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

2011/0276(COD) - 17/12/2013 - Final act

PURPOSE: to define the next framework for the policy of economic, social and territorial cohesion for the period 2014-2020 (General Regulation).

LEGISLATIVE ACT: Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down 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 and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

CONTENT: the Regulation is part of **a package of measures** relating to the cohesion policy comprising the following Regulations:

- this Regulation sets out the provisions common to five European structural and investment funds (ESI Funds) namely the ERDF, the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

- The Regulations specific to the five funds for the ERDF, the ESF, the Cohesion Fund, the European Territorial Cooperation and the European grouping of territorial cooperation (EGTC).

Cohesion policy has the goal to **reduce disparities between the levels of development of the various regions of the EU** by encouraging economic growth, the creation of employment and competitiveness. THE ESI Funds provide support, through multi-annual programmes, which complements national, regional and local intervention, to deliver the **Europe 2020 strategy** for smart, sustainable and inclusive growth.

The main elements of the Regulation are the following:

Partnership and multi-level governance: partnership agreements must be concluded between the Commission and each of the Member States for the period from 1 January 2014 to 31 December 2020 to fix commitments relating to the use of the Funds at the national and regional level.

For the Partnership Agreement and each programme, **each Member State shall in accordance with its institutional and legal framework organise a partnership with the competent regional and local authorities** that combines a) competent urban and other public authorities; b) economic and social partners; and c) relevant bodies representing civil society (environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, etc).

On the basis of these agreements **operational programmes** are established to translate cohesion policy into concrete measures and priorities.

Common Strategic Framework (CSF): a comprehensive investment strategy, the CSF, is defined so that the five ESI Funds contribute to the objectives of the Europe 2020 strategy.

The CSF establishes **strategic guiding principles** to facilitate the programming process and the coordinating the sectoral and territorial intervention of the Union under the ESI Fund and in relation to other relevant Union policies and instruments.

Each ESI Fund contributes to the following thematic objectives:

- strengthening research, technological development and innovation;
- enhancing access to, and use and quality of, ICT;
- enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF);
- supporting the shift towards a low-carbon economy in all sectors;
- promoting climate change adaptation, risk prevention and management;
- preserving and protecting the environment and promoting resource efficiency;
- promoting sustainable transport and removing bottlenecks in key network infrastructures;
- promoting sustainable and quality employment and supporting labour mobility;
- promoting social inclusion, combating poverty and any discrimination;
- investing in education, training and vocational training for skills and lifelong learning;
- enhancing institutional capacity of public authorities and stakeholders and efficient public administration.

Thematic concentration: according to this principle, minimum shares are set for a certain number of priority thematic objectives for the three types of funding beneficiary regions, namely:

- **the less developed regions** (GDP per capita is less than 75% of the average GDP of the EU-27);
- **the transition regions** (GDP per capita is between 75%-90% of the average GDP of the EU-27);
- **the more developed regions** (GDP per capita is more than 90% of the average GDP of the EU-27).

Financial framework: the resources for the period 2014 - 2020 shall be increased to **EUR 325 145 694 739** (in 2011 prices), of which i) EUR *322 145 694 739* represents the global resources allocated to the ERDF, the ESF and the Cohesion Fund and ii) *EUR 3 000 000 000* represents a specific allocation for the Youth Employment Initiative (YEI).

Resources for the **Investment for growth and jobs goal** shall amount to 96.33% of the global resources allocated as follows:

- 52.45% (EUR 164 279 015 916) for the less developed regions;

- 10.24% (EUR 32 084 931 311) for the transition regions;
- 15.67% (EUR 49 084 308 755) for the less developed regions;
- 21.19% (EUR 66 362 384 703) for Member States supported by the Cohesion Fund;
- 0.44% (EUR 1 386 794 724) as additional funding for the outermost regions.

The resources for the **European territorial cooperation objective** (to be supported by the ERDF) shall amount to 2.75% of the global resources (i.e., a total of EUR 8 948 259 330).

Not less than 23.1% of all the resources from the ERDF, the ESF and the CF must go to the European Social Fund. The support from the Structural Funds for aid for the most deprived under the Investment for Growth and Jobs goal should be not less than EUR 2 500 000 000 and may be increased by up to EUR 1 000 000 000 by additional support decided on a voluntary basis by Member States.

Co-financing: the Commission decision adopting an operational programme shall fix the co-financing rate and the maximum amount of support from European Funds. The rate of EU co-financing **varies from 50% to 85%** of total support, notably according to the level of development of the region concerned. The highest co-financing rates will also be applied to the outermost regions and (until 2017, subject to a review clause in 2016) to Cyprus.

Pre-financing: the Regulation provides the possibility of initial pre-financing in the form of advance payments charged to the ESI Funds allowing the managing authorities to start programmes. As a general rule, it is expected that pre-financing will amount to **1%** of the five European Funds in 2014 and in 2015. From 2016, annual pre-financing will gradually increase to reach **3% in 2020**.

Ex ante conditionality: the Regulation defines *ex ante* conditions to ensure the implementation of the conditionality framework necessary for the effective use of the support provided by the Union. The Commission shall evaluate the information provided by Member States on compliance with the *ex ante* in its evaluation of partnership agreements and the programmes.

P**erformance reserve**: for each programme, a **performance framework** should be defined with a view to monitoring progress towards the objectives and targets set for each priority over the course of the programming period. The Commission, in 2019, should undertake a performance review based on a performance framework and in cooperation with the Member States. A performance reserve consisting of **6% of the national allocation in respect of the five European Funds** is reserved or dedicated to the best-performing programmes reaching objectives previously.

Measures linked to sound economic governance: the effectiveness of expenditure under the Funds should be underpinned by sound economic policies and that the Funds can, if necessary, be redirected to addressing the economic problems a Member State is facing.

As a preventative, the Commission can demand that a partnership agreement with a Member State can be amended, for example, relating to macroeconomic imbalances.

Where a Member State fails to take effective action in the context of the economic governance process (for example, excessive deficits or macroeconomic imbalances), the Commission should make a proposal to the Council **to suspend part or all of the commitments or payments** for the programmes of that Member State. In this case, the **European Parliament may exercise its right of control** over all procedures taking decisions linked to the suspension of funds, during a structured dialogue with the European Commission.

ENTRY INTO FORCE: 21.12.2013.

DELEGATED ACTS: the Commission may adopt delegated acts to supplement and amend certain non-essential parts of the Regulation. The power to adopt delegated acts shall be conferred on the Commission **from 21 December 2013 to 31 December 2020**. The European Parliament or the Council may object to a delegated act within a period of two months from the date of notification (this period can be extended for two months). If the European Parliament or the Council make objections, the delegated act will not enter into force.