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) - 06/10/2011 - Initial legislative proposal

PURPOSE: to define the next framework for cohesion policy for the period 2014-2020 (General Regulation).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: in its proposal for the next multi-annual financial framework for the period 2014-2020, the Commission decided that cohesion policy should remain an essential element of the next financial package. It proposed a number of important changes to the way cohesion policy is designed and implemented. Concentrating funding on a smaller number of priorities better linked to the Europe 2020 Strategy, focusing on results, monitoring progress towards agreed objectives, increasing the use of conditionalities and simplifying the delivery are among the major hallmarks of the proposal.

This proposal is part of a package of legislative measures relating to the Cohesion policy 2014-2020. This package includes:

- an overarching regulation setting out common rules governing the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). This will allow for the better combination of funds for a stronger impact of EU action;
- three specific regulations for the ERDF, the ESF and the Cohesion Fund;
- two regulations dealing with the European territorial cooperation goal and the European grouping of territorial cooperation (EGTC);
- two regulations on the European Globalisation Fund (EGF) and the Programme for Social Change and Innovation;
- a communication on the European Union Solidarity Fund (EUSF).

The European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the future European Maritime and Fisheries Fund (EMFF) ('CSF Funds') pursue complementary policy objectives and their management is shared between the Member States and the Commission. It is therefore important to maximise the effectiveness of all structural instruments in terms of delivering objectives and targets set in programmes and optimise synergies and efficiency of the different instruments.

IMPACT ASSESSMENT: this proposal draws on three Impact Assessments: one carried out for the ERDF, the CF and the ESF together; and one each for the EAFRD and for the EMFF. These impact assessments analysed issues including EU added value, performance and delivery of the policies, as well as simplification and harmonisation of rules.

Delivering European added value: the preferred option is to establish a strong link to Europe 2020 targets which would contribute most to reaching the headline targets. Strategic planning arrangements which include the Common Strategic Framework at Union level and Partnership Contracts at national level are considered to ensure effective coordination between Union policies and instruments.

Increasing the performance of the policies: the preferred option was the combined option since this option would allow addressing the preconditions necessary for the effective use of the CSF Funds and would provide incentives to attain predefined objectives and targets and align the implementation of programmes with the Union's economic governance.

Simplification ? reducing administrative costs and minimising the risk error: a proportional approach entailing risk based control arrangements, the availability of a wide range of reimbursement options, and advanced eGovernance at the level of Member States and regions is the preferred option since it could lead to a significant potential reduction in the cost of controls and a decline in workload and would also comply better with the subsidiarity principle.

LEGAL BASIS: Article 177 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposed delivers a common set of basic rules. It is divided into two parts:

PART I - Common provisions governing all CSF Funds: the general principles governing the support of all CSF Funds will include partnership and multi-level governance, compliance with applicable EU and national law, promotion of equality between men and women and sustainable development.

(1) Strategic approach: in order to maximise the impact of the policy in delivering European priorities, the Commission proposes to reinforce the strategic programming process. This involves defining a list of thematic objectives in the Regulation in line with the Europe 2020 Strategy:

- strengthening research, technological development and innovation;
- enhancing access to and use and quality of information and communication technologies;
- enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and fisheries 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;
- protecting the environment and promoting resource efficiency;
- promoting sustainable transport and removing bottlenecks in key network infrastructures;
- promoting employment and supporting labour mobility;

- promoting social inclusion and combating poverty;
- investing in education, skills and lifelong learning;
- enhancing institutional capacity and an efficient public administration.

Partnership Contracts between the Commission and each Member State will set out the commitments of partners at national and regional level and the Commission. They will be linked to the objectives of the Europe 2020 Strategy and the National Reform Programmes. They will:

- set out an integrated approach for territorial development supported by all the CSF Funds;
- include objectives based on agreed indicators, strategic investments and a number of conditionalities;
- contain commitments to give yearly account of progress in the annual reports on cohesion policy, on rural development policy and in other public reporting.

(2) Conditionalities and performance: to reinforce performance, new conditionality provisions will be introduced to ensure that EU funding creates strong incentives for Member States to deliver Europe 2020 objectives and targets. Conditionality will take the form of both ?ex ante? conditions that must be in place before funds are disbursed and 'ex post' conditions that will make the release of additional funds contingent on performance.

