Agenda 2000: Cohesion Fund (amend. annex II regul. 1164/94/EC)

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Following on from the outcome of the Berlin Summit (23.03.1999) and the overall agreement reached by the Fifteen on Agenda 2000, this text consitutes the Council's consolidated version amending Annex II to Regulation (EC) No. 1164/94 establishing a Cohesion Fund (AVC98104). For the most part, this text retains the general structure proposed by the Commission in March 1998 in its initial proposal, but it introduces innovations with respect to the intervention of the Funds. The Council has retained the changes proposed by the Commission with respect to simplification of the financial management of projects but extended the link with the effective realisation of actions. Contrary to the Commission's proposal which sought to limit to 10% advances for payments from the Fund, the Council agreed on a rate of 20% following the signature of contracts. For projects with a duration of less than two years or where Community assistance is less than EUR 50 million, the Council considers an initial commitment of 80% of assistance may be made when the Commission adopts the decision to grant Community assistance. In addition, a project which has not started within 2 years from the date of its expected start as indicated in the decision granting assistance can be cancelled. In any case, the Commission shall inform in good time the Member States and the designated authority whenever there is a risk of cancellation. There are also provisions laid down regarding strengthening project implementation measures (interim payments will be subject to strict conditions of presentation at various stages of progress of the work). The Council also specifies that the cumulated amount of payments cannot exceed 80% of the total amount of assistance granted (90% in certain justified cases). Lastly, the Council strengthened the measures for controlling expenditures and gave greater responsibility to the beneficiary state in terms of financial management. Co-operation between the beneficiary and the Commission in respect of the monitoring of projects has also been strengthened and systematised.