Ukraine: Council endorses agreement on a further €1bn in loans

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On 29 May 2018, EU ambassadors endorsed, on behalf of the Council, an agreement with the European Parliament on a new package of **macro-financial assistance** for Ukraine.

A further €1 billion in loans will cover Ukraine's financing needs over a period of two and a half years. The loans will **support economic stabilisation** and a programme of **structural reforms**, supplementing resources provided by the IMF and other donors.

The IMF has identified a $4.5 billion financing gap for 2018 and 2019, going over and above funding committed so far by the international community.

Macro-financial assistance is an exceptional form of financial aid that the EU extends to partner countries with balance-of-payments difficulties. This is the **third operation** for Ukraine since 2014. The EU additionally provides assistance under its neighbourhood policy.

The EU pledged €1.6 billion of macro-financial assistance in 2014 and €1.8 billion in 2015, of which Ukraine received €2.81 billion. A €600 million instalment was cancelled in January 2018 due to incomplete compliance with the conditions set.

Ukraine is part of the EU's Eastern Partnership. An EU-Ukraine association agreement, which includes free trade provisions, entered into force on 1 September 2017.

The further disbursements will be conditional on Ukraine respecting **democratic mechanisms** and the **rule of law**, and guaranteeing respect for **human rights**. They will be subject to **economic policy and financial conditions**, focusing on structural reforms and sound public finances and including a timeframe for their fulfilment. The conditions will be laid down in a memorandum of understanding between Ukraine and the Commission.

The Commission will be responsible for disbursing the macro-economic assistance. The Commission and the European External Action Service will monitor the fulfilment of the conditions.

Joint statement on the preconditions

Parliament, Council and Commission agreed a joint statement in the light of **unfulfilled conditions** and the cancellation of the third instalment of the previous programme.

Further macro-financial assistance will be conditional on progress in the **prevention of corruption**, as well as on the progress of the IMF programme, the statement reads. The memorandum of understanding will include obligations to strengthen governance, administrative capabilities and the institutional set-up for preventing corruption.

Upon each disbursement, the Commission will **report publicly** on the fulfilment of the conditions, in particular those concerning the prevention of corruption.

Next steps

The European Parliament and the Council will be called on to adopt the decision without further discussion.

The Council requires a qualified majority. (Legal basis: article 212, paragraph 2, of the Treaty on the Functioning of the European Union.)

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RÉUNION DU COLLÈGE: Budget de l'UE – Développement régional et politique de Cohésion après 2020

Pour le prochain budget à long terme de l'UE 2021-2027, la Commission propose de moderniser la politique de Cohésion, la principale politique d'investissement de l'UE et l'une de ses expressions les plus concrètes de solidarité. Même si l'économie de l'UE se redresse, des efforts d'investissement supplémentaires sont nécessaires pour remédier aux déséquilibres persistants au sein des États membres et entre ces derniers. Avec un budget de 373 milliards d'euros d'engagements pour la période 2021-2027, la future politique de Cohésion dispose du pouvoir d'investissement nécessaire pour combler ces écarts. Les ressources continueront à être orientées vers les régions qui ont le plus besoin de rattraper le reste de l'UE. Dans le même temps, la politique de Cohésion restera un lien fort et direct entre l'UE, ses régions et ses villes. Jyrki **Katainen**, vice-président chargé de l'emploi, de la croissance, de l'investissement et de la compétitivité, a déclaré: *«Au cours de la prochaine décennie, la politique de Cohésion aidera toutes les régions à moderniser* *leur industrie et à investir dans l'innovation et la transition vers une économie circulaire et sobre en carbone*.» Corina **Creţu**, commissaire chargée de la politique régionale, a ajouté: «*Nous proposons aujourd'hui une politique de Cohésion pour toutes les régions, qui ne laisse personne de côté, nous l'avons assouplie, pour pouvoir nous adapter aux nouvelles priorités et mieux protéger nos citoyens*.» Les principales caractéristiques de la proposition de la Commission pour une politique de Cohésion modernisée sont les suivantes: 1. mettre l'accent sur les principales priorités d'investissement, dans lesquelles l'UE est la mieux placée pour réaliser ses objectifs; 2. une politique de Cohésion pour toutes les régions et une approche davantage sur mesure pour le développement régional; 3. Des règles moins nombreuses, plus claires et plus courtes et un cadre plus flexible. 4. Un lien renforcé avec le Semestre européen pour améliorer l'environnement d'investissement en Europe. Un communiqué de presse et un mémo dans toutes les langues sont disponibles en ligne. Des textes juridiques et des fiches d'information ainsi que d'autres informations sur le prochain budget à long terme de l'UE sont également disponibles. *(Pour plus d'informations: Johannes Bahrke – Tel.: +32 229 58615; Sophie Dupin de Saint-Cyr – Tel.: +32 229 56169)*