(3) Common management arrangements: the proposal envisages a management and control system which is similar across shared management instruments and is based on common principles. A system of national accreditation is put in place to emphasize the commitment of Member States to sound financial management.

(4) Community-led local development: to facilitate the implementation of multi-dimensional and cross-sectoral interventions, the Commission proposes to strengthen community-led initiatives, facilitate the implementation of integrated local development strategies and formation of local action groups, based on the experience of the LEADER approach.

(5) Financial instruments: in addition to grant funding, it is proposed that support for enterprises and projects expected to generate substantial financial returns will be delivered primarily through innovative financial instruments.

(6) Simplified and streamlined eligibility rules: the aim is to harmonise, to the extent possible, these basic rules for instruments implemented under shared management, in order to reduce the multiplicity of rules applied on the ground. Simplified costs options such as flat rates and lump sums provide the means for Member States to introduce performance-oriented management at the level of individual operations.

PART 2 - General provisions applicable to the ERDF, the ESF and the CF: the Regulation defines the mission and goals of cohesion policy, the geographical coverage of support, financial resources and principles of assistance, programming, major projects, joint action plans, territorial development, monitoring and evaluation, information and communication, eligibility of expenditure and management and control systems.

Geographical coverage of support: a distinction in relation to less developed, transition and more developed regions is made:

- Less developed regions: regions whose GDP per capita is less than 75 % of the average GDP of the EU-27;
- Transition regions: A new category of region ? 'transition regions' ? will be introduced to replace the current phasing-out and phasing-in system. This category will include all regions with a GDP per capita between 75% and 90% of the EU-27 average.
- More developed regions: regions whose GDP per capita is above 90% of the average GDP of the EU-27.

(a) All regions whose GDP per capita for the 2007-2013 period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita has grown to more than 75% of the EU-27 average will receive two thirds of their 2007-13 allocation.

(b) Minimum shares for the ESF will be established for each category of regions (25% for convergence regions, 40% for transition, and 52% for competiveness regions).

(c) The CF will support Member States whose GNI per inhabitant is less than 90% of the EU-27 average in making investments in TEN-T transport networks and the environment. Part of the Cohesion Fund allocation (EUR 10 billion) will be ring-fenced to finance core transport networks under the Connecting Europe Facility Experience.

In order to address the issue of absorption of funding, the Commission is proposing a number of steps:

- to fix at 2.5% of GDP the capping rates for cohesion allocations;
- capping co-financing rates at the level of each priority axis within the operational programmes at 85% in less developed regions (or in certain cases, 80% and 75%) and outermost regions, 60% in transition regions and 50% in more developed regions;
- to include certain conditions in the partnership contracts regarding the improvement of administrative capacity.

Reinforced strategic programming geared towards results: the Commission proposes to introduce the Joint Action Plans, which are operations comprising a group of projects as part of an operational programme, with specific objectives, result indicators and outputs agreed between the Member State and the Commission. They offer a simplified management and control system geared towards performance.

Streamlining financial management and control: the Commission's role in the ex ante review of national management and control systems will be proportionate, as an obligatory review by the Commission is replaced by a risk based approach. Small programmes will be exempt from a Commission review. It is proposed to require all Member States to set up systems by the end of 2014 to enable beneficiaries to submit all information by way of electronic data exchange. The proposal therefore foresees a mandatory annual closure of completed operations or expenditure in the framework of the annual clearance of accounts.

BUDGETARY IMPLICATION: the Commission?s proposal for a Multiannual Financial Framework includes EUR 376 billion for cohesion policy for the period 2014-2020. The proposed budget (in billion euros) is broken down as follows:

- Less developed regions EUR 162.6
- Transition regions: EUR 38.9
- More developed regions: EUR 53.1
- Territorial cooperation: EUR 11.7
- Cohesion fund: EUR 68.7
- Extra allocation for outermost and sparsely populated regions: EUR 0.926.
- Facility for transport, energy and ICT: EUR 40 billion (with an additional EUR 10 billion ring-fenced inside the Cohesion Fund).

DELEGATED ACTS: this proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU).