Tying in with the recent launch by the Parliament and the Council of the trilogues on the future Cohesion Policy Regulations, this paper presents (in Part 1) the current state of play of the negotiations on the EU budget and the Cohesion Policy for the post-2020 period.

It also (in Part 2) makes an assessment, following the adoption of the Policy Position of the Islands Commission on post-2020 Cohesion Policy in July 2018 in Bastia, of the impact of the amendments proposed by CPMR concerning the island regions in the reports recently adopted by the European Parliament and the initial partial agreements reached in the Council. It identifies a number of points on which the Islands Commission and its members will need to remain vigilant during the negotiations between the Parliament and the Council in order to ensure that the provisions enshrined in Article 174 TFEU are implemented in full in the EU’s future policies.


1.1. The future EU budget

- In the European Parliament

The Interim report on the Multiannual Financial Framework (MFF) 2021-2027 was adopted in plenary on 14 November 2018. The successive votes on the reports relating to the EU’s sectoral policies (cohesion, research, transport, etc.) reinforced the Parliament’s position in support of a strong EU budget for the post-2020 period. CPMR and its Islands Commission welcomed the adoption of the report on the MFF 2021-2027; the Parliament can now begin negotiations with the Council on the basis of ambitious proposals for the future Cohesion Policy, Erasmus+ and Horizon Europe.

- In the EU Council

Given Member States’ different political sensitivities and positions on budgetary issues, discussions in the Council are proceeding at a slower pace.

The European Council meeting on 13-14 December 2018 marked the first real debate among heads of state or government on the future EU budget. It was agreed that an agreement could be reached during the autumn 2019 European Council under the Finnish presidency. For the time being, the guiding principle for the discussions remains that ‘nothing is agreed until everything is agreed’.
The Romanian presidency submitted a work programme to the 19 February General Affairs Council to advance discussions. Their aim is to present a streamlined and simplified version of the draft Negotiating Box ahead of the 20-21 June 2019 European Council. The Negotiating Box is a tool designed to structure and facilitate MFF negotiations, and includes the most sensitive issues for political discussion.

1.2. The post-2020 Cohesion Policy legislative package

- In the European Parliament

The European Parliament is about to conclude the first stage in its legislative procedure on the post-2020 Cohesion Policy, with the adoption in plenary of the following reports:
  - European Territorial Cooperation (Interreg), on 16 January 2019
  - European Social Fund plus (ESF+), on 16 January 2019

The report on the ERDF/Cohesion Fund was adopted by the REGI Committee on 14 February 2019, and the vote in plenary is scheduled for 26 March.

Once the reports have been adopted in plenary, the Parliament has a mandate to negotiate with the Council in the framework of the trilogues.

- In the EU Council

The legislative work of the EU Council has advanced in recent months:
  - 19 December 2018: partial agreement in COREPER on block 1 (strategic approach and programming) and block 5 (management and control) of the CPR. The points covered in the agreement relate to the principles and strategic objectives governing the funds, territorial development, technical assistance and certain annexed documents such as the templates for Partnership Agreements and the future programmes.
  - 15 February 2019: partial agreement in COREPER on block 2 of the CPR (enabling conditions, performance framework and mid-term review) and on certain points of the ERDF/Cohesion Fund Regulation such as the strategic objectives, exclusions from the scope of the ERDF and the Cohesion Fund, and integrated territorial development.

These ‘partial mandates’ adopted by the heads of mission in COREPER comprise the Council’s final position for its negotiations with the Parliament in the trilogues. They do not cover the more politically sensitive elements, in particular those related to budgetary questions (co-financing rates, allocations, thematic concentration, etc.). These are negotiated in the Council’s MFF 2021-2027 ad hoc group.

Concerning the European Territorial Cooperation (ETC) Regulation, the discussions appear to be progressing well; the Romanian presidency hopes that agreement will be reached in the coming months.

On the ESF+, discussions have already begun at the technical level, in particular on the specific objectives of the ESF+ and the enabling conditions, and are continuing under the Romanian presidency. The aim is to obtain a partial general mandate on the ESF+ at the COREPER meeting on 27 March 2019.