Posting of Workers: Commission welcomes European Parliament vote confirming the political agreement on the revision of the Directive

Today in Strasbourg, the European Parliament confirmed the political agreement reached on 1 March on the revision of the Posting of Workers Directive. Commissioner Marianne **Thyssen**, responsible for Employment, Social Affairs, Skills and Labour Mobility, said: "*Today's vote by the European Parliament marks an important milestone in the process of building a fairer single market. I would like to thank in particular the two co-rapporteurs of the European Parliament, Elisabeth Morin Chartier and Agnes Jongerius, who made the agreement possible. The political agreement voted by the European Parliament today represents a substantive improvement of the rules of the 1996 Directive, both for posted workers and companies. At the heart of it is the principle of equal pay for equal work in the same place. I believe that with this revised Directive, we are together making an important contribution to preserving the fairness of the internal market."* A revision of the Directive was originally proposed by the Commission in March 2016. Since then it has been the subject of a series of trilogues between the Parliament and the Council. The text voted on today in the plenary of the European Parliament is the result of an agreement reached following the 7th trilogue at the Council on 1 March 2018. It maintains the main elements of the Commission's original proposal, including the principle of equal pay for equal work at the same place. A press conference with Commissioner Thyssen and European Parliament co-rapporteurs Elisabeth Morin-Chartier and Agnes Jongerius will take place at 15:00 in the Parliament in Strasbourg and can be followed here.Commissioner Thyssen's statements during the plenary debate and following the vote are available here.*(For more information: Christian Wigand– Tel.: +32 229 62253; Sara Soumillion – Tel.: + 32 229 67094)*

La Roumanie et l'Espagne rejoignent les récentes initiatives de coopération dans le numérique

La Roumanie et l'Espagne rejoignent aujourd'hui diverses initiatives de coopération numérique. En marge du Conseil "Compétitivité", la Roumanie a signé le partenariat européen "Blockchain", la déclaration de coopération sur l'intelligence artificielle et la déclaration "Radar de l'innovation", tous lancés en avril 2018 lors de la Journée du numérique. Tous les projets de coopération des États membres contribuent à la création d'un marché unique numérique opérationnel: le partenariat blockchain exploite le potentiel d'utilisation des technologies blockchain pour renforcer la confiance et la sécurité en ligne; l'initiative d'intelligence artificielle vise une coopération plus étroite pour maximiser les investissements et les avantages que la technologie peut apporter à l'économie et à la société; la déclaration Radar de l'innovation encourage l'innovation à l'aide d'un nouvel outil en ligne. Plus tard cet après-midi, l'Espagne se joindra à la coopération sur le radar de l'innovation. Plus de détails sur les signatures d'aujourd'hui peuvent être trouvés ici. *(Pour plus d'informations: Nathalie Vandystadt – Tél .: +32 229 67083, Inga Höglund – Tél .: +32 229 50698)*

Bathing water: excellent quality at vast majority of European bathing sites

85% of swimming sites across Europe monitored in 2017 met the EU's highest and most stringent 'excellent' quality standards for waters mostly free from pollutants, according to the latest annual European bathing water quality report published today.Nearly all 21 801 bathing water sites monitored last year across Europe, of which 21 509 were in the 28 EU Member States (95.9%), met the minimum quality requirements under EU rules according to the report by the European Environment Agency and the Commission. 'Excellent' quality standards across Europe dropped marginally from 85.5% in 2016 to 85% last year. Similarly those meeting minimum 'sufficient' standing fell from 96.3% to 96.0%. The reason for the slight drop was due mostly to the effect of summer rain on test results as well as changes in testing methodology in Romania and Sweden. The number of overall 'poor' rated sites remained mostly unchanged from 2016 across the EU. Karmenu **Vella**, Commissioner for the Environment, Maritime Affairs and Fisheries, said: "*The quality of our bathing water is a source of pride for Europeans. That quality is due to good cooperation and constant vigilance. We all play a part: industry, local authorities and services together with citizens. We are happy to report that the European spirit of cooperation on bathing water is alive and continues to deliver for our citizens. When you add in our recently proposed measures to keep plastics out of our seas, it really has been a good year for European seas, beaches and lakes*." Europe's bathing water quality has vastly improved over the last 40 years due to the introduction of rules under the EU's Bathing Water Directive. A press release, country reports and interactive map are available online. (*For more information: Enrico Brivio – Tel.: +32 229 56172; Iris Petsa – Tel.: +32 229 93321*)

Aide d'État: La Commission approuve 26 millions d'euros d'aides d'État en faveur du transport fluvial en France

