this document, has proposed a new system to concentrate funding at national level and not at programme level as it is done currently. This could lead to ERDF (national) operational programmes not reflecting the specific social, economic and territorial challenges of regions within a particular Member State.

As the Committee of the Regions, the CPMR, therefore, proposes to maintain the current programme regional thematic concentration of ERDF. The same position is proposed in the [opinion of the committee on Transports and Tourism by rapporteur Christine Revault d'Allonnes Bonnefoy](#).

2. To reinforce the territorial dimension of Cohesion policy

The new ERDF/Cohesion Fund regulation foresees a differentiated treatment for outermost regions which will therefore enjoy the maximum level of flexibility in thematic concentration. Outermost regions will also be eligible for a derogation for investments in airport infrastructure. This is very much welcomed at CPMR.

However, it is deeply regrettable to note the disappearance of the specific derogation allowing a number of islands to benefit from the maximum level of flexibility in thematic concentration. The Commission has also derogated certain provisions regarding northern sparsely populated areas. The CPMR proposes to reinstate those provisions and further reinforce the ERDF/CF regulation to address appropriately the specific handicaps of these types of territories.

Calendar

- **Presentation of draft report:** 8 October 2018
- **Deadline for amendments:** 15 October 2018
- **Vote in committee:** 21 November 2018

3. Next steps for CPMR and its Members

3.1. Short term: validation and dissemination of CPMR amendments

The CPMR has already disseminated widely the proposals for amendments on the ETC and the ESF+ regulations developed with its Members. Many of these amendments are likely to be tabled by MEPs in the respective EMPL and REGI Committees.

The remaining CPMR amendments on the CPR and ERDF/CF regulations are currently in the process of being validated by CPMR Member regions.

For a (provisional) legislative calendar of each report, please see the section above.

3.2. Medium-long term CPMR activities on Cohesion policy

The future activities of the CPMR will be without doubt influenced by the upcoming events:

- **The European Parliament legislative activity**

Votes in the different European Parliament committees on each of the Cohesion policy regulation are foreseen at the end of November (21 November for ETC, CPR and ERDF/CF, and 27 November for ESF+) and shortly after in plenary. This should conclude the legislative work regarding the Cohesion policy package on the side of the European Parliament.

However, the position of the EP on the EU budget is very much linked to the Cohesion policy package. The EP has just published a political declaration on the future EU budget on 29 September,

which puts pressure on the Council to come up with a reaction at the 13-14 December EU summit. The CPMR will keep on monitoring closely the developments at the EP.

- **The negotiations in the Council**

The negotiations at the Council are moving at a much slower pace, despite meeting several times a week, and in a less transparent way. The CPMR will monitor closely the work and the negotiations at the Council of the EU. Options for future activities of the CPMR could include the organisation a meeting with the EU permanent representation offices in Brussels to share with Member States the CPMR position. The CPMR Member regions' contacts with their national governments remains also key at this stage.

- **Possible late start of the next programming period**

There is a very likely possibility that no agreement is reached by the European Parliament and the Council on the EU Budget before the EU elections on 23-26 May 2019. A late agreement (in 2020) would replicate the late start of the new programming period as it already occurred for the current programming period, with undesirable consequences for managing authorities and beneficiaries.

The CPMR will closely monitor the EU elections' results and make contact with all new members of the European Parliament key for the core areas of the CPMR and share with them our policy positions and amendments. This would also be done with the European Commission and particularly with the office of the new Commissioner for Cohesion policy.



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The Conference of Peripheral Maritime Regions (CPMR) brings together some 160 Regions from 25 States from the European Union and beyond.

Representing about 200 million people, the CPMR campaigns in favour of a more balanced development of the European territory.

It operates both as a think tank and as a lobby group for Regions. It focuses mainly on social, economic and territorial cohesion, maritime policies and accessibility.

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