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

1998/0118(CNS) - 19/11/1998 - Interim resolution adopted by Parliament

In adopting the report by Mr Gerard COLLINS (UPE, Irl.) on revision of the Cohesion Fund Parliament considered that the main horizontal themes of harmonisation such as employment and equality of opportunity should also be integrated into the Cohesion Fund as they are in the Structural Funds. These were key objectives that the Cohesion Fund should be in a position to achieve in the future. The Cohesion Fund was set up to ensure application of this basic principle in the least developed economies of the European Union, to assist them to fulfil the EMU convergence criteria and to provide financial assistance so that the beneficiary countries would implement two specific policies, namely trans-European networks and the environment. These two policies place a relatively heavy financial burden on the budgets of the Member States concerned, which is proportionally greater for the structurally weakest economies. Parliament therefore supported the Commission proposal to keep the eligibility criterion provided under the Protocol on economic and social cohesion: a per capita GNP for the beneficiary country of less than 90% of the Community average. The Treaty makes no provision for substitution or additional criteria and therefore the four Member States which have been beneficiaries during the period of operation 1993-1999 (Greece, Spain, Ireland and Portugal) would remain eligible for the subsequent period from 2000 to 2006. The four beneficiary countries have made significant progress but none have yet reached the 90% threshold. Furthermore, while three have gained a place within EMU, they have still not achieved Community standards in respect of environment and transport. It is for this reason that Parliament called on the Commission to include in its proposal the need to link the use of the fund more closely to the creation of trans-European networks. It also suggested that the resources of the Cohesion Fund should support projects for the maintenance and restoration of biodiversity. It considered that, in order to optimise utilisation of the Fund, the regulation should enter into force such that the new projects under the next phase can be operational from 1 January 2000. It called for the Fund regulation to include the conditions and the necessary arrangements for a phasing out of any of the four countries concerned, in order to avoid sharp economic shocks resulting from a reduction in assistance. Parliament considered that the Commission Proposal (Article A) should be integrated into Article 1 of the main regulation under the assent procedure as it was not an implementing provision but defined the designation of projects, of stages or groups of projects and modified the fundamental principles of the Cohesion Fund. With regard to the economic and budgetary aspects, Parliament noted that there was a need to improve transparency and for the next programming period called for the amounts programmed and annually estimated in the budget to be clearly identified for each beneficiary country. Parliament called for the projects to be selected on the basis of their potential to achieve the social, economic and environmental objectives underlying them. It welcomed the greater emphasis on private funding but considered nonetheless that decisions on such matters should in each case be taken by the Member State. It called for some 5% of the total fund endowment to be made available for small projects grouped into a larger entity. It also considered that a single advance of only 10% was too limited, at least for short projects. It therefore suggested that projects with a total length of one or two years should receive an advance at a level close to what was currently practised. It also stressed the need for a clearer definition of the tasks of each of the different levels involved for evaluation, monitoring and financial control of the implementation of the Fund (competence shared between the Union, national and regional levels - partnership principle). It also considered that the proposal on automatic cancellation of assistance should be reconsidered in order to include reassignment of the cancelled assistance to other projects in the same Member State. With regard to conditionality and intervention, Parliament considered that it was assured through the Council decisions on excessive public deficits (suspension of financing); it opposed the conditionality of the Fund vis-à-vis the Stability Pact and called for the double conditionality proposed by the Commission to be clarified before a final decision

was taken. In conclusion, Parliament called for the opening of a conciliation procedure with the Council in relation to how Parliament's various recommendations have been taken into account under the assent procedure.