La Commission européenne a autorisé, en vertu des règles de l'UE en matière d'aides d'État, la prolongation de deux régimes d'aide français en faveur du transport fluvial, le Plan d'Aide à la Modernisation et à l'Innovation de la flotte fluviale (PAMI) et le Plan d'Aide au Report Modal

(PARM). Les deux régimes de soutien ont pour but de favoriser le transfert du fret de la route vers les voies navigables. Le premier régime (PAMI),doté d'un budget prévisionnel de 6,2 million d'euros, vise à favoriser l'adaptation de la flotte aux besoins logistiques des transporteurs, à rendre la profession plus attractive et à assurer le renouvellement de ses acteurs. Le deuxième régime (PARM), doté d'un budget prévisionnel de 20 million d'euros, vise à favoriser le report modal en réduisant les coûts des chaînes logistiques incluant le transport fluvial. Dans les deux cas, l'aide sera octroyée sous la forme de subventions aux opérateurs de transport fluvial. Les deux régimes couvrent une période de 5 ans, de 2018 à 2022. La Commission a conclu qu'ils permettront de promouvoir de manière durable le transport par voies navigables, plus respectueux de l'environnement, et qu'ils sont compatibles avec la réglementation de l'UE en matière d'aides d'État. Plus d'informations seront disponibles sur le site internet de la DG Concurrence, dans le registre des aides d'État sous lesnuméros SA.48804 (PAMI) et SA.48332 (PARM). *(Pour plus d'informations: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou – Tel.: +32 229 13740)*

Mergers: Commission clears the creation of a joint venture by SWO and BAG Netz

The European Commission has approved, under the EU Merger Regulation, the acquisition of joint control over Stadtwerke Olching Stromnetz GmbH & Co. KG ("NG Olching") and Stadtwerke Olching Stromnetz Verwaltungs GmbH ("Olching Verwaltungs") by Stadtwerke Olching GmbH ("SWO"), and Bayernwerk Netz GmbH ("BAG Netz"), belonging to the E.ON group. All companies are based in Germany. SWO, jointly controlled by Stadt Olching and Stadtwerke Schwäbisch Hall GmbH, provides electricity, gas, district heating and related services and operates the electricity distribution system in an industrial park in the city of Olching. BAG Netz develops, operates and maintains electricity and gas distribution networks. Currently, it holds the electricity distribution grid concession in the rest of the city of Olching. NG Olching will hold the electricity distribution grid concession transferred by BAG Netz and will participate in the 2019 tender for the concession of electricity distribution grid in the whole of the city of Olching. Olching Verwaltungs will manage NG Olching (both "the joint venture"). The Commission concluded that the proposed acquisition would raise no competition concerns given the joint venture's limited activities within the European Economic Area. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's competition website, in the public case register under the case number M.8835. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou – Tel.: +32 229 13740)*

Upcoming events of the European Commission (ex-Top News)

[Regional Development and Cohesion Policy beyond 2020: Questions and Answers]

See [IP/18/3885]

1. **A modernised Cohesion Policy, for all regions**

The Commission is proposing to modernise Cohesion Policy. The goal is to drive up economic and social convergence while helping regions harness fully globalisation and equipping them with the right tools for robust and lasting growth. All regions remain eligible for Cohesion Policy funding in Europe, still on the basis of three categories: less-developed, transition and more-developed regions.

What are the new investment priorities of Cohesion Policy?

From 11 'thematic objectives' in the 2014-2020 period, the new Cohesion Policy will now focus its resources on 5 policy objectives, where the EU is best placed to deliver:

1) a **Smarter Europe**, through innovation, digitisation, economic transformation and support to small and medium-sized businesses;

2) a **Greener, carbon free Europe**, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change;

3) a more **Connected Europe**, with strategic transport and digital networks;

4) a more **Social Europe**, delivering on the [European Pillar of Social Rights] and supporting quality employment, education, skills, social inclusion and equal access to healthcare;

5) a **Europe closer to citizens**, by supporting locally-led development strategies and sustainable urban development across the EU.

The majority of European Regional Development Fund and Cohesion Fund investments will be geared towards the first two objectives: **a Smarter Europe and a Greener Europe**. Member States will invest 65% to 85% of their allocations under the two funds to these priorities, depending on their relative wealth.

The 'thematic concentration', i.e. the repartition of resources by policy objectives, will no longer take place at regional level, but at national level. This will allow for **more flexibility** in the design of individual EU funds programmes, in order to better tailor them to specific regional needs.

In the line with the Commission's commitment presented in its proposal for the next long-term EU budget, the European Regional Development Fund and Cohesion Fund investments should help achieve the budget-wide target of at least 25% of EU expenditure contributing to climate action. Cohesion Policy programmes' performance towards this goal will be tracked.

How will the funds be allocated?

