

Basic information	
1998/0090(AVC) AVC - Assent procedure (historic) Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006 Repealed by 2004/0163(AVC) Amended by 2000/0306(AVC) Amended by 2001/0313(AVC) Amended by 2004/0224(AVC) Subject 4.70.01 Structural funds, investment funds in general, programmes 8.20.28 Structural funds and instruments	Procedure completed

Key players			
European Parliament	Committee responsible		Rapporteur
	REGI Regional Policy		MCCARTHY Arlene (PSE) HATZIDAKIS Konstantinos (PPE)
			25/06/1998 25/06/1998
	Former committee responsible		Former rapporteur
	REGI Regional Policy		MCCARTHY Arlene (PSE) HATZIDAKIS Konstantinos (PPE)
			25/06/1998 25/06/1998
	Committee for opinion		Rapporteur for opinion
	PECH Fisheries		FRAGA ESTÉVEZ Carmen (PPE)
			26/02/1998
	Former committee for opinion		Former rapporteur for opinion
	AGRI Agriculture and Rural Development		BOTZ Gerhard (PSE)
			26/11/1997
	BUDG Budgets		KELLETT-BOWMAN Edward T. (PPE)
			03/06/1998
	ENER Research, Technological Development and Energy		CAMISÓN ASENSIO Felipe (PPE)
			23/06/1998

	TRAN Transport and Tourism	SIMPSON Brian (PSE)	21/04/1998
	ENVI Environment, Public Health and Consumer Protection	MYLLER Riitta (PSE)	25/02/1998
	CONT Budgetary Control	DANKERT Pieter (PSE)	16/03/1998
	PECH Fisheries	FRAGA ESTÉVEZ Carmen (PPE)	26/02/1998
	FEMM Women's Rights	VAN LANCKER Anne (PSE)	25/06/1998
Council of the European Union	Council configuration	Meetings	Date
	General Affairs	2192	1999-06-21

Key events			
Date	Event	Reference	Summary
18/03/1998	Initial legislative proposal published	COM(1998)0131 	
27/10/1998	Vote in committee		Summary
27/10/1998	Committee interim report tabled for plenary	A4-0391/1998	
18/11/1998	Debate in Parliament		
06/04/1999	Initial legislative proposal published	06959/1999	
19/04/1999	Legislative proposal published	06959/1/1999	Summary
03/05/1999	Vote in committee		
03/05/1999	Committee report tabled for plenary, 1st reading/single reading	A4-0264/1999	
05/05/1999	Debate in Parliament		
21/06/1999	Act adopted by Council after consultation of Parliament		
21/06/1999	End of procedure in Parliament		
26/06/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1998/0090(AVC)
Procedure type	AVC - Assent procedure (historic)

Procedure subtype	International agreement
Amendments and repeals	Repealed by 2004/0163(AVC) Amended by 2000/0306(AVC) Amended by 2001/0313(AVC) Amended by 2004/0224(AVC)
Legal basis	EC Treaty (after Amsterdam) EC 161 Rules of Procedure EP 050
Stage reached in procedure	Procedure completed
Committee dossier	REGI/4/10925 REGI/4/10914

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee interim report tabled for plenary		A4-0391/1998 OJ C 379 07.12.1998, p. 0004	27/10/1998	
Interim resolution adopted by Parliament		T4-0673/1998 OJ C 379 07.12.1998, p. 0123-0164	19/11/1998	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0264/1999 OJ C 279 01.10.1999, p. 0017	03/05/1999	
Text adopted by Parliament, 1st reading/single reading		T4-0427/1999 OJ C 279 01.10.1999, p. 0254-0292	06/05/1999	Summary
Council of the EU				
Document type		Reference	Date	Summary
Initial legislative proposal		06959/1999	06/04/1999	
Legislative proposal		06959/1/1999	19/04/1999	Summary
European Commission				
Document type		Reference	Date	Summary
Initial legislative proposal		COM(1998)0131 	18/03/1998	
Document attached to the procedure		COM(1998)0182 	18/03/1998	
Follow-up document		COM(2002)0591 	30/10/2002	Summary
Follow-up document		COM(2002)0748 	20/12/2002	Summary
Follow-up document		COM(2003)0499 	25/08/2003	Summary
		COM(2004)0580		

Follow-up document		06/09/2004	Summary
Follow-up document	COM(2011)0693 	31/10/2011	Summary
Follow-up document	SEC(2011)1308 	31/10/2011	Summary
Commission document (COM)	COM(2012)0633 	31/10/2012	Summary

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2011)0693	20/04/2012	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1130/1998 OJ C 407 28.12.1998, p. 0074	10/09/1998	
CofR	Committee of the Regions: opinion	CDR0167/1998 OJ C 373 02.12.1998, p. 0001	16/09/1998	
CofR	Committee of the Regions: opinion	CDR0273/1998 OJ C 093 06.04.1999, p. 0001	14/01/1999	
EU	Implementing legislative act	32001R0438 OJ L 063 03.03.2001, p. 0021-0043	02/03/2001	
EU	Implementing legislative act	32002R2355 OJ L 351 28.12.2002, p. 0042-0043	27/12/2002	Summary
CofA	Court of Auditors: opinion, report	RCC0007/2003 OJ C 318 30.12.2003, p. 0001-0004	15/10/2003	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Regulation 1999/1260 OJ L 161 26.06.1999, p. 0001	Summary
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Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 31/10/2012 - Follow-up document

The Commission presented a report concerning the implementation of the Structural Funds 2000-2006 assistance during 2011.

The report shows that the **2011 budget was fully utilised**.