The Romanian presidency hopes to obtain the adoption of a partial general approach on the post-2020 Cohesion Policy on all the blocks of the CPR and on the ETC Regulation, with the exception of the points covered by the MFF negotiations, at the General Affairs Council on 25 June 2019.
The trilogues

The trilogue discussions on the CPR (blocks 1 and 5) started on 19 February. The trilogues on the ESF+ are due to start in the autumn with the new Parliament.

The Parliament aims to adopt its first-reading position on all the texts relating to the post-2020 Cohesion Policy in April, before the European Parliament elections. The text on the CPR submitted to the first reading will include any compromise texts obtained in the trilogues on blocks 1 and 5.

2. What results for the island regions?

As soon as the Commission’s proposals were published in spring 2018, the CPMR General Secretariat started work on drafting amendments to the 2021-2027 Cohesion Policy Regulations. Once its members had been consulted and had approved the texts, these were sent to MEPs in autumn 2018. The Islands Commission was closely involved in this process, to ensure that amendments concerning the island and outermost regions were included.

An assessment of the impact of CPMR’s proposed amendments in the reports recently adopted by the Parliament is detailed in an Analysis prepared by the CPMR Secretariat in February 2019. This document also compares the points contained in the Council’s partial agreement on the CPR, adopted on 19 December 2018, with the CPMR amendments.

The Islands Commission proposes to carry out a similar exercise and provide a detailed analysis of the amendments proposed by CPMR concerning the island and outermost regions in the four EP reports and the two partial agreements obtained in the Council so far, in order to bring to the attention of its island member regions the positive points and the points on which they need to remain vigilant at this stage in the negotiations.

A more detailed analysis of the amendments covered by this paper can be found in the annex.

2.1. Positive steps forward...

- The European Parliament supports a strong budget for Cohesion Policy, proposing EUR 366 754 000 000 in 2018 prices (the Commission proposed EUR 322 194 388 630), a figure that is close to the budget available for the 2014-2020 period, of which 3% should be allocated to Interreg (CPR, Article 104).

- In the reports adopted by the Parliament, we can note the inclusion of several references to the objective of economic, social and territorial cohesion and of the need to take into account the needs of specific EU regions and areas, as mentioned in Articles 174 and 349 TFEU – although, generally speaking, these amendments do not go as far as those proposed by CPMR (CPR – (4), (64), Articles 8, 17; ERDF/CF – (9), (17), (18), (24), Articles 1, 10; ESF+ - (14), (18), (25), Article 11; ETC – (1), (14)).

- Concerning cooperation involving the outermost regions in the framework of ETC, the Parliament and the Council maintain indirect management but introduce the possibility of consultation with the Member State and/or region concerned, an amendment also put forward by CPMR (CPR, Article 5).

- The eleven thematic objectives used for the 2014-2020 period have been simplified down to five strategic objectives, of which number 5 ‘A Europe closer to citizens by fostering the sustainable and integrated development of urban, rural, and coastal areas and local initiatives’ had been identified by the Islands Commission as being particularly relevant for the islands. While the European Parliament’s
REGI Committee broadens the scope of this objective to include ‘all regions’, it also introduces a specific objective targeting non-urban areas and in particular islands (ERDF/Cohesion Fund, Article 2).

- The Parliament and the Council have both taken up the amendment proposing that the additional allocation for outermost regions should not be subject to thematic concentration (ERDF/Cohesion Fund, Article 11).
- The Parliament’s position on ETC very clearly supports the return of cross-border maritime cooperation to strand 1 of Interreg on cross-border cooperation, without prejudice to the new components for cooperation involving the outermost regions and for interregional innovation investments. On this aspect, the report includes numerous amendments throughout that are very similar to those proposed by CPMR. Cooperation involving outermost regions is moreover extended to include cooperation with third countries, OCTs or regional integration and cooperation organisations. The EP also supports the exemption of the Interreg Programmes from national regional aid rules (ETC, Article 61a).

