

Common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund; general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund

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The Council took note of a Presidency progress report on work undertaken on a package of legislative proposals for the EU's cohesion policy for the 2014-20 period.

Taking into account the discussion so-far, a set of guiding principles for assessment and improvement of the proposal of the Commission can be identified:

- some Commission proposals have raised doubts in terms of their **conformity to the subsidiarity principle**. It is therefore crucial to strike the right balance between the responsibilities of Member States and the Commission, especially in such areas as: the role of country-specific recommendations under Articles 121(2) TFEU and the relevant Council recommendations adopted under 148(4) TFEU, the mechanisms of thematic concentration, and ex-ante and macroeconomic conditionalities;
- **the partnership principle** should continue to foster multi-level and bottom-up features of Cohesion Policy by involving the relevant partners in the process of strategic programming and implementation according to the established modes of cooperation in a given Member State;
- **flexibility and proportionality** are necessary in order to accommodate the different institutional settings in all Member States and regions. Any administrative burden should be well justified by clear benefits in terms of effectiveness and efficiency;
- the multiannual character of Cohesion Policy requires a **stable strategic and legal environment** for investment throughout the whole programming period. It is therefore indispensable – according to a large majority of the delegations – to give a new **impetus to the simplification process** and make the new legal framework of Cohesion Policy lighter and more user friendly. This should be done by eliminating excessive details, overlaps and ambiguities.

On the basis of the a questionnaire prepared by the presidency, ministers commented on the following issues related to strategic programming and thematic concentration:

- options for the status of the common strategic framework and for its adoption;

- proposed use of country-specific recommendations as an instrument for aligning cohesion policy with the broader Europe 2020 strategy for growth and jobs;
- balance between thematic concentration and flexibility for Member States and regions in implementing cohesion policy.

The Council reached broad consensus in this regard, thereby facilitating early conclusion to negotiations on these issues by the incoming presidency.

Common strategic framework: broad consensus was reached on both the status of the common strategic framework and the procedure for its adoption. There was general acceptance that this strategic policy document should be approved by the European Parliament and the Council, and a majority expressed a willingness to adopt it as an **annex to the proposed regulation** establishing common provisions for the EU's structural and cohesion funds.

There was broad agreement on the desirability of **linking cohesion policy objectives with the Europe 2020 strategy**, whilst ensuring that the specific circumstances of individual regions and territories are taken into account. A large majority of delegations proposed that this be achieved by **using national reform programmes (NRPs)** as a reference instead of country-specific recommendations (CSRs) as proposed by the Commission.

The reason given by a majority of ministers was that existing mechanisms should be used as far as possible, rather than instruments with a shorter time horizon requiring annual review of strategic documents, thereby causing an unnecessary administrative burden. Ministers also considered that NRPs reflect better the specific circumstances within each Member State than do the CSRs.

The Partnership Contract is another key element of the strategic programming arrangements. Many Member States underlined that they should be allowed to adapt the Partnership Contract to their country-specific situation and multi-level governance structures.

Generally, Member States welcomed the **possibility of preparing multi-fund operational programmes**. However, many Member States also raised doubts whether an integrated, multi-fund approach could really work on the ground.

The Commission proposal to introduce an innovative pilot instrument of **Joint Action Plan** was welcomed by Member States but further in-depth examination is necessary.

In the area of the European Territorial Cooperation, some Member States expressed concerns about the extent to which the ETC should be included in the Partnership Contract.

Thematic concentration: overall, Member States were supportive of the idea of thematic concentration and **the introduction of a menu of thematic objectives**. However, a broad majority expressed scepticism about the mechanisms proposed by the Commission in this respect. A large number of delegations wanted to extend the limits for minimal allocations for specific types of interventions. Others proposed leaving it to Member States to choose specific intervention types from the proposed menu.

There was broad agreement on needing **greater flexibility** to take account of regional specificities and differences, which would mean better results, and that this could not be achieved by an automatic approach providing minimal allocations at EU level, nor by imposing a small number of intervention types for all Member States.

A number of Member States had reservations on whether the **ring-fencing of Funds** as part of the thematic concentration architecture would be an appropriate tool for this purpose, keeping in mind the different starting points of Member States as well as their diverse national policies.

- More specifically, the proposed ring-fencing of at least 20% of the total national ESF allocation to the thematic objective related to **social inclusion and poverty** was questioned by Member States. Similarly, the ring-fencing of at least 5% of the total national ERDF allocation to urban development also raised doubts.
- Further, the earmarking of the total national ERDF allocations to the **low-carbon economy thematic objective** was viewed by some Member States as too prescriptive and did not adequately take into account the contribution of other thematic objectives and the Cohesion Fund to low-carbon economy goals.
- Some Member States raised the issue of why in the thematic objectives, **no support for large enterprises** had been envisaged, while arguing that by assisting large enterprises, spill-over gains would be realised and thus also benefit SMEs.
- Several Member States questioned the proposal of not allowing more developed regions to invest in **basic infrastructure when this is duly justified, especially in the areas of ICT (Information and Communication Technologies) and transport**. There were also voices supporting investments in energy infrastructures other than those strictly related to the low-carbon economy as well as in tourism.

With regard to **European territorial cooperation**, a significant number of Member States opposed the proposal to limit the list of thematic objectives in the cross-border and transnational strands to just four.

There was a general support among Member States for **further enhancing the territorial dimension** of cohesion policy and for introducing some specialised instruments for territorial development. However, some delegations voiced concerns about whether the variety of territorial development instruments would not result in a fragmentation of cohesion policy intervention.

Some delegations raised **further issues** related to cohesion policy, such as the "capping" of interventions, macroeconomic conditionality, the "Connecting Europe" facility for transport, energy and information /communication technologies and "RAL" (reste à liquider or unspent commitments). These issues are related to the EU's multiannual financial framework for the

2014-20 which is due to be discussed during the next two presidencies.

Ministers also discussed the **modes of conditionality** proposed by the Commission, i.e. positive and negative incentives for ensuring a high-quality performance for cohesion policy.