In addition to the implementation of 2000-2006 Structural Funds programmes and projects and preparation for their closure, the Commission was also involved in the implementation of **434 programmes** [317 under the European Regional Development Fund (ERDF) and, 117 under the European Social Fund (ESF)] that relate to the 2007-2013 programming period.

Sharing of experience was promoted, notably through interregional and urban networks and the conference 'Regions for Economic Change: Fostering Smart and Sustainable Growth in Cities and Regions' on 23-24 June 2011.

Analysis of implementation:

- **ERDF**: in 2011, budgetary execution was focused on closing the 2000-2006 programmes. The overall absorption rate reached 100% or **EUR 1 457 million** (incl. technical assistance) reimbursed to programmes.

In respect of the entire 2000-2006 period, EUR 124 308 million had been paid to Member States as of 31 December 2011. This represents an average absorption rate for all Member States of 96 % of the overall allocation of EUR 129 584 million. The remaining payments concern payments of balances for the closure of programmes.

- **ESF**: for the 2000-2006 period, there are 239 ESF operational programmes to be closed. Closure documents for all 239 programmes were submitted in due time and are admissible. Up to now, 212 WUDs and 214 final reports have been accepted. 84 closures files have been completed, representing a total amount of EUR 445 million. The payment-credits' consumption during 2011 reached **EUR 437 million**.

For the whole period, EUR 64 492 million had been paid to Member States as at the end of 2011. This represents an absorption rate for all Member States of 94.09 % of the overall allocation of EUR 68 600 million.

- **EAGGF**: the total amount paid in 2011 for EAGGF Guidance programmes was **EUR 499.68 million**, of which EUR 8.8 million was paid from assigned revenue. Finally, 90.2 % of the 2011 available appropriations were used for payments. Implementation of the 2000-2006 programmes was accomplished before 2011. The EAGGF-Guidance outstanding commitments (RAL) at the end of 2011 amounted to EUR 632.3 million, equivalent to 2.9 % of the whole 2000-2006 allocation.

- **FIFG**: the overall absorption rate for payments was 29.03 %, with **EUR 0.7 million** being disbursed to Member States. The total RAL for the FIFG at the end of 2011 reached EUR 295.7 million (compared with EUR 296.44 million in 2010). This represents 7.4% of total commitments for the 2000-2006 period.

For the whole period, as at the end of 2011, EUR 3 640 million had been paid to Member States. This represents an absorption rate for all Member States of 92.5 % of the overall allocation of EUR 3 935 million.

Consistency with other EU policies: previous reports have described relevant developments in relation to ensuring consistency between the cohesion policy and other EU policy priorities such as competition policy, internal market, environment, transport and gender-equality objectives. There were no specific changes in requirements or expectations on managing authorities as the 2000-2006 programmes entered the closure phase.

Evaluations: in 2011, the Commission continued to carry out evaluations to support decision-making on Structural Funds' matters. However, most of the evaluations concerning the period 2000-2006 were finished in 2010.

As far as the ERDF is concerned, **a study on evaluating innovation activities**, to determine the state of the art of innovation evaluation in Member States, analyse the advantages and limitations of available methodologies for assessing different kinds of innovation activities, conduct a series of case studies on good-quality evaluations, and draft guidance for managing authorities to support their evaluation activities.

Controls: the report shows that assurance with regard to the 2000-2006 ERDF programmes has been built up gradually over the years. In 2011, **OLAF** undertook 29 missions in the Member States relating to measures cofinanced by the Structural Funds. During these missions on-the-spot checks were carried out on 57 economic operators and 18 other types of missions were carried out to gather information or to assist either national administrations or judicial authorities. As was the case in previous years, typical problems identified by OLAF in the course of 2011 included false declarations, false invoicing and failure to abide by public-procurement rules, as well as specified instances of conflict of interest in certain tendering procedures.

In 2011, Member States reported to the Commission some 3 816 notifications of irregularities involving EUR 1.177 billion concerning co-financed measures of the 1994-99, 2000-2006 and 2007-2013 programming periods.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

In accordance with Council Regulation (EC) No 1260/1999, the Commission presents this report setting out an overview of the implementation of the Structural Funds (2000-2006) in 2010.

It notes that 2010 was the eleventh year in which Structural Funds programmes and projects for the 2000-2006 programming period were implemented. Altogether 226 Objective 1 and Objective 2, 47 Objective 3, 12 Financial Instrument for Fisheries Guidance (FIFG) (outside Objective 1), 81 INTERREG, 71 URBAN, 27 EQUAL, 73 LEADER+ and 181 Innovative Action programmes were managed in 2010.

Even though no further commitments could be made in 2010, sums were disbursed in respect of 2000-2006 Structural Funds assistance. Implementation of the 2010 budget was excellent. In terms of payment appropriations, 100.0% of the European Regional Development Fund (ERDF), 97.0% of the European Social Fund (ESF), 30.7% of the European Agricultural Guidance and Guarantee Fund (EAGGF)-Guidance budget available at the end of 2010 (after a reduction of EUR 13.9 million and 100.0% of FIFG resources were used (compared to 100.0% ERDF, 97.0% ESF, 97.9% EAGGF and 69.5% FIFG in 2009).

