Basic information

1998/0104(AVC) AVC - Assent procedure (historic)	Procedure completed
Agenda 2000: Cohesion Fund (amend. Regulation (EC) No 1164/94) **Subject** 4.70.02 Cohesion policy, Cohesion Fund (CF) 8.20.28 Structural funds and instruments	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
REGI Regional Policy	COLLINS Gerard (UPE)	25/06/1998

Former committee responsible	Former rapporteur	Appointed
REGI Regional Policy	COLLINS Gerard (UPE)	25/06/1998

Committee for opinion	Rapporteur for opinion	Appointed
PECH Fisheries	The committee decided not to give an opinion.	

Former committee for opinion	Former rapporteur for opinion	Appointed
BUDG Budgets	KELLETT-BOWMAN Edward T. (PPE)	03/06/1998
ECON Economic and Monetary Affairs, Industrial Policy	PORTO Manuel (PPE)	25/06/1998
ENER Research, Technological Development and Energy	CAMISÓN ASENSIO Felipe (PPE)	23/06/1998
TRAN Transport and Tourism	SISÓ CRUELLAS Joaquín (PPE)	19/05/1998
ENVI Environment, Public Health and Consumer Protection	MYLLER Riitta (PSE)	25/02/1998
CONT Budgetary Control	DANKERT Pieter (PSE)	16/03/1998

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)0130	Summary
26/10/1998	Vote in committee		
26/10/1998	Committee interim report tabled for plenary	A4-0395/1998	
18/11/1998	Debate in Parliament		
09/04/1999	Legislative proposal published	06958/1/1999	Summary
21/04/1999	Vote in committee		Summary
21/04/1999	Committee report tabled for plenary, 1st reading/single reading	A4-0218/1999	
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	1998/0104(AVC)
Procedure type	AVC - Assent procedure (historic)
Procedure subtype	International agreement
Legal basis	EC Treaty (after Amsterdam) EC 161 Rules of Procedure EP 050
Stage reached in procedure	Procedure completed
Committee dossier	REGI/4/10891

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee interim report tabled for plenary		A4-0395/1998 OJ C 379 07.12.1998, p. 0004	26/10/1998	
		T4-0674/1998		

Interim resolution adopted by Parliament		OJ C 379 07.12.1998, p. 0123-0174	19/11/1998	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0218/1999 OJ C 279 01.10.1999, p. 0006	21/04/1999	
Text adopted by Parliament, 1st reading/single reading		T4-0432/1999 OJ C 279 01.10.1999, p. 0254-0320	06/05/1999	Summary

Council of the EU

Document type	Reference	Date	Summary
Legislative proposal	06958/1/1999	09/04/1999	Summary

European Commission

Document type	Reference	Date	Summary
Initial legislative proposal	COM(1998)0130	18/03/1998	Summary
Document attached to the procedure	COM(1998)0182	18/03/1998	

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	CDR0235/1998 OJ C 051 22.02.1999, p. 0010	18/11/1998	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Regulation 1999/1264 OJ L 161 26.06.1999, p. 0057	Summary

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

1998/0104(AVC) - 21/06/1999 - Final act

PURPOSE : Recasting of the Council Regulation governing the Cohesion Fund. COMMUNITY MEASURES : Council Regulation 1264/1999/EC amending Regulation 1164/94/EC establishing a Cohesion Fund. CONTENT : This new Regulation does not radically modify the basic principles which underlie the Cohesion Fund. Eligibility will still be restricted to Member States whose capita gross national product (GNP) is less than 90% of the

Community's average and which have a programme designed to achieve the conditions of economic convergence. The 4 following countries are eligible to benefit from the Cohesion Fund : Greece, Spain, Portugal and Ireland. The Cohesion Fund aims to strengthen the economic and social cohesion of the Community through the balanced financing of projects, technically and financially independent project stages, and groups of projects forming a coherent whole, in the field of the environment and trans-European transport infrastructure networks. The Cohesion Fund also finances preliminary studies related to such projects and their implementation, as well as technical support measures, such as comparative studies, impact studies, monitoring and, since the entry into force of Regulation 1264/99/EC, publicity and information campaigns. On the other hand, changes have been introduced regarding the following points : 1) macro-economic conditionality: besides the economic convergence criterion of 90% of the Community average, the Regulation requires Member States eligible for the Fund to respect the Stability and Growth Pact adopted by the Amsterdam European Council of 17 June 1997. Exceeding the above GNP threshold renders Member States ineligible with regard to new projects or new project stages. This is why the new Regulation makes provisions for a mid-term review before the end of 2003, based on per capita GNP. If this review establishes that a Member State is no longer eligible, financial support from the Cohesion Fund will stop. Furthermore, changes in terms of conditionality allow the Commission to alert the Council if a Member State does not fulfil the obligations of the stability and convergence programmes in respect of the excessive government debt criterion, but suspension of financing until the deficit effectively returns to 3% is not applied. Exceptionally, in the case of projects directly affecting more than one Member State, the Council may decide to defer suspension of financing; 2) available resources : Regulation 1264/99/EC states that the total resources available for commitments in the period 2000-2006 will be EUR 18 billion at 1999 prices. For the first time, an indicative allocation of the total resources of the Fund is given : - 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 objective criteria such as, population, per capita GNP taking into account of the improvement in national prosperity attained over the previousperiod, and surface area; it shall also take into account of other socio-economic factors such as deficiencies in the transport infrastructure. The new Regulation states that the total annual receipts of these Member States from the Cohesion Fund, in combination with the assistance provided under the Structural Funds, may not exceed 4% of their GDP. It is worth noting that in the event of a Member State becoming ineligible, resources for the Cohesion Fund will be reduced accordingly (and not redistributed throughout the other Member States); 3) other means of private complementary finance: to achieve this, the Commission shall support beneficiary Member States' efforts to maximise the leverage of Fund resources by encouraging greater use of private sources of funding; 4) the rate of assistance : the Cohesion Fund covers between 80% and 85% of public or equivalent expenditure on projects. However, from 1 January 2000, this rate may be reduced to take account of any revenue generated by the project and of any application of the "polluter-pays" principle (in particular instances, preliminary studies and technical support measures may be financed exceptionally at 100% of the total cost); 5) financial control: the Regulation requires Member States to take responsibilty in the first instance for the financial control of projects. In order to ensure that the Fund is used in accordance with the principle of sound financial management, they must check that financed projects are managed correctly, prevent irregularities, and recover any amounts lost as a result of irregularities. They must also cooperate with the Commission by providing it with details of measures taken and internal management and control arrangements set up, and by helping it to gain access to national control documents. It is foreseen that the Council, acting on a proposal from the Commission and on the basis of the assent procedure, must re-examine the Regulation by 31.12.2006. ENTRY INTO FORCE : 01.01.2000.