The new allocation method for the funds builds on the 'Berlin formula', adopted by the European Council in 1999, which entails different calculation methods for the three different categories of regions (less developed, transition and more developed regions).

This methodology takes into account the gap between a region's GDP per capita and the EU's average, to reflect regional prosperity. It also includes social, economic and territorial challenges, such as unemployment, low population density and, for more-developed regions, education levels. The method has already been modified in the successive programming periods to mirror the evolution of social and economic cohesion in Europe.

Today the Commission proposes a modification of the method, to **reflect how disparities have evolved** over the past years, **keep targeting resources to regions that need to catch up** with the rest of the EU the most and ensure a **fair treatment for all**.

The Cohesion Policy allocation system is therefore slightly modified to focus further resources in less developed Member States and give more financial support to regions facing industrial transition. It is still **predominantly based on GDP per capita** but also includes **new criteria** for all categories of regions – youth unemployment, low education level, climate change and the reception and integration of migrants – in order to better reflect the socio-economic situation on the ground. Finally, the Commission proposes a 'safety net' to avoid tooabrupt changes in Member States' allocations.

As regards the Cohesion Fund, the method is unchanged: Member States whose GNI per capita is below 90% of EU average will benefit from the Cohesion Fund.

2. **A simpler and more flexible framework for Cohesion Policy**

Simplification has been the Commission's guiding principle in the preparation of the new Cohesion Policy rules for 2021-2027. Already early in its mandate, in 2015, the Juncker Commission tasked a High Level Group of independent experts with presenting concrete proposals to **simplify access to and the use of EU funds**, also in preparation of the post-2020 framework.

The need for **fewer, shorter, clearer rules** was further highlighted in the Commission's June 2017 reflection paper on the future of EU finances and confirmed by EU citizens in a public consultation carried out in January 2018 – 80% of respondents asking for less complex rules and less red tape for the beneficiaries of EU funds.

As for flexibility, the migration and refugee crisis in 2015, but also increasingly frequent natural disasters, made it obvious that Cohesion Policy rules should allow quicker and more efficient responses to unforeseen events.

Why a single rulebook for seven different funds?

The fragmentation of the rules governing the different EU funds implemented in partnership with the Member States (‘shared management’) has made the life of the authorities managing programmes complicated and discouraged businesses and entrepreneurs from applying for different sources of EU funding.

The Commission now proposes **one single rulebook for 7 EU funds** implemented in shared management: the European Regional Development Fund, the Cohesion Fund, the European Social Fund+, the European Maritime and Fisheries Fund, the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument.

Specific regulations will add certain provisions necessary to cater for the particularities of individual funds, in order to take into account their different rationale, target groups and implementation methods.

This single rulebook will make life easier for both programme managers and beneficiaries. It will also facilitate **synergies**, for example between the European Regional Development Fund and the European Social Fund+ in the context of integrated city development plans, for the regeneration of deprived urban areas.

The Asylum and Migration Fund, together with Cohesion Policy funds, can finance local integration strategies for migrants and asylum seekers; while the Asylum and Migration Fund would focus on short-term needs upon arrival (reception and healthcare, for example), Cohesion Policy funds could support long-term social and professional integration.

In addition, new provisions also allow for simpler synergies with other instruments from the EU budget toolbox, such as the **Common Agricultural Policy**, the innovation programme **Horizon Europe**, the EU instrument for learning mobility **Erasmus+** and **LIFE**, the programme for environmental and climate action.

How will you make the life of small businesses benefitting from EU funds easier?

By making more ‘Simplified Costs Options’ available. It means beneficiaries would no longer have to hand in every single invoice or pay slip but can use estimates, such as flat rates or fixed prices for certain categories of costs or for staff and other business expenses such as insurance or rent. They can also be reimbursed on the basis of results achieved.

How are audit and control procedures simplified?

1) In the beginning of the programming period, there will be no need to repeat the time-consuming designation process of the authorities in charge of implementing Cohesion Policy programmes like in the 2014-2020 period. Member States can roll-over the existing implementation system.

2) For programmes with a well-functioning management and control system and a good track record (i.e. low error rate), the Commission proposes to rely more on the national control procedures in place.

3) The **single audit principle** is extended. It means that beneficiaries of the funds like small businesses and entrepreneurs should only be subject to a single checkrather than multiple, potentially not fully coordinated, audits.

With fewer checks, how will you ensure the regularity of spending?

The Commission's proposal for the future Cohesion Policy rules aims to strike the right balance between accountability, simplification and performance. Even with lighter procedures, the Commission will continue to have very strict rules for the sound management of EU funds.

National authorities will need to establish their own audit strategies. In addition, there will still be a minimum audit arrangement between the Commission and Member States for assurance purposes.