The recovery package proposed by the Commission in response to the financial crisis allowed for an extension of six (or twelve) months to be granted on a programme-by-programme basis for those Member States, which opted for it. This flexibility allowed Member States and regions to maximise the absorption of the allocated funds by addressing unexpected programme implementation challenges and, consequently, achieve the objectives of the programmes.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 15/10/2003 - Court of Auditors: opinion, report

PURPOSE : to present a special report 7/2003 from the Court of Auditors on the implementation of the assistance programmes of the Structural Funds during the period 2000-2006. CONTENT : this Special Report No 7/2003 from the Court of Auditors states that along with the Cohesion Fund, the Structural Funds are the European Union's main instruments of regional policy and economic and social cohesion. Through their implementation during the programming periods 1989-1993 and 1994-1999, the Funds have already played a significant part in strengthening this cohesion within the European Union. The European Council of Heads of State and of Government meeting in Berlin on 24 and 25 March 1999 took the decision to set aside EUR 195 billion for Structural Fund activities between 2000 and 2006. The programming of structural assistance for this new period has been characterised by a desire for simplification, chiefly by way of greater decentralisation, a clearer division of responsibilities and a tighter definition of the functions of management, payment, monitoring and control. In the same way, when compared with the previous period, the Commission's efforts to achieve a more effective and productive regional policy have brought visible results in terms of quality and consistency. However, the Court's audit, which aimed in particular to evaluate the implementation of assistance programming for the period 2000-2006, highlighted a number of weaknesses: a) the criteria used to determine the eligibility of areas, especially under Objective 2, are insufficiently objective and therefore leave a good deal of scope for bilateral negotiation between the Member States and the Commission; b) the procedures introduced by the Commission for the approval of structural programmes have proved highly complicated and resulted in extensive delays; c) the Commission's methodological guidelines have not always contained information of a sufficiently comprehensive, clear or operational nature to help national decision-makers at the various stages of planning and management of the Structural Funds (evaluation, programming, monitoring and control); d) the arrangements set in place for the allocation of the performance reserve make it difficult to apply it consistently and appropriately; e) the management, payment and control systems used in the Member States are often deficient, especially as regards the separation of functions, the certification of expenditure, electronic data interchange and the drafting of annual implementation reports; f) the eligibility rules for the period 2000-2006 remain incomplete or imprecise and result in unjustifiable differences in treatment; g) the project selection criteria as laid out in the programme complements are sometimes too broad and do not always make it possible to justify the choice of best projects in terms of the stated objectives and priorities. In the light of these observations and, moreover, in the context of the accession of ten new Member States, the Court recommends in particular that the Commission: - take steps to remedy the shortcomings concerning the clarity of the methodological guidelines and the division of responsibilities between programming, management, monitoring and control, by more clearly defining operational aspects, ensuring the effectiveness of controls and reducing the administrative burden where it is unnecessary for the smooth implementation of assistance; - continue its efforts to improve the effectiveness of the current drive for simplification by maintaining the high standard of structural measures in terms of legality, regularity and sound financial management.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 21/06/1999 - Final act

PURPOSE : General Regulation governing the Structural Funds revision for the period 2000-2006. COMMUNITY MEASURE : Council Regulation 1260/99/EC laying down general provisions on the Structural Funds. CONTENT : three key aspects characterise the Structural Policy Reform: - the concentration of resources on the least favoured regions; - simplification of financial management procedures; - clearer allocation of responsibilities between the Commission and the Member States. Priority Objectives and Community Initiatives : to improve the effectiveness of the structural measures, Regulation 1260/99/EC reduces the number of Objectives from the previous 7 down to 3 : 1) Objective 1 promotes the development and structural adjustment of regions whose development is lagging behind, i.e. regions whose average per capita GDP is below 75% of the European Union average. The new Objective also covers the most remote regions (the French overseas départements, the Azores, Madeira and the Canary Islands), as well as the areas eligible under the former Objective 6 created pursuant to the Act of Accession of Austria, Finland and Sweden. As was previously the case, two-thirds of the Structural Fund operations will come under Objective 1. Almost 20% of the Union's total population should benefit

