



EUROPEAN COMMISSION

*Brussels, 21.05.2019
C(2019) 3622 final*

Dear President,

The Commission would like to thank the Bundesrat for its Opinion on the Proposal for a Council Regulation laying down the multiannual financial framework for the years 2021 to 2027 {COM(2018) 322 final} and 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 {COM(2018) 375 final}.

The proposals, adopted in May 2018, form part of a broader package of ambitious measures designed to govern cohesion policy for the post-2020 period, to promote socio-economic and territorial cohesion across the European Union.

The European Commission is well aware of the Bundesrat's Resolution 227/18 and has replied to it in detail. It welcomes these additional considerations of the Bundesrat, and in particular the Bundesrat's explicit support for the Commission's approach to encourage Member States to carry out necessary structural reforms through positive incentives rather than sanctions.

The Commission has carefully considered the issues raised by the Bundesrat in its Opinion and would like to refer the Bundesrat to the following observations in the annex, grouped by topic.

The Commission hopes that the explications provided in the annex clarify the issues raised by the Bundesrat. The Commission is convinced that its proposals provide a solid basis for the negotiations to come.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Corina Crețu
Member of the Commission*

*Mr Daniel GÜNTHER
President of the Bundesrat
Leipziger Straße 3 - 4
10117 BERLIN*

Annex

Procedure

The Bundesrat is concerned that the identification of possible funding priorities of the future programmes implementing the EU cohesion policy funds was done before the conclusion of the negotiations of the definitive legal bases for the programming of European Union funding. The Commission would like to reassure the Bundesrat that it lies in the very nature of traditionally lengthy and complex negotiations of European Union Regulations that different work streams cannot just stop, but have to take place in parallel, based on a pragmatic approach. The same approach will apply to the process of preparing and setting up the future programmes for support from the European Regional Development Fund or the European Social Fund Plus, which will take place during 2019 and 2020, while the underlying Regulations continue to be negotiated. Their elements will be increasingly confirmed and determined, and only this way we can avoid losing time, and ensure that implementation starts without delay in 2021.

On the Bundesrat's reflection on the procedure for identifying the funding priorities and the concern that the Annex D could restrict the scope of the future financing, the Commission would like to recall that the purpose of such Annex is to help in the dialogue with individual Member States and that, following its proposals for the next EU multiannual financial framework for the post 2020 period, the link between the European Semester and EU funding for 2021-2027 has been made stronger and more effective. This is the reason why Annex D has been drawn up based on the investment needs identified in the country reports of the European Semester.

The objective is to ensure greater coherence between the coordination of economic, employment and social policies and the use of the EU funds. To that end, the respective country reports identify priority areas for public and private investment in the Member States. To the extent possible and where these appear to be serious causes of concern, they also take into account regional disparities and specific regional problems. The investment guidance on cohesion policy funding 2021-2027 for Germany, as set out in Annex D of the 2019 country report for Germany, was published on 27 February 2019. It presents the view of the Commission services on how to maximise the country-specific positive impact on economic development and convergence of the cohesion policy funds and, as rightly noted by the Bundesrat, sets up a starting point for the dialogue between the Commission and the Member States on the programming of these funds.

The Commission organised an event in its representation in Berlin on 25 March 2019, where it presented the investment guidance to Germany's Federal Government as well as the Länder authorities responsible for future programming. The aim was to clarify questions and kick off an open and informal dialogue.

The Commission confirms the Bundesrat's understanding that the relevant country-specific recommendations addressed to Member States should be taken into account both in the programming of cohesion policy support (at the outset of the programming period, i.e. the 2019 country-specific recommendations) and in the

framework of the mid-term review (2024 country-specific recommendations). The country-specific recommendations adopted in 2019 and 2024 will have a particular focus on the investment needs, backed by a well-founded analysis of such needs (and of the Member States' regional disparities) in the corresponding country reports.

As regards consulting the Member States on the content of the Annex D, and the tight time arrangements for reacting to its content, the Commission would like to stress that the Annex D represents the Commission's view on the funding priorities for the EU structural funds post-2020 in the respective Member State. These priorities were defined following a thorough analysis of the investment needs presented in the country reports; the analytical content of the country reports was consulted with the national authorities before their publication, providing an opportunity to each Member State to react. Moreover, the Commission undertook missions at technical level to deepen the understanding of the challenges faced by the Member States. Contrary to those events, the consultation period to which the Bundesrat refers in its Opinion, aimed at correcting factual omissions or mistakes in the document before the final publication.

Following on the Bundesrat's opinion on the need to have a transparent procedure that ensures appropriate deadlines, the Commission would like to confirm that pursuant to the proposed Common Provisions Regulation, the European Code of Conduct¹ will continue to apply in the 2021-2027 period, including on the programming phase, setting out objectives and criteria to support the implementation of the partnership principle and facilitating the sharing of information, experience, results and good practices among Member States. The European Semester roadmap² (updated on 11 March 2019) presents all relevant milestones for the process enabling the Member States to prepare accordingly.

Involvement on the regional level

The Bundesrat accurately concludes that engaging regional stakeholders in the decision making process ensures effectiveness of the programmes. Indeed, all relevant stakeholders at national, regional and local level have a major part to play in how the cohesion policy funds are spent in the Member States and regions. Already for the 2014-2020 programming period, the partnership principle was strengthened: regional, local, and urban public authorities, trade unions, employers, non-governmental organizations, and other civil society bodies were required to be involved in all stages of the planning, implementation and monitoring of projects financed by the European Structural and Investment Funds. The principle of partnership and multilevel governance is further strengthened in the proposed legislative framework for cohesion policy in the 2021-2027 period and applies during programming as well.

National Reform Programmes

As regards the Bundesrat's reflection on the content of the National Reform Programmes, the Commission would like to recall that these policy documents are a sole

¹ Delegated Regulation (EU) 240/2014

² Council of the European Union 12451/2/18 REV_2

responsibility of the Member States in accordance with their national arrangements. In line with the guidelines issued by the Commission, National Reform Programmes should not only respond to the Commission analysis of main macroeconomic challenges (and, for the countries concerned, macroeconomic imbalances), but they should also be forward-looking and presenting policy initiatives aimed at overcoming these challenges and imbalances. The Commission issues a guidance concerning the content and a format of the National Reform Programmes every year. The last one, annexed to the letter to Member States Permanent Representatives (and to the German Permanent Representative among them) was sent on 22 October 2018.