Agenda 2000: Cohesion Fund (amend. Regulation (EC) No 1164/94)

1998/0104(AVC) - 09/04/1999 - Legislative proposal

Following on from the outcome of the Berlin Summit (23.03.1999) and the overall agreement reached by the Fifteen concerning Agenda 2000, this text constitutes the Council's consolidated version of general provisions amending Regulation 1164/94 establishing a Cohesion Fund for the period 2000-2006. This text essentially retains the general structure as proposed in March 1998 by the Commission, but introduces some important innovations from the financial point of view. It is mainly with respect to the fixing of amounts of cohesion expenditures that the Council has diverged from the Commission. 1) overall level of resources : the Council fixed an overall allocation of EUR 18 billion for the 2000-2006 period in commitment appropriations (instead of EUR 21 billion proposed by the Commission). 2) Eligibility : the 4 current countries (Portugal, Spain, Greece and Ireland) the GDP of which is less than 90% of the Community average are kept in 2000 with a programme aimed at the achievement of economic convergence conditions. However, given the constant progress achieved towards real convergence and the new macro-economic context in which the Cohesion Fund finds itself from now on (respecting the Stability Pact), the overall level of aid in favour of Member States participating in the euro will be adjusted in such a way as to take account of improvements in national prosperity achieved over the previous period. As a consequence, in 2003, a mid-term review will take place to verify the eligibility on the basis of the 90% average GNP criterion. Where a Member State is no longer eligible, the resources it would have received will be decreased. 3) indicative share by eligible State : an annexe details the indicative allocation of the total resources of the Fund between the beneficiary Member States: - Spain : 61% - 63.5% of the total - Greece : 16% - 18% of the total - Ireland : 2% - 6% of the total - Portugal : 16% - 18% of the total. This distribution takes into account the objective criteria such as the population, GNP per capita and the area of the country. It will also take into account other socio-economic factors, such as poor transport infrastructures. Lastly, the Council considers that the total annual payments from the Cohesion Fund, combined with the help provided by the other Structural Funds, should not exceed 4% of GDP of the country in question. 4) Macro-economic conditionality : as far as the economic convergence criteria are concerned, the current measures will be maintained. As a consequence, the Fund will not finance new projects or new stages of projects in a Member State when the Council, by qualified majority upon the recommendation of the Commission, rules that that State has not respected the Stability and Growth Pact. It should be noted that in exceptional circumstances provision is made that for projects affecting more than one Member State, the Council has the power to delay the suspension of funding. 5) Rate of intervention : the rate of Community assistance paid by the fund will remain unchanged (between 80% and 85% of public expenditures or equivalent expenditures). This rate will be able to be reduced to take into account the capability of a projectto generate receipts as well as the application of the polluter pays principle. The Council, furthermore, supports the Commission position concerning the lever effect of resources in encouraging the use of private sources of funding. It also considers that the measures relating to the management and financial control should be coherent with the relevant provisions of the Regulation regarding the Structural Funds. In particular, it is of the opinion that the Member States should assume in the first instance the responsibility for financial control of projects (specific provisions are laid down with respect to this principle).