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

1998/0104(AVC) - 18/03/1998 - Initial legislative proposal

OBJECTIVE: in connection with the revision of the Structural Funds, to present the specific Regulation concerning the Cohesion Fund for the financial programming period 2000-2006, taking account of the implications of Agenda 2000 (COS0590). SUBSTANCE: After four years of operation, and despite considerable efforts, the current beneficiaries of the Cohesion Fund still have not reached the threshold set by the Protocol on Economic and Social Cohesion annexed to the Treaty on European Union, namely a GNP of at least 90% of the Community average. Therefore, in accordance with the Agenda 2000 proposals, it is proposed that the Cohesion Fund be retained in its existing form until 1996 with a financial framework of ECU 21 billion. As in the past, it will be used to finance projects in the fields of the environment and trans-European transport infrastructure networks. However, certain adjustments are proposed with the aim of preparing the Fund for operation with the future single currency and rendering it more effective: 1) macroeconomic conditionality: this will continue to apply, both for the countries not participating in the euro (Greece) and for those participating (Spain, Portugal and Ireland). In the case of the former, the current provisions will remain in force; in the case of the latter, conditionality will continue to apply but in addition there will be a requirement to respect the growth and stability pact. To monitor the possible emergence of excessive deficits in the countries concerned (which would result in financing being suspended), the Commission proposes to intervene: -either under the Council Regulation on multilateral surveillance, -or under the excessive public deficit procedure; 2) greater use of other sources of complementary private finance: in order to maximize the pump-priming effect of Community funding and improve the viability of projects, the mobilization of private financial resources is to be increased; 3) better application of the polluter-pays principle: the rate of assistance from the Cohesion Fund should be used as an incentive to ensure that European aid is compatible with appropriate pricing in the field of the environment; 4) an enhanced role for the Member States in financial control: the responsibility of the Member States for supervision and sound financial management of Community appropriations will be enhanced, as will coordination and cooperation with the Commission with regard to supervision.

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

1998/0104(AVC) - 19/11/1998

Adopting the report by Mr Gerard COLLINS, (UPE, IRL) on the revision of the Cohesion Fund, the European Parliament considered that employment and equal opportunities should be mainstreamed in the Cohesion Fund, in the same way as in the Structural Funds. These were the key objectives which the Cohesion Fund should help achieve in the future. The Cohesion Fund was created in order to safeguard the application of this basic principle in the less developed economies of the European Union, to help them meet the EMU convergence criteria and to provide financial assistance to beneficiary countries in order to promote two sectoral policies, viz. the trans-European networks and the environment. These two policies place a relatively heavy financial burden on the budgets of the Member States in question, which structurally weaker economies find even harder to bear, which is why the European Parliament supported the Commission proposal to retain the eligibility criterion included in the protocol on social and economic cohesion, namely that the per capita GNP of beneficiary countries must be less than 90% of the Community average. The Treaty makes no

provision for the addition of replacement or complementary criteria. On this basis, the four Member States which benefitted during the period of operation from 1993-1999 (Greece, Spain, Ireland and Portugal) will continue to be eligible for the next period (2000 to 2006). The four beneficiary countries have made significant progress but so far none has reached the 90% threshold. In addition, although three of them have qualified for EMU, they still have not reached European Union standards on the environment and transport, which is why the European Parliament argued for the Commission proposal to require use of the fund to be more closely linked to the creation of the trans-European networks. It also suggested that resources from the Cohesion Fund should be used to support projects to maintain and restore biodiversity. It considered that the regulation should optimize the implementation of the Fund by entering into force in time for new projects under the next stage to be operational by 1 January 2000. It called for the regulation governing the fund to stipulate the conditions and the agreements to be followed should any of the four countries need to be phased out of the Cohesion Fund, in order to prevent an economic backlash when aid was reduced. On the question of conditionality, Parliament considered that this was safeguarded by the Council decision on excessive public deficit (suspension of financing); it opposed conditionality based on the Stability and Growth Pact and called for the double conditionality proposed by the Commission to be clarified before a final decision was taken. Finally, the European Parliament called for a consultation procedure with the Council so that account could be taken of the various recommendations made by the European Parliament during the assent procedure.

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).

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

1998/0104(AVC) - 06/05/1999 - Text adopted by Parliament, 1st reading/single reading

Under assent procedure, the European Parliament adopted the recommendation by Gerard Collins (UPE,EI), which gives the Parliament's assent to the draft Council regulation amending Regulation 1164/94/EC establishing a Cohesion Fund.