2.2. ... but still some points of concern

- The European Parliament’s position on co-financing rates is very close to that of CPMR in that it proposes higher rates than those proposed by the Commission, reinstating in particular a ceiling rate of 85% for the less developed regions, for the outermost regions and for ETC. However, CPMR’s proposed amendment to allow all island regions to benefit from the maximum level of co-financing has not been taken up by the European Parliament (CPR, Article 106).
- Concerning partnership and multilevel governance, while the amendments submitted by MEPs in the post-2020 cohesion reports are fully in line with the amendments proposed by CPMR, the modifications introduced by the Council in its agreement of 19 December 2018 run counter to the principle of partnership with the regions, giving rise to concerns. The Council is proposing to make the drafting of a Partnership Agreement optional in certain cases, and this leads us to fear that the strategic approach to programming of the funds, which includes giving particular attention to specific areas and regions such as the islands, could be significantly weakened in certain countries. The CPMR Secretariat recently circulated an open letter addressed to the co-legislators, calling for vigilance on this point (CPR, Articles 6-7).
- At this stage, the Parliament’s report on the ERDF and the Cohesion Fund, adopted by the REGI Committee, proposes to maintain thematic concentration at national level but on the basis of a classification of regions by group according to their regional per capita GDP (rather than a classification of Member States by group according to their national GDP as in the Commission’s proposal). The outermost regions would continue to come under group 3, which benefits from the maximum level of flexibility in thematic concentration. Another amendment envisages introducing a 5% flexibility margin on thematic concentration in certain cases, and up to 10% in the cases of the outermost regions. The wording as adopted in the REGI Committee leaves considerable room for interpretation regarding the implementing rules envisaged by the Parliament. In all cases, the Islands Commission notes that the CPRM’s proposals to establish thematic concentration at regional level, and to allow all island regions to benefit from the maximum level of flexibility in concentration of funding, which would better reflect the different regional situations within a given Member State, have not been taken up by the Parliament at this stage (ERDF/Cohesion Fund, Article 3).

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1 Member States with fewer than three programmes or an allocation lower than EUR 2.5 billion.
• Concerning the exclusions from the scope of the ERDF and the Cohesion Fund, neither the Parliament nor the Council have picked up the CPMR’s amendment proposing to authorise the island regions, by way of derogation, to invest in certain airport infrastructure (ERDF/Cohesion Fund, Article 6).

• While the European Parliament’s REGI Committee proposes to guarantee the allocation of least 5% of the ERDF resources available at national level to integrated territorial development in non-urban areas with natural, geographic or demographic handicaps or disadvantages, or which have difficulty accessing basic public services (ERDF/Cohesion Fund, Article 8), the Council makes the introduction of these integrated territorial development strategies optional in its partial agreement on the CPR (Article 22) and deletes the whole of the relevant Article from the ERDF/Cohesion Fund Regulation (Article 8).

• Regarding ETC, the Parliament and the Council maintain the new interregional innovation investments, but remove this initiative from the Interreg budget (ETC report, Article 15a), and even, in the case of the Council, from the regulatory framework of the programme. The Council proposes to include the Article on this topic directly in the ERDF/Cohesion Fund Regulation (Article 10a, partial agreement of 15 February 2019). The Islands Commission queries how the resources allocated to this new initiative will benefit the less developed and less innovative regions, in particular specific territories such as islands, which do not benefit from the same market conditions.

• The allocation methodology proposed by the Commission for cross-border maritime cooperation risks significantly reducing the resources allocated to maritime cooperation for certain Member States (Annexe XXII, 8, CPR). The CPMR had alerted its members about this issue in its analysis published in November 2018 which identified the maritime and island regions potentially impacted by these changes. In addition, the European Commission’s proposal, as presented in Fiche no. 14 on the MFF 2021-2027, appears to reinstate the 150-km limit identifying regions eligible for cross-border cooperation funding, even though this is not mentioned in the Commission’s draft Regulation. The Council has not yet stated its position on this question, which is a matter for its ad hoc group on the MFF. Neither does the Parliament present a clear-cut proposal in its report on the CPR adopted in February. At this point in time, it would appear therefore that this point will not be addressed by the co-legislators before the autumn 2019 trilogues.
ANNEX

This table sets out and compares:
- **The main amendments** concerning the island regions *proposed by the CPMR* to the different post-2020 Cohesion Policy Regulations (Common Provisions, ERDF/Cohesion Fund and ETC)
- **The amendments** of interest to the island regions as a priority *proposed by the European Parliament* to these same texts
- **The amendments proposed by Member States** which have to date been partially agreed by the Council. In this category, only certain points of the Common Provisions and ERDF/Cohesion Fund Regulations are covered, in the framework of the Structural Actions Group.