How is the new framework more flexible?

1) **Via a mid-term review**

When the programmes for the 2021-2027 programming period are adopted, only the allocations corresponding to the years 2021-2024 will be assigned to priorities. The allocations for the remaining two years – 2026 and 2027 – will be allocated following an in-depth mid-term review in 2024, leading to corresponding reprogramming in 2025. Member States will review the programmes taking into account four elements:

- The challenges identified in the relevant Country-Specific Recommendations adopted in the context of the European Semester in 2023 and 2024;
- The socio-economic situation of the Member State or region concerned;
- The progress made towards the milestones of the programmes' performance framework;
- The outcome of the technical adjustment, an exercise which will be carried out in 2024 and lead to a review of national Cohesion Policy envelopes based on the most recent statistics.

2) With the possibility of **transferring money from one priority to the other** within an EU funds programme, without the need for formal Commission approval. The threshold for such transfer is set at 5% of a priority's budget.

3) A specific provision in case of a natural disaster, whereby it will be possible to mobilise funding as of day one of the event.

3. **A deepened territorial dimension to better address specific regional needs**

How will Cohesion Policy better support specific regional needs?

Many of the big challenges of the decade to come – fighting exclusion, climate change or integrating migrants – will have to be tackled in Europe's cities and metropolitan areas. This is why the Commission proposes to further strengthen the urban dimension of Cohesion Policy.

6% of the European Regional Development Fund envelope is earmarked for investments in **sustainable urban development** at national level. The 2021-2027 framework also creates the **European Urban Initiative**, a new instrument for city-to-city cooperation, innovation and capacity-building across all the thematic priorities of the Urban Agenda for the EU (integrating migrants, housing, air quality, urban poverty or energy transition, among others).

Furthermore, in line with Cohesion Policy's 5th objective, 'A Europe closer to citizens', the Commission will further support **locally-led development strategies** developed at the level closest to the citizens.

These local strategies, in the form of the existing 'Integrated Territorial Investments' and 'Community-Led Local Development' tools, should be developed and endorsed by the responsible local or territorial authorities, which should be more involved in or put in charge of selecting EU-funded projects. 'Community-Led Local Development' should support structural change and enhanced local innovation capacity.

How will Cohesion Policy support further cross-border cooperation?

In the 2021-2027 period, interregional and cross-border cooperation will first and foremost be facilitated by the new possibility, under all 5 policy objectives, for **a region to use parts of its own allocation to fund projects anywhere in Europe jointly with other regions.** This is, in a way, the introduction of the added value of 'Interreg' programmes into all Cohesion Policy programmes.

Meanwhile, the European Regional Development Fund will continue to finance specific 'Interreg' programmes. The main novelties for the 2021-2027 period are:

1) **A stronger focus on institutional cooperation and joint public services**

€9.5 billion from the European Regional Development Fund will be allocated to Interreg programmes in the 2021-2027 period. Resources will be more focused on land borders between Member States where there is much cross-border interaction. Interreg investments will support more institutional cooperation and help develop joint services of public interest.

To improve the quality of life of the 150 million citizens living in border regions, the Commission proposes to help Member States overcome remaining cross-border obstacles by making it possible, on a voluntary basis and agreed by the competent authorities in charge, for **the rules of one Member State to apply in a neighbouring Member State** for a specific project or action limited in time. This could help more cross-border transport infrastructure or healthcare facilities see the light of day, for example.

2) **Creating new pan-European clusters of innovation**

In addition to the new possibility for regions to develop joint projects together under their own programmes, the 2021-2027 Cohesion Policy rules create the **'Interregional Innovation Investments',** a tool inspired by the success of the Vanguard initiative and the 2014-2020 pilot action on Interregional innovation partnerships.

Regions with matching 'smart specialisation' assets will be given more financial support to work together and involve further policy-makers, researchers, businesses and other innovation actors. **The aim is to scale up 'bankable' interregional projects** that can create European value chains in priority sectors such as big data, bioeconomy, resource efficiency, connected mobility or advanced manufacturing.

Will the Commission continue the PEACE programme?

For over 20 years, the European Regional Development Fund has also provided specific funding for cross-border programmes supporting peace and reconciliation in Northern Ireland and the Border Region of Ireland. **The Commission intends to propose the continuation of these programmes,** based on their existing management structures. A new PEACE+ programme, integrating the Interreg programme covering Northern Ireland and the border regions of Ireland, will contribute to social and economic stability in these regions.

Will the Outermost regions still get special support?

The EU will continue to provide special support to its nine Outermost regions (the Azores, the Canary Islands, Guadeloupe, French Guiana, Madeira, Martinique, Mayotte, La Réunion and Saint Martin), in order to help them address their specific territorial, economic and social challenges.

