European grouping of territorial cooperation (EGTC): clarification, simplification and improvement of the establishment and functioning of such groupings

2011/0272(COD) - 06/10/2011 - Legislative proposal

PURPOSE: to define the next framework for cohesion policy for the period 2014-2020 (clarification, simplification and improvement of the establishment and implementation of European grouping of territorial cooperation (EGTC).

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

BACKGROUND: in accordance with Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC), the Commission adopted on 29 July 2011 a Report on the application of the aforementioned Regulation.

In that Report, the Commission announced its intention to propose a limited number of modifications to the EGTC Regulation to facilitate the establishment and operation of EGTCs, as well as clarification of certain existing provisions.

Obstacles to establishing new EGTCs should be removed while maintaining continuity in and facilitating the operation of existing ones, thus allowing more extensive use of EGTCs to contribute to better cooperation and policy coherence among public bodies without additional burden on national or European administrations.

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

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

IMPACT ASSESSMENT: no impact assessment was carried out. The Regulation draws on extensive consultation with stakeholders, including Member States, regions and members of existing and planned EGTCs.

The message from all groups, and most especially the active EGTCs and those under preparation, was clear: the instrument is useful and has potential going beyond its anticipated functions, but the procedures for operating and especially setting up EGTCs are more complex and uncertain than they should be.

LEGAL BASIS: the third subparagraph of Article 175 in conjunction with Articles 209(1) and 212(1) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: this amending Regulation makes changes, on the one hand, to respect the terminology introduced by the Treaty on the Functioning of the European Union and on the other hand in response to the weaknesses and areas of potential improvement identified in the Report referred to above.

The philosophy behind the changes can be expressed in three keywords: **Continuity; Clarity; Flexibility.** These changes concern:

- **membership**: the proposal employs new legal bases to permit regions and bodies in non-Member States to be members of an EGTC, whether the other members are from one or many Member States. The eligibility of membership of bodies under private law is also clarified;
- **the content of the Convention and Statutes of an EGTC, its purpose**: under the proposal, the convention and statutes of an EGTC are re-defined and the distinction in approval procedure underlined;
- **the process of approval by national authorities**: the proposal stipulates that the criteria for approval or rejection by national authorities are specified, and a limited time for examination proposed (this is the single most frequently heard complaint from existing and planned EGTCs);
- **applicable law for employment and for procurement**: solutions, in line with the acquis of the Union, are proposed for tax and social security regimes for employees of an EGTC, who may be employed in any of the Member States whose territories comprise the EGTC. A similar approach is proposed for procurement rules;
- **liability**: where some local or regional bodies are required by their national laws to have limited liability and others, in different Member States, are required to have unlimited liability, an insurance-based solution modelled on that used for European Research Infrastructure Consortia (ERIC) is proposed;
- **more transparent procedures for communication**:Member States will be required to inform the Commission of any provisions adopted to implement the EGTC Regulation, as amended, and each newly established EGTC should inform the Commission of its purpose and membership, for publication in the Official Journal (C Series).

BUDGETARY IMPLICATION: the EGTC Regulation is not a financial regulation and carries no budgetary implications for the Union or for Member States. EGTCs may be funded by local, regional or national funds and may carry out actions that are co-funded by European funds.

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