**I. COMMON PROVISIONS REGULATION**

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<td><strong>Art. 4 – Policy objectives - paragraph 1 – point e</strong>&lt;br&gt;Support to Commission’s proposal:&lt;br&gt;(e) a Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives.</td>
<td><strong>Art. 4 – Policy objectives - paragraph 1 – point e</strong>&lt;br&gt;(e) a Europe closer to citizens by fostering the sustainable and integrated development of <em>all regions</em>, areas and local initiatives.</td>
<td><strong>Art. 4 – Policy objectives - paragraph 1 – point e</strong>&lt;br&gt;(e) a Europe closer to citizens by fostering the sustainable and integrated development of <em>all types of territories</em>.</td>
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<td><strong>Art. 5 – Shared management</strong>&lt;br&gt;3. The Commission may implement outermost regions’ cooperation under the European territorial cooperation goal (Interreg) under indirect management, <em>subject to their agreement.</em></td>
<td><strong>Art. 5 – Shared management</strong>&lt;br&gt;3. The Commission may, <em>with the agreement of the Member State and the region concerned</em>, implement outermost regions’ cooperation under the European territorial cooperation goal (Interreg) under indirect management.</td>
<td><strong>Art. 5 – Shared management</strong>&lt;br&gt;3. <em>In agreement with the Member State concerned</em>, the Commission may implement outermost regions’ cooperation under the European territorial cooperation goal (Interreg) under indirect management.</td>
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<td><strong>Art. 6 – Partnership</strong>&lt;br&gt;1. <em>For the Partnership Agreement and for each programme,</em> each Member State shall organise a fully-fledged effective partnership with the competent regional and local authorities. That partnership shall include at least the following partners:&lt;br&gt;(a) <em>regional and local authorities</em>;&lt;br&gt;(b) urban and other public authorities;&lt;br&gt;(c) economic and social partners;&lt;br&gt;(d) <em>bodies representing civil society, environmental partners, and bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, gender equality and non-discrimination.</em>&lt;br&gt;2. In accordance with the multilevel governance and&lt;br&gt;<strong>Art. 6 – Partnership</strong>&lt;br&gt;1. For each Partnership Agreement, each Member State shall organise a partnership with the competent regional and local authorities. <em>In the case of cross-border programmes,</em> participating Member States shall involve those partners from <em>all participating Member States. In both cases, the</em> partnership shall include at least the following partners:&lt;br&gt;(a) <em>local, regional,</em> urban and other public authorities;&lt;br&gt;(b) economic and social partners;&lt;br&gt;(c) relevant bodies representing civil society, <em>including environmental partners, non-governmental organisations</em> and bodies responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, gender equality, non-discrimination and <em>those designated as the beneficiaries.</em></td>
<td><strong>Art. 6 – Partnership</strong>&lt;br&gt;1. Each Member State shall organise and implement a partnership <em>with the involvement of relevant partners</em> in accordance with Commission Delegated Regulation (EU) No 240/2014 <em>taking into account specificities of the Funds.</em>&lt;br&gt;2. At least once a year, the Commission shall consult organisations which represent partners at Union level on the implementation of programmes.</td>
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partner principles, the Member State shall involve partners **mentioned in paragraph 1** in the preparation of Partnership Agreements and **progress reports** and throughout the preparation and implementation of programmes including through the participation in monitoring committees in accordance with Article 34.

3. The organisation and implementation of partnership shall be carried out in accordance with the European code of conduct on partnership (Commission Delegated Regulation (EU) No 240/2014), **and fully respect the principles of subsidiarity and proportionality. The Commission shall safeguard the principles of partnership and multilevel governance during the whole programming and implementation period.**

4. At least once a year, the Commission shall consult the organisations which represent the partners at Union level on the implementation of programmes and shall report to the European Parliament and the Council on the outcome.

