

Cohesion Fund

2004/0166(AVC) - 11/07/2006 - Final act

PURPOSE: to establish the Cohesion Fund and to set out its objective's within the context of the reformed Cohesion Policy (2007-2013).

LEGISLATIVE ACT: Council Regulation 1084/2006/EC establishing a Cohesion Fund and repealing Regulation 1164/94.

CONTENT: this Act establishes the Cohesion Fund the purpose of which is to strengthen the economic and social cohesion of the Community based on the principle of sustainable development. It has been adopted within the context of the reformed EU Cohesion Policy (2007-2013) and has come into force alongside four other related legislative acts. They are:

- Council Regulation 1083/2006/EC laying down the general provisions on the ERDF, ESF and the CF. For a summary of its provisions (see procedure **AVC/2004/0163**).
- Council Regulation 1080/2006/EC on the European Regional Development Fund. For a summary of its provisions (see procedure **COD/2004/0167**).
- Council Regulation 1081/2006/EC establishing the European Social Fund. For a summary of its provisions (see procedure **COD/2004/0165**).
- Council Regulation 1082/2006/EC on a European grouping of territorial cooperation (EGTC). For a summary of its provisions (see procedure **COD/2004/0168**).

The Cohesion Fund will be governed by the provisions set out in Regulation 1083/2006/EC. It is this more general Regulation that defines the objectives, the principles and the rules concerning partnership, programming, evaluation and management. Further, this Regulation and Regulation 1083/2006 should be read alongside the "Strategic Guidelines" prepared by the Commission. The Strategic Guidelines will form the basis for preparing national strategies and eventually the "operational programmes", through which the Cohesion Fund will be channelled. For a summary of the Guidelines, see procedure COD/2006/0131.

The Cohesion Fund will be distributed according to the investment and infrastructure needs of each Member State eligible for assistance. The level of funding for projects will be agreed upon, in partnership, between the Member States and the Commission. Spending under the Cohesion Fund is to focus on:

- The trans-European transport networks. Projects of common interest will be given priority.
- The environment. The Cohesion Fund may intervene in areas related to sustainable development including energy efficiency and renewable energy. It may also intervene in rail, river and sea transport, intermodal transport systems and their interoperability as well as seeking to improve upon urban and public transport.

This Regulation introduces new provisions on conditionality, whereby the Council may decide to suspend funding (with effect from 1 January of the following year). The decision to suspend will be taken if a beneficiary Member State has either excessive government deficit or if the Member State has not taken effective action to redress Community concerns. The suspension of funding can be redressed in cases where the Member State has taken corrective measures.

Lastly, the Regulation will not affect the continuation or modification of projects or other forms of assistance already approved by the Commission on the basis of Regulation 1164/1994/EEC, which is now repealed.

ENTRY INTO FORCE: 1 August 2006.