In line with the new Strategy for the Outermost regions presented in October 2017, these regions will be given the means to develop their assets, such as blue growth, space sciences and renewables, and to reap the benefits of globalisation.

1) They will keep on receiving an additional EU funds allocation, worth over **€1.6 billion** from the European Regional Development Fund.

2) They will be given more flexibility in the repartition of resources by policy objectives ('thematic concentration').

3) Outermost regions will get new, special support under the 2021-2027 Interreg programmes to **deepen their integration into their regional spaces** and intensify cooperation among themselves or with neighbour third and partner countries.

4. **A strengthened link with the European Semester and the Union's economic governance**

For EU investments to be performant and for each euro spent on the ground to deliver results, **a sound macroeconomic framework is needed**, as well as a

business-friendly environment. In the 2014-2020 budgetary period, Cohesion Policy already supports structural reforms and sound economic policies. First via ‘ex-ante conditionalities’, which are preconditions Member States had to fulfil in order to receive funding, and second via macroeconomic conditionality, linking the policy to key EU economic governance mechanisms.

In the Commission’s proposal for the future Cohesion Policy, **this link is strengthened further**. This will contribute to a growth-friendly environment in Europe, so EU as well as national, regional and local investments can deliver their full potential. It will also ensure full complementarity and coordination with the new, enhanced **Reform Support Programme**.

What are the new enabling conditions?

The ‘enabling conditions’ continue the approach of the ex-ante conditionalities introduced for the 2014-2020 funding period. There are some 20 conditions proposed, which correspond to roughly half of the number of conditionalities in the previous period. They cover similar thematic areas as in 2014-2020, like energy efficiency, and still include **smart specialisation strategies** to guide investments in research and innovation.

There are also four horizontal enabling conditions in the area of public procurement, state aid and in relation to the application of the European Charter of Fundamental Rights and the United Nations Convention on Persons with Disabilities.

The procedures linked to the enabling conditions are similar but **made simpler**; for example there is no obligatory action plan to be submitted in case of non-fulfilment. However, Member States won’t be able to send payment claims to the Commission for EU-funded projects related to unfulfilled preconditions. Their fulfilment needs to be respected throughout the period.

How is the link with the European Semester and the Union’s economic governance strengthened?

The European Semester’s Country-Specific Recommendations will be taken into account twice throughout the 2021-2027 period: first as a roadmap for the programming of the funds and the design of Cohesion Policy programmes, at the beginning of 2021-2027.

Then, the most recent Country-Specific Recommendations will also guide a mid-term review of the programmes in 2024, to adjust to new or persistent challenges. Over the course of the period, Member States should regularly present to the Commission their progress in implementing the programmes in support of the Country-Specific Recommendations.

Macroeconomic conditionality is kept to ensure EU investments operate in a sound fiscal environment. When a Member State fails to take effective or corrective action in the context of key EU economic governance mechanisms (Excessive Deficit Procedure, Excessive Imbalance Procedure) or fails to implement the measures required by a stability support programme, the Commission shall make a proposal to the Council to suspend all or part of the commitments or payments for one or more of the programmes of a Member State. However the Commission may, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned, recommend that the Council cancels the suspension.

5. **Efficient financial management and reinforced rules for better performing EU investments**

Experience from the past has shown the importance of kick-starting investments on the ground on time, and of keeping a swift implementation pace. This is so EU-funded projects can deliver results for citizens as soon as possible.

In addition, in the 2014-2020 period the launch of the Cohesion Open Data Platform has brought a new level of transparency and accountability in the management of EU funds. Citizens have been able to follow the evolution of project selection and payment rates, as well as the progress of EU investments against pre-established targets. In 2021-2027, **new reporting requirements for Member States will allow citizens to follow the progress almost in real time.**

How will the Commission monitor the performance and progress of investments?

The mid-term review detailed above will take into account the progress in achieving the objectives set for each programmes at the beginning of the period, and can lead to some reprogramming if needed.

In addition, annual implementation reports are replaced by an annual review, in the form of a policy dialogue between the programme authorities and the Commission on key issues of implementation and performance. Member States will send implementation data to the Commission every two months, which will be uploaded to the **Cohesion Open Data Platform** and thus made available to citizens.

What are the new rules in terms of decommitments?

A decommitment means that if a sum committed to a programme has not been claimed by a Member State after a certain period of time – i.e. no invoices reached the Commission to cover that sum – this money ceases to be available to the programme and returns to the EU budget. This mechanism is designed to ensure an efficient and swift implementation of the programmes.

The new framework includes a return to the n+2 (years) rule as opposed to the n+3 rule applicable in 2014-2020. This will happen gradually to ensure adequate room for adjustment while leading to tighter financial management.

