

# **Common provisions on European Regional Development Fund, European Social Fund Plus, Cohesion Fund, and European Maritime and Fisheries Fund and financial rules for those and for Asylum and Migration Fund, Internal Security Fund and Border Management and Visa Instrument 2021–2027**

2018/0196(COD) - 27/03/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a legislative resolution on the proposal for a regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument (closure of first reading).

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission's proposal as follows.

## ***Reintegration of the EARDF***

The objectives of the proposed Regulation are to strengthen economic, social and territorial cohesion and to lay down common financial rules for part of the budget of the Union implemented under shared management. Members sought to reintegrate the EARDF into the common provisions Regulation in order to prevent strategic gaps and coordination issues for local investment.

## ***Common rules***

The common rules shall be more closely related to the overall objectives of EU policy, such as:

- a more competitive and smarter Europe by promoting innovative and smart economic transformation and strengthening small and medium-sized enterprises;
- a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation and risk prevention and management;
- more connected Europe by enhancing mobility, including smart and sustainable mobility, and regional ICT connectivity;
- a more social and inclusive Europe implementing the European Pillar of Social Rights;
- a Europe closer to citizens by fostering the sustainable and integrated development of all regions, areas and local initiatives.

Member States shall ensure climate proofing for relevant operations through the entire planning and implementation process.

### ***New horizontal principles***

Parliament proposed adding new horizontal principles to ensure the respect for fundamental rights, gender equality, accessibility for persons with disabilities, rational use of resources, environmental protection and the fight against climate change. These principles shall aim at avoiding investments related to production, processing, distribution, storage or combustion of fossil fuels.

### ***Partnerships***

For the partnership agreement and each programme, each Member State shall, in accordance with its institutional and legal framework, organise a fully -fledged, effective partnership.

The Member State shall involve those partners in the preparation of partnership agreements and throughout the preparation, implementation and evaluation of programmes including through participation in monitoring committees. In that context, Member States shall allocate an appropriate percentage of the resources coming from the Funds for the administrative capacity building of social partners and civil society organisations.

The Member State shall submit the partnership agreement to the Commission before or at the same time as the first programme, but no later than 30 April 2021.

### **Measures related to good economic governance**

Parliament rejected measures relating to EU regional funding to macroeconomic conditionalities, as proposed by the Commission, in order not to penalise regional authorities for decisions taken by national governments.

The Commission may propose to the Council to gradually suspend, in certain cases, all or part of the commitments intended for one or more of a Member State's programmes after taking into account the economic and social situation of the Member State concerned and the impact of the envisaged suspension on the economy.

### ***Major projects***

Since major projects (for which the total eligible cost exceeds EUR 100 million) absorb a considerable part of the Union's expenditure, Parliament proposed that operations exceeding certain thresholds shall continue to be subject to specific approval procedures under the Regulation. This threshold shall be established in relation to the total eligible cost after taking into account the expected net revenues.

To ensure clarity, it is appropriate to define the content of a major project application for such a purpose. The application should contain the necessary information to provide assurance that the financial contribution from the Funds does not result in a substantial loss of jobs in existing locations within the Union. The Member State should submit all required information and the Commission should appraise the major project to determine whether the requested financial contribution is justified.

### ***Funding***

The resources for economic, social and territorial cohesion available for budgetary commitment for the period 2021-2027 shall be EUR 378.1 billion in 2018 prices (14 % more than the Commission's proposal of EUR 330.6 billion).

The minimum overall allocation from the Funds, at national level, should be equal to 76% of the budget allocated to each Member State or region over the 2014-2020 period.

Parliament suggested that:

- resources for the Investment for jobs and growth goal shall amount to 97 % of the global resources, i.e., a total of EUR 367 billion (in 2018 prices). Out of this amount, EUR 5.9 billion shall be allocated to the Child Guarantee from the resources under the ESF+;

- less developed regions will keep benefiting from substantial EU support, with co-financing rates of up to 85% (instead of 70 % as proposed by the Commission) and an overall envelope of 61.6 % of the Regional Development, Social and Cohesion funds. The co-financing rate for transition and more developed regions has also been increased, to 65% and 50%, respectively. EUR 1.6 billion (0.4%) should be set aside as additional funding for the outermost regions;

- resources for cross-border projects under Interreg, the European Regional Development Fund, shall amount to EUR 11.3 billion in 2018 prices, 3% (instead of the 2.5% proposed by the Commission) of the global cohesion resources;

- EUR 560 million at 2018 prices from the resources dedicated to the Investment for Jobs and Growth objective shall be allocated to the European Urban Initiative;

- the Social Fund may, in duly justified cases, provide for co-financing rates of up to 90 %, for priorities supporting innovative actions.

### ***Pre-financing rate***

In the Commission's proposal, pre-financing shall be paid on an annual basis at a flat rate of 0.5% per year. Parliament has proposed to gradually increase the pre-financing rate over the period covered by the Multiannual Framework to 2% in the last two years of the programming period (2025 and 2026).

### ***Transfers from cohesion policy to InvestEU and the connecting European facility***

As of 1 January 2023, Member States, with the agreement of the managing authorities concerned, may allocate, in the request for an amendment of a programme, up to 2% of ERDF, the ESF+, the Cohesion Fund and the EMFF to be contributed to InvestEU and delivered through budgetary guarantees. Up to 3% of the total allocation of each Fund may be further allocated to InvestEU under the mid-term review.

While the Commission's proposal also provides for EUR 10 billion to be made available from the Cohesion Fund to the European Interconnection Facility (EIM), Parliament proposed to limit the transfer to EUR 4 billion.

### ***Mid-term review and programming***

Member State shall carry out a mid-term review of each programme financed by the ERDF, ESF+ and Cohesion Fund. This review should allow programmes to be adapted on the basis of their performance, while also providing an opportunity to take into account new challenges, relevant country-specific recommendations adopted in 2024, as well as progress made with national climate and energy plans and the Pillar of European Social Rights.