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**Art. 8 – Content of the Partnership Agreement**

1. The Partnership Agreement shall contain the following elements:
   - **(a)** the selected policy objectives indicating by which of the Funds and programmes they will be pursued **in line with the Fund-specific missions** pursuant to their Treaty-based objectives, including economic, social and territorial cohesion and a justification thereto, taking into account relevant country-specific recommendations.
   - **(b)** **An integrated approach to territorial development** supported by the ESI Funds or a summary of the integrated approaches to territorial development based on the content of the programmes, setting out:
     - (i) the main priority areas for cooperation under the ESI Funds, taking account, where appropriate, of macro-regional strategies and sea basin strategies;
     - (ii) where appropriate, an integrated approach to address the demographic challenges of regions and any other specific challenges of the outermost regions, the northernmost regions with a very low population density and of island, cross-border or mountain regions.

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<tr>
<th>Art. 22 – Integrated territorial development</th>
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<td>The Member State shall support integrated territorial development</td>
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development through territorial and local development strategies in any of the following forms:
(a) integrated territorial investments;
(b) community-led local development;
(c) another territorial tool supporting initiatives designed by the Member State for investments *programmed under the policy objective* referred in Article 4(1)(e).

The Member State shall ensure coherence and coordination when local development strategies are financed by more than one Fund.

Where a Member State supports integrated territorial development, *it shall do so through* territorial or local development strategies in any of the following forms:
(a) integrated territorial investments;
(b) community-led local development;
(c) another territorial tool supporting initiatives designed by the Member State.

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<th>Article 103 - Resources for economic, social and territorial cohesion</th>
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<td>New (2 a) In view of the particular importance of cohesion funding for cross-border and transnational cooperation, and for the outermost regions, the eligibility criteria for such funding should be no less favourable than in the 2014-2020 period, and ensure maximum continuity with existing programmes.</td>
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<th>Article 106 – Determination of co-financing rates</th>
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<tr>
<td>3. The co-financing rate for the Investment for jobs and growth goal at the level of each priority shall not be higher than:</td>
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<td>(a) 85 % for the less developed regions;</td>
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<tr>
<td>(b) 70 % for the transition regions</td>
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<td>(c) 50 % for the more developed regions</td>
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<tr>
<td>In no case shall a region see its co-financing rate reduced more than 10 percentage points compared to the 2014-2020 programming period.</td>
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<tr>
<td>The co-financing rates for all island and outermost regions shall not be higher than 85 %.</td>
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The ESF+ Regulation may establish higher co-financing rates for priorities supporting innovative actions in accordance with Article [13] and Article [4 (1) (x)] and [(xi)] of that Regulation, as well as for programmes addressing material deprivation in accordance with Article [9], youth unemployment in accordance with Article [10], supporting the European Child Guarantee in accordance with Article [10a] and transnational cooperation in line with Article [11b] |
| The co-financing rate for the Cohesion Fund at the level of each priority shall not be higher than 85 %. |
| The co-financing rate for Interreg programmes shall be no higher than 85 %. |
### II. ERDF/COHESION FUND

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<td>Recital 9</td>
<td>(9) In order to support the efforts of Member States and regions in reducing disparities between levels of development and harmonise different situations of EU regions, facing up to social disparities, new challenges and ensuring inclusive societies and a high level of security as well as the prevention of marginalisation and radicalisation, while relying on the synergies and complementarities with other Union policies, investments under the ERDF should contribute in areas where there is a need to ensure safe, modern, accessible and secure public spaces and critical infrastructure, such as communication, public transport, energy and universal, high-quality public services which are vital to address regional and social disparities, promote social cohesion and regional development and encourage enterprises and people to stay in their local area.</td>
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<td>New Recital 18 a)</td>
<td>The ERDF should address the problems of accessibility to, and remoteness from, large markets, faced by areas with an extremely low population density, as referred to in Protocol No 6 on special provisions for Objective 6 in the framework of the Structural Funds in Finland and Sweden to the 1994 Act of Accession. The ERDF should also address the specific difficulties encountered by certain islands, border regions, mountain regions and sparsely populated areas, the geographical situation of which slows down their development, with a view to supporting their sustainable development.</td>
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<td>Article 1a (new) - Tasks of the ERDF and the Cohesion Fund</td>
<td>The ERDF and the Cohesion Fund (CF) shall contribute to the overall objective of strengthening the Union’s economic, social and territorial cohesion. The ERDF shall contribute to reducing disparities between the levels of development of the various regions within the Union, and to reducing the backwardness of the least favoured regions including environmental challenges, through sustainable development and structural adjustment of regional economies.</td>
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The Cohesion Fund shall contribute to projects in the field of trans-European networks and environment.

**Art. 2 - Specific Objectives of the ERDF and the CF**

1. In accordance with the policy objectives set out in Article [4(1)] of Regulation (EU) 2018/xxxx [new CPR], the ERDF shall support the following specific objectives:

   (...) (e) ‘A Europe closer to citizens by fostering the sustainable and integrated development of urban and rural areas and local initiatives’ (PO 5) by:

   (ii) fostering the integrated social, economic and environmental local development, cultural heritage and security, including for rural areas, mountain regions, sparsely populated areas, islands and coastal areas also through community-led local development.

**Art. 2 - Specific Objectives of the ERDF and the CF**

(e) ‘A Europe closer to citizens by fostering the sustainable and integrated development of urban and all other areas and local initiatives (PO 5) by:

(i) fostering integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism also through the tourist districts, sports and security in urban areas, including functional urban areas;

(ii) fostering integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism also through the tourist districts, sports and security, all at local level, rural, mountain, islands and coastal regions, isolated and sparsely populated and all other areas that have difficulty accessing basic services including also on NUTS 3 level, through territorial and local development strategies, the forms set out in points (a) (b) and (c) of Article 22 of Regulation (EU) 2018/xxxx [new CPR].

**Art. 2 - Specific Objectives of the ERDF and the CF**

1(a). Under the two specific objectives of point (e) of paragraph 1, Member States may also support operations which can be funded under the specific objectives set out under points (a) to (d) of paragraph 1.

**Art. 3 – Thematic concentration of ERDF support**

1. With regard to programmes implemented under the Investment for jobs and growth goal, the total ERDF resources in each Member State shall be concentrated at regional level in accordance with paragraph 3 article 102 of Regulation (EU) 2018/xxxx [new CPR], as follows:

   (a) in more developed regions at least 85 % of the total ERDF at national level shall be allocated to priorities other than for technical assistance to PO 1 and PO 2, and at least 60 % to PO 1;

   (b) in transition regions at least 75 % of their total ERDF resources at national level shall be allocated to priorities other than for technical assistance to PO 1 and PO 2; and at least 45 % for PO 1;

   (c) in less developed regions at least 35 % of their total ERDF resources at national level shall be allocated to priorities other than for technical assistance to PO 1, and at least 30 % to PO 2.

**Art. 3 – Thematic concentration of ERDF support**

1. With regard to programmes implemented under the investment for jobs and growth goal, the total ERDF resources in each Member State shall be concentrated at national level in accordance with paragraphs 3 and 4.

2. With regard to the thematic concentration of support for Member States comprising outermost regions, the ERDF resources allocated specifically to programmes for the outermost regions and those allocated to all other regions shall be treated separately.

3. **Regions at NUTS 2 level** shall be classified, in terms of their gross domestic product (GDP) per capita, as follows:

   (a) those with a GDP per capita above 100 % of the average GDP of the EU27 (‘group 1’);

   (b) those with a GDP per capita between 75 % and 100 % of the average GDP of the EU27 (‘group 2’);

   (c) those with a GDP per capita less than 75 % of the average GDP of the EU27 average (‘group 3’).

For the purposes of this Article, the classification of a region under one of the three categories of regions shall be determined...
2. With regard to **programmes under the Investment for Jobs and growth goal**, for the purpose of thematic concentration, outermost regions, northern sparsely populated areas and all island regions shall be considered as less developed regions.

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3. **Member States shall comply with the following thematic concentration requirements:**

   (a) **For the more developed regions category** (group 1) they shall allocate:

   (i) at least **50%** of total ERDF resources **at national level** to **PO 1**; and

   (ii) at least **30%** of total ERDF resources **at national level** to **PO 2**.

   (b) **For the transition regions category** (group 2) they shall allocate:

   (i) at least **40%** of total ERDF resources **at national level** to **PO 1**; and

   (ii) at least **30%** of total ERDF resources **at national level** to **PO 2**.

   (c) **For the less developed regions category** (group 3) they shall allocate:

   (i) at least **30%** of total ERDF resources **at national level** to **PO 1**; and

   (ii) at least **30%** of total ERDF resources **at national level** to **PO 2**.

   (new) In duly justified cases, the Member State concerned may request that the concentration level for resources at regional category level be decreased by no more than 5 percentage points, or 10 percentage points in the cases of outermost regions, for the thematic objective determined in accordance with Article 3(4)(a)(i), Article 3(4)(b)(i) and Article 3(4)(c)(i) [new ERDF-Cohesion Fund]. (...)

   (new) Resources allocated to PO5 that contribute to PO1 and PO2, shall be calculated as contributing to thematic concentration requirements. The contribution to PO1 and PO2 shall be duly justified based on a substantiated assessment.

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...
**Art. 8 - Integrated territorial development**

1. The ERDF **shall** support integrated territorial development within programmes under both goals referred to in Article 4(2) of Regulation (EU) 2018/xxxx [new CPR] in accordance with Chapter II of Title III of that Regulation [new CPR].

   **1 a. At least 5% of the ERDF resources available at national level under the investment for jobs and growth goal, other than for technical assistance, shall be allocated to integrated territorial development in non-urban areas with natural, geographic or demographic handicaps or disadvantages or which have difficulty accessing basic services. Out of this amount, at least 17.5% shall be allocated to rural areas and communities taking into account provisions of a Smart Villages Pact to develop projects such as smart villages.**

2. Member States shall implement integrated territorial development, **through a specific axis or programme or through the other forms referred to in Article [22] of Regulation (EU) 2018/xxxx [new CPR], and may benefit from a multifund and integrated approach involving the ERDF, ESF+, EMFF and EAFRD.**

**New Art. 10a - Areas with natural or demographic handicaps**

In operational programmes co-financed by the ERDF, covering areas with severe and permanent natural or demographic handicaps as referred to in Art.174 TFEU, particular attention shall be paid to addressing the specific difficulties of those areas.

**Art. 10a (new) - Areas facing natural or demographic handicaps and challenges**

1. In programmes that are co-funded by the ERDF and cover areas facing severe and permanent natural or demographic handicaps and challenges such as those referred to in Article 174TFEU, special attention shall be paid to addressing the challenges faced by those areas.

   In particular, **NUTS level 3 areas or clusters of local administrative units (LAUs) with a population density of below 12.5 inhabitants per km2 for sparsely populated areas or below 8 inhabitants per km2 for very sparsely populated areas, or with an average population decrease of more than 1% between 2007 and 2017 shall be subject to specific regional and national plans to enhance attractiveness, increase business**
investment and boost the accessibility of digital and public services, including a fund in the cooperation agreement. A dedicated funding may be earmarked in the Partnership Agreement.

Art. 10a - Interregional Innovation Investments

1. The ERDF shall support the Interregional Innovation Investments Instrument, implemented by the Commission under direct and indirect management.
2. The Interregional Innovation Investments Instrument shall support the commercialisation and scaling up of interregional innovation projects having the potential to encourage the development of European value chains.
3. The Interregional Innovation Investments Instrument shall cover the entire territory of the Union. [Third countries can be covered by this instrument in line with the arrangements foreseen in Article XXX of the [Horizon Europe programme]].
4. The Interregional Innovation Investments Instrument shall consist of the following two strands:
   (a) Financial and advisory support for investments in interregional innovation projects;
   (b) Financial and advisory support for the development of value chains in less developed regions.
5. The governance model of the Interregional Innovation Investments Instrument shall include the set-up of a dedicated expert group composed of representatives from Member States, regional authorities and cities, representatives of business, research and civil society bodies. The expert group shall support the Commission in defining a long-term work programme and in preparing calls for proposals.
6. The governance model shall also ensure appropriate coordination and complementarities with ERDF programmes under the Investment for jobs
Art. 11 – Outermost regions