The roll-over arrangement and continuity, with the possibility of phasing 2014-2020 projects into the new period, will allow for a quick start the programming period, making it easier to manage programmes successfully against the decommitment rule.

For the same purpose, the amounts of pre-financing have also been reduced and will now constitute 0.5% of the programme resources to be paid each year except for 2027, the final year of the new funding period.

For more information:

Legal texts and factsheets

EU budget: Regional Development and Cohesion Policy beyond 2020

The EU's economy is bouncing back, but additional investment efforts are needed to tackle persistent gaps between and within Member States. With a budget of €373[1] billion in commitments for 2021-2027, the future Cohesion Policy has the investment power to help bridge these gaps. Resources will continue to be geared towards regions that need to catch up with the rest of the EU the most. At the same time it will remain a strong, direct link between the EU and its regions and cities.

Vice-President responsible for Jobs, Growth, Investment and Competitiveness, Jyrki **Katainen**, said: *"Over the next decade, Cohesion Policy will help all regions modernise their industry and invest in innovation and the transition to a low-carbon, circular economy. In addition, our proposal will further contribute to a business-friendly environment in Europe, setting the right conditions for growth, job creation and investment."*

Commissioner for Regional policy Corina **Creţu** said: *"Today we propose a Cohesion Policy for all regions, which leaves no one behind. We have made it more flexible, to adapt to new priorities and better protect our citizens. We also made the rules simpler and this will benefit all, from small businesses and entrepreneurs to schools and hospitals that will get easier access to the funds."*

The main features of the Commission's proposal for a modernised Cohesion Policy are:

1. A focus on key investment priorities, where the EU is best placed to deliver: The bulk of European Regional Development Fund and Cohesion Fund investments will go towards innovation, support to small businesses, digital technologies and industrial modernisation. It will also go to the shift towards a low-carbon, circular economy and the fight against climate change, delivering on the Paris Agreement.

2. A Cohesion Policy for all regions and a more tailored approach to regional development:

- **Investing in all regions**: Regions still lagging behind in terms of growth or income – mostly located in the South and East of Europe – will

keep benefiting from important EU support. Cohesion Policy will continue investing in all regions, as many of them across Europe – including in richer Member States – struggle to achieve industrial transition, fight unemployment and hold their own in a globalised economy;
- **A tailored approach:** Cohesion Policy keeps 3 categories of regions: less-developed, transition and more developed regions. To reduce disparities and help low-income and low-growth regions catch up, GDP per capita remains the predominant criterion for allocating funds. In addition, new criteria aim at better reflecting the reality on the ground – youth unemployment, low education level, climate change and the reception and integration of migrants.
- **Locally-led:** The 2021-2027 Cohesion Policy stands for a Europe that empowers, by supporting locally-led development strategies. Local, urban and territorial authorities will be more involved in the management of EU funds, while increased co-financing rates will improve ownership of EU-funded projects in regions and cities.

3. Fewer, clearer, shorter rules and a more flexible framework:

- **Simplifying access to funds:** The Commission proposes to make the rules less complex in the next long-term EU budget, with less red tape and lighter control procedures for businesses and entrepreneurs benefiting from EU support;
- **A single rulebook**: One set of rules now cover 7 EU funds implemented in partnership with Member States ('shared management'), which will make life easier for EU funds programme managers. It will also facilitate synergies, for example between Cohesion Policy funds and the Asylum and Migration Fund when it comes to the development of local integration strategies for migrants. The framework also allows for more efficient links with other funds from the EU budget toolbox; for example Member States can choose to transfer some of their Cohesion Policy resources to the InvestEU programme.
- **Adapting to needs:** The new framework also combines the stability necessary for long-term investment planning with the right level of flexibility in order to cope with unforeseen events. A mid-term review will determine if changes in the programmes are needed for the last 2 years of the funding period, and limited transfers of resources within EU funds programmes will be possible.

4. A strengthened link with the European Semester to improve the investment environment in Europe: The Commission proposes to strengthen the link between Cohesion Policy and the European Semester, to create a growth- and business-friendly environment in Europe, so that both EU and national investments can deliver their full potential. This stronger Cohesion Policy support to structural reforms will ensure full complementarity and coordination with the new, enhanced Reform Support Programme.

Next steps

In an unprecedented move of transparency, the European Commission has presented for the first time ever its proposal for the new long-term EU budget on 2 May both in current and in constant 2018 prices. In the same vein, the Commission is also publishing today the national Cohesion Policy allocations for Member States both in current and constant 2018 prices (see annex).

A swift agreement on the overall long-term EU budget and its sectoral proposals is essential to ensure that EU funds start delivering results on the ground as soon as possible.