from the measures taken under this Objective; 2) Objective 2 contributes to the economic and social conversion of regions in structural difficulties - other than those eligible for the new Objective 1. This Objective brings together the former Objectives 2 and 5(b) and other areas facing the need for economic diversification: overall, it will cover areas undergoing economic change, declining rural areas, depressed areas dependent on fisheries and urban areas in difficulty. No more than 18% of the Union's population will be covered by this Objective; 3) Objective 3 gathers together all the measures for human resource development outside the regions eligible for Objective 1. This Objective carries over the former Objectives 3 and 4. It is the reference framework for all the measures taken under the new Title on employment in the Treaty of Amsterdam and under the European Employment Strategy. The Structural Funds : 4 types of Structural Fund have been introduced over the years. These include : - the ERDF (the European Regional Development Fund) which contributes mainly to assisting the regions whose development is lagging behind and those undergoing economic conversion or experiencing structural difficulties; - the ESF (the European Social Fund) mainly provides assistance under the European Employment Strategy; - the EAGGF (the European Agricultural Guidance and Guarantee Fund) Guidance Section helps in both the development and structural adjustment of the regions whose development is lagging behind by improving the efficiency of the structures for production, processing and marketing of agricultural and forestry products, and in the development of rural areas; - lastly, the FIG (the Financial Instrument for Fisheries Guidance) is a structural instrument to finance the fisheries sector. These 4 Funds shall contribute, each according to the specific provisions governing its operations, to the attainment of Objectives 1, 2 and 3, as follows: a) Objective 1: ERDF, ESF, EAGGF Guidance Section and FIG; b) Objective 2: ERDF and ESF; c) Objective 3: ESF. Transitional agreements have been introduced for the regions eligible for Objectives 1, 2 or 5(b) between 1994 and 1999 but which will not be eligible for Objectives 1 and 2 in the period 2006-06. The transitional support should stop on 31/12/2005. Furthermore, the new Regulations provide for a reduction in the number of Community Initiatives from 13 to 4. These new initiatives are as follows: - INTERREG, which aims to stimulate cross-border, transnational and inter-regional cooperation; - LEADER, which promotes rural development through the initiatives of local action groups; - EQUAL, which provides for the development of new ways of combating all forms of discrimination and inequality as regards access to the labour market; - URBAN, which encourages the economic and social regeneration of towns, cities and neighbourhoods in crisis. The task of these initiatives will be to carry out actions that are of common interest to the Union by means of cooperation between regions, Member States and the economic and social partners. Funding : the total budget for the Structural Funds amounts to EUR 195 billion for the period 2000-06. To improve the effectiveness of the appropriations committed, the Regulation provides for a significant concentration of funding on Objective 1. The breakdown between the three Objectives is as follows: - 69.7% of the total allocation goes to Objective 1, i.e. EUR 135.9 billion; - 11.5% of the total allocation goes to Objective 2, i.e. EUR 22.5 billion; - 12.3% of the total allocation goes to Objective 3, i.e. EUR 24.05 billion; - 0.5% of the total allocation goes to the FIG outside Objective 1, i.e. EUR 1.1 billion. It should be noted that these percentages include the resources to be allocated to transitional support (11.142 billion euros). The remainder will be devoted to Community Initiatives (5.35%), innovative actions and technical assistance (0.65%). The Regulation provides for a new sharing out of tasks and responsibilities in the implementation of regional policy: - broadening of the partnership to regional and local authorities, to representative NGOs, to environmental authorities and to economic and social partners; - clearer division of responsibilities with respect to programming and implementation : the responsible authorities will be designated at national level and will benefit from considerable autonomy; in particular with respect to management issues. The Commission will confine its power of decision to the strategic level of programming; - integrated programming: given the reduction in the number of Objectives and Community Initiatives, the programming process will be more rational (Single Programming Documents for Objs. 2 and 3; Community Support Frameworks for Obj. 1). the programming period will be seven years (2000-2006) with modifications permitted mid-way through this period; - responsible and transparent monitoring: a series of measures are provided for with a view to facilitating and simplifying the financial management of the Funds. The Regulation will speed up financial commitments with the granting of annual allocations. The Regulation also makes provision for the keeping of 4% of the credits planned for each indicative national allocation. This sum will be allocated mid-way through the programming period (at the latest by 31.03.2004) to the most effective programmes in terms of budgetary implementation, management and the achievement of objectives. Lastly, provisions are made for the correct and efficient application of the Structural Funds: revision of the principle of additionality, better defined eligibility of expenses, full integration of the evaluation (systematic annual reports, ex ante and ex post evaluations) and the strengthening of decentralised financial control; - reports on the Structural Funds: the Regulation requires the presentation of various evaluation reports and the implementation of the reform (annual, three-yearly and final reports). On a proposal from the Commission, the Council will re-examine the Regulation no later than 31 December 2006. ENTRY INTO FORCE: 29.06.1999. The articles relating to budgetary commitments will enter into force on 01.01.2000.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 30/10/2002 - Follow-up document

This report is compiled in accordance with Article 45(2) of Regulation 1260/1999/EC laying down general provisions on the Structural Funds. It sets out the work of the Structural Funds and the activities undertaken to coordinate their work with that of the other financial instruments during 2001. The report is centred on three main topics: - the major events in the work of each Fund and the other financial instruments; - coordination with the other Community instruments and policies; - an evaluation of implementation during the year and in the past. The main feature of 2001 was the conclusion of negotiations with the Member States on Objective 1, which accounts for 70% of the budget of the Structural Funds for 2000-06. The overview was broadly positive even though some difficulties had been encountered, including the overrunning by five months of the period for negotiations originally planned for finalising the programming documents because of the desire to ensure high-quality programming. As regards implementation, adoption of all the single programming documents and operational programmes meant that all the appropriations planned could be committed and 70% of payments made for both Objective 1 and Objective 2. There were, however, some delays as regards Objective 3. The implementation of Community Initiatives also proceeded steadily: Interreg III (54 of the 70 programmes were approved); Urban II (the 70 programmes were approved); Equal (the Member States issued the calls for projects as soon as their CIPs were adopted); Leader+ (56 of the 73 programmes were approved). The overall rate of budgetary implementation for the Community Initiatives was 89% for both commitments and payments. As regards innovative measures, the ERDF approved 81 of the 103 projects submitted to it and the ESF selected 37 of the 148 projects proposed on the subject 'adjustment to the new economy' and granted part-financing averaging 72%. The call for projects on the second topic, 'a local employment strategy', was issued on 31 October 2001. As regards the coordination with other Community instruments and policies, the report notes that the Cohesion Fund finances transport infrastructure and environmental projects. Coherence with the measures financed by the Structural Funds is ensured through the Strategic Reference Frameworks. Similarly, the cooperation agreement between the EIB and the Commission for 2000-06 has permitted the introduction of arrangements for contacts

between the geographical units in the two institutions, so improving coordination between the assistance they grant. During 2001, the ERDF carried out 27 missions to audit the management systems of the Member States. These preventative audits demonstrated the care taken by the Member States as regards the quality of their systems, mainly by creating internal audit bodies. The report states that it is, however, regrettable that far too often the competent authorities in the Member States are still making payments without any real checks that the expenditure is genuine. The audits also revealed a lack of authority over the intermediate and implementing bodies, which, in any case, should have more precise and harmonised procedural rules. The ESF carried out 41 audits and inspections and the FIG 12. The 18 inspections by the EAGGF basically revealed an unsatisfactory application of Regulation 2064/97/EC, some cases where ineligible expenditure had been financed and still too many problems in reconciling the declarations of expenditure sent to the Commission with the corresponding transactions.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 27/12/2002 - Implementing legislative act