1. The specific additional allocation for the outermost regions shall be used to offset the additional costs incurred in these regions as a result of one or several of the permanent restraints to their development listed in Article 349 of the TFEU. Article 3 shall not apply to the specific additional allocation for the outermost regions.

4. By way of derogation from Article 4(1), the ERDF may support productive investment in enterprises in the outermost regions, irrespective of the size of those enterprises.

III. EUROPEAN TERRITORIAL COOPERATION

<table>
<thead>
<tr>
<th>Amendments proposed by CPMR</th>
<th>European Parliament (report adopted on 16.01.19)</th>
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<tbody>
<tr>
<td>Recital 1 (1) Article 176 of the Treaty on the Functioning of the European Union (‘TFEU’) provides that the European Regional Development Fund (‘ERDF’) is intended to help to redress the main regional imbalances in the Union. Under that Article and the second and third paragraphs of Article 174 of the TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and to reducing the backwardness of the least favoured regions, among which particular attention is to be paid to certain categories of regions, among which cross-border regions or regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density, island, cross-border and mountain regions are explicitly listed.</td>
<td>Recital 1 (1) Article 176 of the Treaty on the Functioning of the European Union (‘TFEU’) provides that the European Regional Development Fund (‘ERDF’) is intended to help to redress the main regional imbalances in the Union. Under that Article and the second and third paragraphs of Article 174 of the TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and to reducing the backwardness of the least favoured regions, rural areas, areas affected by an industrial transition, areas with a low population density, islands and mountain regions.</td>
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<td>(14) In view of the specific situation of outmost regions of the Union, it is necessary to adopt measures concerning the improvement of conditions under which those regions may have access to structural funds. Consequently, certain provisions of this Regulation should be adapted to the specificities of the outermost regions in order to simplify and foster their cooperation with third countries and OCTs, while taking into account the Communication from the Commission ‘A stronger and renewed strategic partnership with the EU’s outermost regions’</td>
<td>New Article 15a - Interregional innovation investments</td>
</tr>
</tbody>
</table>
1. The resources referred to in Article 9 (5 a) (new) shall be allocated to a new initiative on interregional innovation investments that is earmarked for:
   (a) the commercialisation and scaling up of common innovation projects that are likely to encourage the development of European value chains;
   (b) the bringing together of researchers, businesses, civil society organisations, and public administrations involved in smart specialisation and social innovation strategies at national or regional level;
   (c) pilot projects aimed at identifying or testing new development solutions at regional and local level which are based on smart specialisation strategies; or
   (d) sharing innovation experiences with the aim of benefiting from the experience gained in regional or local development.

2. To maintain the European territorial cohesion principle, with an approximate equal share of financial resources, those investments shall focus on creating linkages between less developed regions with those in lead regions by increasing the capacity of regional innovation ecosystems in less developed regions to integrate in and move up the existing or emerging EU value as well as the capacity to participate in partnerships with other regions.

3. The Commission shall implement those investments under direct or indirect management. It shall be supported by an expert group in defining a long-term work programme and related calls.

4. The entire territory of the Union shall be supported by the ERDF for interregional innovation investments.

Third countries may participate in those investments, provided that they make a funding contribution in the form of externally allocated revenue.
The Islands Commission is one of the 6 Geographical Commissions of the Conference of Peripheral Maritime Regions of Europe (CPMR).

It represents about 15 million people in 21 European regional island authorities from 11 countries located in the Mediterranean, North Sea, Baltic Sea and the Atlantic, Indian and Pacific Oceans.

It operates both as a think tank and as a lobby group for Island Regions, urging European Institutions and Member States to pay special attention to the islands and to implement policies that are best suited to their insularity.

http://cpmr-islands.org/

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