Delays similar to the ones experienced at the beginning of the current 2014-2020 budgetary period would mean that 100,000 EU-funded projects could not start on time; that many schools in need of renovation works would have to wait; that medical equipment would be delivered to hospitals late or that small businesses would have to plan investments without the necessary certainty.

An agreement on the next long-term budget in 2019 would provide for a seamless transition between the current long-term budget (2014-2020) and the new one and would ensure predictability and continuity of funding to the benefit of all.

For more information

Regional development and Cohesion Policy beyond 2020: Questions and Answers

Legal texts and factsheets:

- Regional development and cohesion: the new framework at a glance
- A more tailored approach to regional development
- A simpler and more flexible framework for Cohesion Policy
- A stronger link with the European Semester and the Union's economic governance
- More opportunities for synergies inside the EU budget

More information on the EU budget for the future can be found here

ANNEX

Cohesion Policy allocations for 2021-2027

The Commission has provided unprecedented transparency by presenting for the first time ever its proposal for the new long-term EU budget on 2 May both in current and in constant 2018 prices. In the same vein, the Commission is also publishing all relevant figures for the various spending programmes both in current and constant 2018 prices.

	2018 prices	Current prices
BE	2 443 732 247	2 754 198 305
BG	8 929 511 492	10 081 635 710
CZ	17 848 116 938	20 115 646 252
DK	573 517 899	646 380 972
DE	15 688 212 843	17 681 335 291
EE	2 914 906 456	3 285 233 245
IE	1 087 980 532	1 226 203 951
EL	19 239 335 692	21 696 841 512
ES	34 004 950 482	38 325 138 562
FR	16 022 440 880	18 058 025 615
HR	8 767 737 011	9 888 093 817
IT	38 564 071 866	43 463 477 430
CY	877 368 784	988 834 854
LV	4 262 268 627	4 812 229 539
LT	5 642 442 504	6 359 291 448
LU	64 879 682	73 122 377
HU	17 933 628 471	20 247 570 927
MT	596 961 418	672 802 893
NL	1 441 843 260	1 625 023 473
AT	1 279 708 248	1 442 289 880
PL	64 396 905 118	72 724 130 923
PT	21 171 877 482	23 861 676 803
RO	27 203 590 880	30 765 592 532
SI	3 073 103 392	3 463 528 447
SK	11 779 580 537	13 304 565 383
FI	1 604 638 379	1 808 501 037
SE	2 141 077 508	2 413 092 535

[1] Current prices – taking inflation into account.

Ukraine: Council endorses agreement on a further €1bn in loans

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On 29 May 2018, EU ambassadors endorsed, on behalf of the Council, an agreement with the European Parliament on a new package of **macro-financial assistance** for Ukraine.

A further €1 billion in loans will cover Ukraine's financing needs over a period of two and a half years. The loans will **support economic stabilisation** and a programme of **structural reforms**, supplementing resources provided by the IMF and other donors.

The IMF has identified a $4.5 billion financing gap for 2018 and 2019, going over and above funding committed so far by the international community.

Macro-financial assistance is an exceptional form of financial aid that the EU extends to partner countries with balance-of-payments difficulties. This is the **third operation** for Ukraine since 2014. The EU additionally provides assistance under its neighbourhood policy.

The EU pledged €1.6 billion of macro-financial assistance in 2014 and €1.8 billion in 2015, of which Ukraine received €2.81 billion. A €600 million instalment was cancelled in January 2018 due to incomplete compliance with the conditions set.

Ukraine is part of the EU's Eastern Partnership. An EU-Ukraine association agreement, which includes free trade provisions, entered into force on 1 September 2017.

The further disbursements will be conditional on Ukraine respecting **democratic mechanisms** and the **rule of law**, and guaranteeing respect for **human rights**. They will be subject to **economic policy and financial conditions**, focusing on structural reforms and sound public finances and including a timeframe for their fulfilment. The conditions will be laid down in a memorandum of understanding between Ukraine and the Commission.

The Commission will be responsible for disbursing the macro-economic assistance. The Commission and the European External Action Service will monitor the fulfilment of the conditions.

Joint statement on the preconditions

Parliament, Council and Commission agreed a joint statement in the light of **unfulfilled conditions** and the cancellation of the third instalment of the previous programme.

Further macro-financial assistance will be conditional on progress in the **prevention of corruption**, as well as on the progress of the IMF programme, the statement reads. The memorandum of understanding will include obligations to strengthen governance, administrative capabilities and the institutional set-up for preventing corruption.

Upon each disbursement, the Commission will **report publicly** on the fulfilment of the conditions, in particular those concerning the prevention of corruption.

Next steps

The European Parliament and the Council will be called on to adopt the decision without further discussion.

The Council requires a qualified majority. (Legal basis: article 212, paragraph 2, of the Treaty on the Functioning of the European Union.)

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