COMMUNITY MEASURE : Commission Regulation 2355/2002/EC amending Commission Regulation 438/2001/EC laying down detailed rules for the implementation of Council Regulation 1260/1999/EC as regards the management and control systems for assistance granted under the Structural Funds. CONTENT : Regulation 1260/1999/EC lays down detailed rules applicable to the management and control systems for assistance granted under the Structural Funds. In this context, the Regulation requires the responsible authorities in the Member States to keep available for the Commission all the supporting documents regarding expenditure and checks in respect of any assistance for a period of 3 years following the payment by the Commission of the final balance unless otherwise decided in the bilateral administrative agreements. It is desirable to specify the categories of supporting documents covered by this obligation, the form in which they may be held and the obligation to determine the bodies which should hold them. This is the purpose of the Commission Regulation 2355/2002/EC. ENTRY INTO FORCE : 17.01.2003.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 31/10/2011 - Follow-up document

The Commission presents its 22nd annual report on the implementation of the Structural Funds (2010) in accordance with Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds. It covers the activities linked to Structural Funds Budget. 2010 was the eleventh year in which Structural Funds programmes and projects for the 2000-2006 programming period were implemented. Altogether 7181 operational programmes were managed in 2010.

In 2010, the closure process began for the majority of the 2000-2006 operational programmes.

The recovery package proposed by the Commission in response to the financial crisis allowed for an extension of six (or twelve) months to be granted on a programme-by-programme basis for those Member States, which opted for it. This flexibility allowed Member States and regions to maximise the absorption of the allocated funds by addressing unexpected programme implementation challenges and, consequently, achieve the objectives of the programmes.

In addition to the implementation of 2000-2006 Structural Funds programmes and projects and preparation for their closure, the Commission was also heavily involved in the implementation of 434 programmes (317 European Regional Development Fund (ERDF), 117 European Social Fund (ESF)) of the 2007-2013 period in 2010.

In order to be able to demonstrate the added value of European cohesion policy, the Commission carried out several ex post evaluations, which are described in the report.

The report looks at budget and programme implementation, and describes control and monitoring activity.

Budget Implementation

ERDF: in spite of the financial downturn, 2010 was an excellent year in terms of budgetary execution. The overall absorption rate reached 100.0% or EUR 1,693 million reimbursed to operational programmes.

For the entire 2000-2006 period, EUR 123,339 million have been paid to Member States as of 31 December 2010. This represents an average absorption rate for all Member States of 95.2% of the EUR 129,600 million overall allocation. Most of the remaining payments concern payments of the final balances for the closure of programmes.

At the end of 2010, commitments from previous years on which payments were still to be made (RAL) amounted to EUR 6,719 million for ERDF compared with EUR 8,400 million at end of 2009. This represents 5.2% of the total amount committed for ERDF. A further decrease of the RAL is foreseen with the payment of final balances upon closure of the programmes.

In 2010, as in the previous year, the 'n+2' rule did not apply. As a general rule, the last commitment tranche (i.e. 2006) will be used to execute final payments once the closure of the programme is agreed between the Member State and the Commission. Accordingly, the amount to be de-committed will only be calculated at the closure stage of the operational programmes.

ESF: for the 2000-2006 programming period, the payment credits consumption during 2010 reached EUR 319 million. This corresponds to 26.42 % of the annual payment credits allocation. This is due to the fact most of the programmes have reached the 95% threshold and the remaining balance will only be paid in the context of closure of the programmes which is currently on-going.

The total outstanding commitments (RAL) at the end of 2010 stood at EUR 3,004 million (compared to EUR 4,700 million in 2009). This represents 4.38% of total commitments for the period 2000-2006. The RAL has been consumed by interim payments, a few final payments and an automatic de-commitment of the unused RAL has been processed for an amount of EUR 1,460 million under the closure exercise.

In 2010, as in the previous year, the 'n+2' rule did not apply and the RAL has been decreased by de-commitments for the programming period 2000-2006 at the closure of the operational programmes. For the whole period, at the end of 2010 EUR 64,118 million have been paid to Member States. This represents an absorption rate for all Member States of 93.47% of the EUR 68,600 million overall allocations.

EAGGF: the total amount paid in 2010 was EUR 168.3 million or 30.7% of the budget available at the end of the year (an amount of EUR 13.9 million was transferred during the year to other budget lines outside the EAGGF). The execution rate as regards the initial budget for payment appropriations would be 29.9%. In absolute terms, the amount paid in 2010 is far below the amount paid in 2009 (by EUR 300 million). The report sets out the main reasons for this, noting, inter alia, that the low EAGGF-Guidance expenditure in 2010 was very largely compensated by EUR 11.12 billion of EAFRD expenditure under the rural development programming 2007-2013 (which is EUR 2.91 billion more than in the year 2009).

FIFG: the overall absorption rate for payments was 100%, with EUR 10 million being disbursed to Member States. Concerning the execution level of payment appropriations, EUR 10 million was paid under Objective 1. No payment was made outside Objective 1. The total RAL for the FIFG at the end of 2010 reached EUR 296.44 million (compared with EUR 306.41 million in 2009). This represents 7.5% of total commitments for the period 2000-2006.

For the whole period, as at the end of 2010, EUR 3,639 million have been paid to Member States. This represents an absorption rate for all Member States of 92.5% of the EUR 3,935 million overall allocations.

