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PROGRESS REPORT

from: Presidency

to: Permanent Representatives Committee (part 2)/Council

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Subject: Cohesion policy legislative package
- Progress report

I. INTRODUCTION

1. On 10 October 2011 the Commission transmitted to the Council the legislative package for Cohesion Policy for the 2014-2020 programming period, which includes a Common Provisions Regulation (CPR) applicable to the five European Structural and Investment (ESI) Funds, and Fund specific Regulations for the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) as well as the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). In addition, the Commission transmitted to the Council an amending Regulation on the European Grouping of Territorial Cooperation Regulation (EGTC).
2. On 14 March 2012 the Commission presented corrigenda to the CPR as well as to the ESF, Cohesion Fund and ETC Regulations and to the EGTC amending Regulation. For the CPR, the Commission submitted an amended proposal on 11 September 2012, concerning the provisions on the Common Strategic Framework, followed by another amended proposal, submitted on 23 April 2013, concerning the management and control system for the EMFF.

II. PROGRESS MADE UNDER IRISH PRESIDENCY

Partial General Approaches adopted

3. Continuing the approach of the preceding Danish and Cyprus Presidencies, the objective of the Irish Presidency was to reach partial general approaches on all the remaining thematic blocks of the CPR and to find agreement with the Parliament on the other regulations in the Cohesion Policy legislative package. (In December 2012 the Cyprus Presidency reached a common understanding on the Programming thematic block of the CPR and ESF).

4. In this respect, the Structural Actions Working Party (SAWP) examined the remaining thematic blocks and the respective Presidency compromise texts. In addition, the SAWP regularly scrutinised the preliminary outcomes (in the form of four-column tables) from the informal Trilogues with European Parliament in order to provide the Presidency with directions for further handling of the discussions with the Parliament. In total, during the Irish Presidency there have been 21 meetings of the SAWP.
5. On 7 March 2013, the Council reached a partial general approach on the following thematic blocks:
 - a) Recitals, as set out in ADD 1 REV 1 to document 5609/1/13 REV 1;
 - b) Delegations of Power, Implementing, Transitional and Final Provisions as set out in ADD 2 REV 1, and
 - c) Other pending articles, as set out in ADD 3 REV 1.
6. In addition, on 7 March 2013, the Council reached a general approach on the EGTC amending Regulation, as set out in ADD 4 REV 1 to document 5609/1/13 REV 1.
7. On 24 April 2013, following the European Council conclusions of 7-8 February 2013, another partial general approach was reached¹ (by COREPER) bringing the texts of the legislative package into line with the European Council conclusions on the MFF and integrating the elements on the Youth Employment Initiative, as set out in ADD 1 REV 1 to document 8507/13.
8. With these partial general approaches and the ones reached under the Danish and Cyprus Presidencies, the Council has established its preliminary position, subject to the principle that "nothing is agreed until everything is agreed", on the full legislative package.

¹ On a number of issues further modification might be necessary once there is an agreement on the MFF Regulation. In addition, a final position of the Council remains to be taken on the provisions concerning macro-economic conditionality and on the proposed allocation methodology in Annex IIIbis.

Negotiations with European Parliament

9. The Presidency has been involved in intensive negotiations with the European Parliament, namely the REGI Committee on the CPR, ERDF, CF, ETC and EGTC Regulations, as well as the EMPL Committee on the ESF Regulation. Altogether, the Irish Presidency held 85 informal Trilogues on the Cohesion Policy legislative package.

Following very challenging discussions with the Parliament and further examination by the SAWP and COREPER, the Presidency reached preliminary agreement on a number of thematic blocks, while negotiations on the outstanding blocks are also close to being successfully finalised.

10. On 24 April 2013, COREPER validated the preliminary agreement with the European Parliament on the Common Strategic Framework¹ and Territorial Development blocks of the Common Provisions Regulation, as set out in ADD 1 REV 1 to document 8497/1/13 REV 1.
11. On 30 May 2013, COREPER validated the preliminary agreement with the European Parliament on another 3 thematic blocks of the Common Provisions Regulation: Information and Communication, Eligibility and Monitoring & Evaluation as set out in ADD 1, ADD 2 and ADD 3 to document 9962/13.

¹ Subject to agreement on Article 12.

Open Issues

12. On a number of thematic blocks of the CPR, the Presidency is hoping to reach agreement with the Parliament before the end of June, namely Management & Control, Revenue Generating Projects & PPPs, Major Projects and Technical Assistance. In addition, the Presidency is hoping to reach agreement with the Parliament on the issue of a minimum share for the European Social Fund. On a number of other thematic blocks the Presidency has steered the negotiations to a final phase where a relatively small number of issues remain to be resolved, namely Financial Management, Financial Instruments, Ex-ante Conditionalities, and Transitional & Final Provisions.
13. There are a number of blocks, where it has not been possible to reach compromises at this stage, mainly due to linkages with the MFF-regulation, including Macroeconomic Conditionality, Financial Issues and Performance Reserve. It should be noted that given that the Parliament's negotiating mandate is opposed to the introduction of Macroeconomic Conditionality and a Performance Reserve, further exploration of the Parliament's position will be required before the possibility for compromises can be explored in trilogues. This may also require, at the appropriate juncture, discussions at a political level to reach common ground between the co-legislators.
14. In relation to the ERDF, ETC and Cohesion Fund regulations, preliminary agreement has been reached and the Presidency has concluded negotiations on these regulations, subject to a resolution of the ESF shares issue. The Presidency is continuing to work to broker a compromise between the Council and the Parliament on this issue. Two committees are involved, the REGI Committee and the EMPL Committee. This is proving to be a particularly challenging task.
15. In relation to the ESF regulations, the Presidency and EMPL Committee have completed a first reading of the proposal. Reaching agreement on this regulation will be facilitated if agreement is reached on the ESF shares issue.

16. The Presidency has also been able to conclude negotiations on the EGTC regulation which remains subject to confirmation in Coreper.

III. CONCLUSION

17. Against this background the Presidency proposes that the Permanent Representatives Committee:

- takes note of this report and the significant progress achieved in the negotiations on the Cohesion Policy legislative package under the Irish Presidency,
- invites the incoming Lithuanian Presidency to continue to pursue discussions in Trilogues with the European Parliament with the aim of reaching agreement on the outstanding open issues.
- forwards this report to the General Affairs Council recommending it be endorsed.