Programme Implementation

Objective 1: programmes focused on basic infrastructure projects (40.2%), with almost half of all investment in this category spent on transport infrastructure (49.9%). More than a third (34.9%) of Objective 1 resources was invested in the productive environment where the focus continues to be on assisting SME and the craft sector (26.6%) where as human resources supported projects account for 22.5% of resources.

Objective 2: the main focus of programmes in Objective 2 regions continues to be on the productive investments, with over half of all financial resources devoted to this category (55.4%) mostly targeting the SME and craft sector. The second most supported field is basic infrastructure, with 29.2% of all Objective 2 resources. In the category of human resources to which 10.5% of resources were devoted, workforce flexibility and entrepreneurial activity, innovation, information and communication technologies are the main fields of investment.

Objective 3: ESF programme implementation in 2010 continued to be focused on the European Employment Strategy, particularly on the measures aimed at improving employability in the labour market (30.9% of certified expenditure), lifelong learning (activities developing educational and vocational training represented 31.2 % of certified expenditure), social inclusion (13.3 % of certified expenditure), equal opportunities (5.2 % of certified expenditure) and entrepreneurial activities, workforce flexibility, innovation, information and communication technologies (19.05%).

Fisheries outside Objective 1: expenditure of the FIFG programmes outside Objective 1 focussed on processing, marketing and promoting of fisheries products (26.7%). The second most important measure was adjustment of the fishing effort (17.8%), followed by the renewal and modernisation of the fishing fleet (17.5%), fishing port facilities (16.9%) and actions by professionals (vocational training, small coastal fishing) (12.8%).

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 06/09/2004 - Follow-up document

The European Commission has prepared a legal examination detailing and assessing the separation of responsibility between the Community and Member States for managing the Structural and Cohesion Fund's budget. The Report scrutinizes the procedures through which, in co-operation with the Member States, the Commission can discharge its general responsibility for the implementation of the budget.

The first part of the Communication examines in some detail the current rules governing the Structural and Cohesion Funds in order to clarify the shared management responsibilities of each party. The second part of the report sets out the general guidelines adopted in July 2004. These guidelines formed the basis for the legislative proposal, which the Commission later adopted. The purpose of the guidelines was to increase the coherence, complementarity and efficiency of implementing the budget. This includes, for example, clarifying the Member State's obligation to co-operate – and the consequences for them if they fail to do so.

In the Communication, the Commission takes on board a number of suggestions proposed by the Court of Auditors regarding its responsibility to discharge and implement the budget. The Court of Auditors, for example, considers that the Commission should have the role of supervising operations both by defining the minimum requirements for them and by co-coordinating the objectives to be achieved as well as their implementation at all levels – i.e. national and Community. Although the Commission points to a number of measures it has taken to improve the efficiency of co-operation with the Member States it, nevertheless, acknowledges that more could be done. In order to address some of the shortcomings identified, the Commission has adopted a set of proposals to cover the reference period 2007-2013. In its proposal, the Commission suggests that the extent of its

involvement in the checks should be proportionate to the assessed level of risk of irregularities. On a similar vein, the Commission proposes that the degree of Community intervention in the management and control procedures should also depend on the size of the Community contribution to the assistance.

To conclude, the report notes that greater management efficiency and simplification with financial checks should be accompanied by heavier penalties and measures to ensure rapid recovery in the event of irregularities or fraud. The consequences for not applying transparent rules regarding financing should be suitably severe. The rules should also include arrangements for the Commission to make financial corrections in cases where Member States fail to take adequate steps to comply with their obligations. Nor should the Commission hesitate to make use of procedures under Articles 226 and 228 of the EC Treaty in cases where Member States' have failed to fulfill their obligations.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 19/11/1998 - Interim resolution adopted by Parliament

In adopting the report by Mrs Arlene McCARTHY (PSE, UK) and Mr Konstantinos HATZIDAKIS (EPP, Gr) Parliament approved the Commission proposal seeking to allocate 0.46% of the Union's GNP annually for structural actions during the period 2000-2006. It considered, however, that an annual growth of EU GNP of about 2.5% was very optimistic. It considered that the EAGGF guarantee section resource (agricultural expenditure) used under Objective 2 should be considered, even under Heading 1, as an expenditure target and as non compulsory expenditure. However, Parliament did not state a position on the 'performance reserve' proposed by the Commission, amounting to 10% of total structural funds and intended to benefit regions which had the most effective development projects. - Objective 1 (less-favoured regions): Parliament took the view that regions covered by Objective 1 should be regions corresponding to level NUTS II, whose per capita GDP is less than 75% of the Community average and the most remote regions and sparsely populated northern regions. Parliament considered that two-thirds of the appropriations from the Fund should be devoted to this aim. - Objective 2 (regions undergoing restructuring): Parliament stressed that the figures concerning population covered by Objective 2 were only indicative and referred to the level of the European Union. They should represent about 10% of the population in the case of the industrial areas, 5% in the case of the rural areas, 2% in the case of the urban areas and 1% in the case of the fisheries areas. It considered that the proposed eligibility criteria did not reflect the structural weaknesses of regional economies and proposed adopting a menu of supplementary indicators such as wealth disparities within regions, low GDP, decline in working age population, geographical handicaps (peripheral, island, mountain status) and environmental situation. Parliament considered the unemployment criterion to be fundamental. It was also important to take account of conurbations and also small and medium-sized urban areas. - Objective 3: Parliament considered that actions under Objective 3 of the European Social Fund should be horizontal in nature, i.e. they should cover all the regions of the Member States. It welcomed the Commission's proposal for a 1% special local Social Capital Fund and specifically support for voluntary sector organisations. - Fisheries: Parliament proposed the drawing up of a horizontal regulation bringing together the structural measures for the fisheries sector within a single legal framework. - Transitional measures: given the reductions from seven to three, Parliament asked that, during a transitional period, all the regions formerly eligible under Objectives 1, 2 and 5b should benefit from a transitional support fund and that consideration should be given to extending the ERDF financial support until 2006 in order to consolidate projects in progress. - Complementarity and partnership: Parliament made a series of requests, including: . recognition of the significant role played by local and regional authorities within the partnerships and the role of the NGOs; . participation by the most representative environmental NGOs in the preparation, implementation, monitoring and evaluation of programmes; . the right of the social partners to vote in the monitoring committees; . reinforcement of the implementation of the partnership principle. - Programming and coordination: Parliament called for the guidelines to be defined, in cooperation with the Commission, Council and Parliament, stating the common priorities for each objective. It called on the Commission and the Member States to ensure (at the planning and implementation stage of the measures associated with the structural funds) that equality of opportunity for men and women was promoted. It called for further consideration to be given to how large projects and projects which crossed the boundary of eligible regions could be supported. - Community Initiatives: Parliament welcomed the Commission's proposal to reduce to three the fields of Community Initiatives: crossborder, transnational and inter-regional cooperation, rural development and action to combat all forms of discrimination and inequalities in access to the labour market. It considered that the main priority was INTERREG which should have a special strand on interregional cooperation with and between islands. It stressed the need to continue and step up the efforts made to revitalise and open up rural areas through the Community Initiative LEADER. It reaffirmed its opinion on maintaining the Community Initiative URBAN (urban regeneration) which should cover both conurbations and small and medium-sized towns. It hoped to see the continuation of coordinated ERDF and ESF measures which made it easier for women to gain access to the labour market and childcare facilities and to set up companies. It called for the creation of a new kind of Community initiative to respond to economic crises and economic restructuring at European level which has resulted in job losses. It called for 6% of the total allocation of the Structural Funds to be attributed to Community initiatives. It considered that the financing of permanent and common administrative activities of the Commission by the Structural Funds' technical assistance resources must be exceptional and should be restricted; it called on the Commission to transmit clear information to the budgetary authority on the management costs for the Structural Funds. - Financial contributions by the funds: Parliament considered that apart from the cases provided for in the regulation, Community contributions could rise to 80% or more of the total eligible costs for all the regions whose per capita GDP is below 70% of the Community average. It called for the maximum rate of contribution to be raised to 65% of the total eligible cost for measures in declining rural areas under Objective 2. It called for the planned advance payment at the time of first commitment of appropriations to be increased from 10% to 20% in order to eliminate the risk of an unacceptable financial burden for the beneficiaries. It considered lastly that the new 'managing authority' proposed by the Commission should be a decentralised authority. Lastly Parliament called on the Member States systematically to put up signs which indicated clearly the part played by European funding and the European logo. In conclusion Parliament called for the opening of the conciliation procedure with the Council with a view to the various recommendations made by Parliament under the assent procedure being taken into account.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

Under assent procedure, the European Parliament adopted the decision by Arlene McCarthy (PSE,UK) and Konstantinos Hatzidakis (PPE,GR), which gives the Parliament's assent to the draft Council regulation laying down general provisions on the Structural Funds. The draft represents the compromise reached with the Council in April 1999, which adds a fourth Community initiative URBAN, for the economic and social rehabilitation of towns and urban areas in crisis. This fourth initiative will have a budget of EURO 700 million. The compromise also contains the modification of the overall financing of the initiatives (reduced from 5% to 3.5% of total commitment appropriations for the Structural Funds) and innovative measures and technical assistance (0.65% of commitments).

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 20/12/2002 - Follow-up document

This Communication provides an overview of the extent to which the gender mainstreaming dimension has been taken into account in the Structural Funds programming 2000-2006. It gives an inventory of progress and includes examples of good practice, and also identifies areas where progress is slow. The purpose of this document is to give an input to the Structural Funds' mid-term review when the allocation of the performance reserve is determined, along with any revisions concerning financial allocations, targets, priorities and measures. The Commission recalls that gender equality is an essential element of economic and social cohesion. Gender mainstreaming in the Structural Funds involves ensuring that all general measures and interventions openly and actively take into account - during planning, implementation, monitoring and evaluation - their effects on the respective situations of women and men. It also involves the complementary design, implementation, monitoring and evaluation of specific measures and operations, to promote equality and to assist women to participate and benefit equally from the Structural Funds and, more generally, from economic and social cohesion. Experience shows that gender equality is a complex policy area, and that there are a number of obstacles to the successful implementation of a dual approach involving both specific measures and mainstreaming. The following recommendations are designed to address the above obstacles immediately. In particular, it invites the Member States to : - introduce incentives aimed at raising the awareness and the importance of gender in all Structural Funds programmes (this could be done in particular by assigning, from the outset, additional points in the selection criteria to those projects which contribute to gender equality, e.g. with gender balanced participation); - clearly identify, on the one hand, the funding allocation to specific gender equality actions and on the other hand, those programmes and projects which contribute to gender equality; - encourage, through Managing Authorities, Monitoring Committees, local programme and project managers, especially in the short term, the use of gender equality expertise, and to ensure the presence of representatives of equality bodies and research institutions in Structural Funds Monitoring Committees; - establish awareness-raising measures and training in gender mainstreaming for Managing Authorities, members of Monitoring Committees, programme and project managers and partners; - improve gender impact assessment by providing clear qualitative and quantitative gender equality indicators for monitoring and evaluating output and results; - appoint a high-level representative to coordinate the national strategy for gender equality, to contribute to the co-ordination of the EU strategy, and to participate in a high level group to support the implementation of gender mainstreaming in Structural Funds interventions. The findings and recommendations stemming from the current programming period of the Structural Funds address deep-rooted issues that can only be dealt with over the longer term; therefore, they will, in substance, also remain valid for future Structural Funds interventions. In particular the allocation of funding for gender equality activities must be retained and even increased in most programmes. A number of issues arise for further examination when looking at the future promotion of gender equality in the Union. The Commission considers the following as the most important ones: - equal opportunities between women and men must remain a priority with the dual approach - gender mainstreaming and specific actions - which has proved its effectiveness, being continued; - investment in human and social capital in the knowledge society will form the basis of long-term growth of Europe. Consequently, future interventions should focus on preventing the exclusion of women from these areas by giving particular attention to encouraging high quality training and employment in the ICT and R&D sector, in tandem with a wider commitment to promoting female entrepreneurship, life-long learning, training, skills and qualifications for women in non-traditional areas; - the Structural Funds should play an important role in the specific context of the forthcoming enlargement of the Union, especially in combating the potential risks faced by women in new Member States, particularly those who are exposed to the adverse effects of economic and social restructuring, such as the increase of unemployment and the decrease of childcare provision.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 25/08/2003 - Follow-up document

This is the Communication from the Commission on the Structural Funds and their coordination with the Cohesion Fund revised indicative guidelines. Under Article 10(3), of Council Regulation 1260/1999/EC laying down general provisions on the Structural Funds, the Commission on 1 July 1999 adopted general indicative guidelines on the Structural Funds based on the relevant agreed Community policies. These guidelines were aimed at assisting national and regional authorities in the Member States in preparing their programming strategies under Structural Fund Objectives 1, 2 and 3 and in terms of their links with the Cohesion Fund. In this way the Commission made known its priorities in the light both of past experience in implementing the programmes and of Community policies linked to structural measures. The said Article requires the Commission to revise these guidelines prior to the mid-term review. Such revision is a crucial stage in the seven-year programming period (2000-2006). It is aimed at allowing the Member States to adapt their programming documents while taking account of possible changes in the socio-economic situation or labour market and of the findings of the mid-term review referred to in Article 42 of the same Regulation. The Commission asks the Member States to make revisions in duly substantiated cases. As a general rule the 1999 guidelines remain valid. The only objective of these revised guidelines is to offer Member States an complementary set of guidelines which will facilitate the identification of coherent and balanced priorities for the development of measures. The revised guidelines aim to implement the major changes that have occurred in those EU policies with possible impact on programming of the Structural Funds. They will be of help to the competent national and regional authorities in reviewing their measures. Thus the mid-term review will lead to

qualitative shifts in a number of priority fields. While the Structural Funds primarily seek to enhance factors of competitiveness, and hence investment, it is also clear that the economic climate has deteriorated markedly since the adoption of the indicative guidelines. Analysis suggests that the Community Support Framework is essentially made up of public investment. These have a limited impact upon national budget balances. Nevertheless, the budgetary situation in Member States could lead to greater selectivity of projects and programmes. The mid-term review will also benefit from the major advances made in the context of the exercise carried out by all the relevant authorities aimed at simplifying, clarifying, coordinating and making more flexible the management of the Structural Funds. This question is dealt with in this document. Also Article 7(7) of the Regulation requires the Commission to review, if necessary, the indexation of the allocations for 2004, 2005 and 2006 as a technical adjustment on the basis of the last economic information available. The Commission made the calculations for the annual technical adjustment of the financial perspectives for 2004. The divergence between the theoretical Structural Funds deflator (10.4%) and the effective cumulated deflator (10.7%) is particularly low. If adjustment to mid-term inflation were carried out on this basis, this would mean a Structural Funds supplement of 90 million for each of the last three years of the programming period, amounts which should be distributed pro rata to all the programmes co-financed in the fifteen Member States. Given the slight divergence recorded, the Commission concludes there is no need to carry out a revision of the indexation basis for the Structural Funds. The four main principles identified by the Commission for revising the mid-term guidelines are as follows: - the European Councils - the follow up by the Commission; - the amendment of the legal framework of policies; - the Community policies for which the Commission has proposed changes; - the measures aimed at increasing the effectiveness of the Structural Funds' implementation. It should be stressed that these guidelines constitute one of the elements of the mid-term review. It is up to the management authorities and the Member States to submit proposals for amendments of measures to be concluded in agreement with the Commission, notably taking into account the results of evaluations. The attention of the Member States is drawn to the fact that any changes to programming documents will have to include, if necessary, an update of the "state aid scoreboards". The Commission also adopted additional indicative guidelines for the applicant countries to take account of their specific situation as well as the reduced duration of their programming period for the Structural Funds.

Agenda 2000: general regulation governing Structural Funds, revision for the period 2000-2006

1998/0090(AVC) - 19/04/1999 - Legislative proposal

In a new version of the consolidated text of the Council laying down general provisions on Structural Funds, the Council add to the three existing Community initiatives, a fourth : the URBAN initiative, which will finance the economic and social regeneration of cities and urban neighbourhoods in crisis with a view to promoting sustainable urban development. This initiative would have a budget of EURO 700 Million for the 2000-2006 period in addition to the previously agreed INTERREG (cross-border cooperation), EQUAL (cooperation to combat discrimination in the labour market) and LEADER (rural development) initiatives. This modification was made after several consultations with the European Parliament which asked that the URBAN initiative be maintained.