

# EUROPEAN PARLIAMENT

2004



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**A6-0226/2006**

26.6.2006

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## **RECOMMENDATION**

on the proposal for a Council regulation establishing a Cohesion Fund and  
repealing Regulation (EC) No 1164/94  
(9078/2006 – C6-0191/2006 – 2004/0166(AVC))

Committee on Regional Development

Rapporteur: Alfonso Andria

***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position*  
*majority of Parliament's component Members, to reject or amend*  
*the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases*  
*covered by Articles 105, 107, 161 and 300 of the EC Treaty and*  
*Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position*  
*majority of Parliament's component Members, to reject or amend*  
*the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission.)

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## **DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION**

**on the proposal for a Council regulation establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94  
(9078/2006 – C6-0191/2006 – 2004/0166(AVC))**

**(Assent procedure)**

*The European Parliament,*

- having regard to the proposal for a Council regulation (9078/2006)<sup>1</sup>,
  - having regard to the request for assent submitted by the Council pursuant to Article 161, second paragraph, of the EC Treaty (C6-0191/2006),
  - having regard to Rule 75(1) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Regional Development (A6-0226/2006),
1. Gives its assent to the proposal for a Council regulation;
  2. Instructs its President to forward its position to the Council and Commission.

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<sup>1</sup> Not yet published in OJ.

## **EXPLANATORY STATEMENT**

### **1. The basic objectives underlying the Cohesion Fund**

The Cohesion Fund was set up in 1993 under the Maastricht Treaty as one of the preparations for economic and monetary union. On the one hand, Member States wishing to participate in economic and monetary union must reduce their public deficit and keep their public debt in check. On the other, less prosperous countries must invest heavily in order to catch up with their more advanced neighbours and increase their growth capacity.

Hence the Cohesion Fund was set up in order to enable the least prosperous countries to meet the convergence criteria whilst continuing to invest in infrastructure using the Cohesion Fund aid granted to them.

The second paragraph of Article 161 of the Treaty establishing the European Community states that: 'A Cohesion Fund (...) shall provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure.'

The aim is thus to establish a Fund which complements other Community regional-development tools in the field of the environment and shared-interest transport infrastructure, with a view to promoting social and economic cohesion and solidarity amongst the Member States.

The only Member States eligible are those whose gross national income (GNI) per inhabitant is less than 90% of the Community average and which have introduced a programme designed to enable the economic convergence criteria laid down in Article 104 of the Treaty establishing the European Community to be met.

### **2. Adjustments to the regulation establishing the Cohesion Fund**

Since the EU underwent enlargement on 1 May 2004 the Cohesion Fund has been applied to the ten new Member States and it will also apply until the end of the 2000-2006 period to three Member States (Spain, Portugal and Greece) which were beneficiaries in the 15-Member EU. Ireland ceased to be a beneficiary with effect from 1 January 2004 and Spain will no longer meet the Cohesion Fund eligibility criteria after 1 January 2007.

The Commission proposal is well suited to the needs of an enlarged Union in which there is a greater disparity between regions and Member States and it is designed to encourage both solidarity and social and economic cohesion. Thanks to assistance from the Fund, the less developed regions will be covered by the 'convergence' objective.

However, essential adjustments have been made to the Regulation in the course of the debate within Parliament and the negotiations with the other institutions.

The increase in the Cohesion Fund budget from EUR 18 billion (for the 2000-2006 period) to EUR 61 558 243 811 (EUR 58 308 243 811 + EUR 3.25 billion euros for the temporary specific support referred to in Article 7a(3) - Article 16(c) and (d) of the General Regulation)

is substantial on account of the fact that over half the Member States will be Cohesion Fund beneficiaries. Enlarging the scope of Cohesion Fund activities is in accordance with the corresponding Treaty provisions and in line with the priorities set at Lisbon, and it accords with the Göteborg plans for sustainable development. Hence it will enable the beneficiary Member States' major requirement for funding in the environment and transport fields to be met. Community funding must be divided equitably between the eligible environment and transport sectors.

Trans-European transport networks in particular, projects of European interest and environment-related infrastructure still have a priority claim on Cohesion Fund financing. The change made under the Regulation is that, pursuant to the Göteborg priorities, the Cohesion Fund will make a greater contribution to sustainable development. Hence it may in future be used to finance non-trans-European network transport projects concerning the railways, transport by river and sea, multimodal transport programmes and sustainable urban transport, and also in areas which encourage sustainable development with an environmental dimension, such as the key sectors of energy efficiency and renewable energy sources.

For the 2007-2013 period and in the case of transport and environment infrastructure, the Cohesion Fund and the ERDF will be run on the basis of a single programming system in order to facilitate greater synergy. However, major projects whose total cost exceeds EUR 25 million in the case of the environment and EUR 50 million in the case of other sectors will be adopted separately by the Commission but will be implemented as part of the programmes relating to them.

The European Parliament put forward a number of proposals which 'beefed up' the text of the Regulation by emphasising environmental protection, the major issue of the disabled, transparency and the simplification of procedures, a greater role for regional players and the introduction of a 'premium system'. As rapporteur I regret the fact that the Council saw no need to accept some of those proposals.

In particular, as regards the issue of disabled people, Parliament proposed that Article 2 (concerning the scope of the Regulation) should contain a specific reference to the disabled. The Council rejected this proposal, preferring to insert a single reference in Article 14 of the General Regulation.

Despite the simplification, the decentralisation and the more strategic programming, I as rapporteur wished to draw up (during the Commission's programming stage) a list of indicative priorities relating to the quality and the assessment of project results and the effectiveness of Community funding. I also proposed introducing a 'premium system' in the form of 'Community quality and performance reserve' which for the 2000-2006 period will apply only to the Structural Funds (Articles 20, 48 and 49 of the proposal for a General Regulation). In view of the fact that the purpose of the Cohesion Fund differs from that of the Structural Funds (which are intended to replace national budgetary expenditure in order to support projects in the beneficiary Member States without any internal regional differentiation), the Cohesion Fund is extremely important for the 2007-2013 period, since over half of the Member States in the enlarged EU will receive money from it. Furthermore, Community financing will be three times higher than in the preceding period. Hence it is important for the contribution made by the Cohesion Fund to the achievement of social and

economic cohesion to be properly assessed and for the progress made by the best-performing Member States to be consolidated and built upon. Unfortunately, the Council did not think that such suggestions needed to be adopted.

As rapporteur I was in favour of incorporating automatic release (the N+2 rule) into the Cohesion Fund - making the Cohesion Fund subject to the same rules as those applicable to the ERDF and the ESF would have enabled rapid use of Cohesion Fund resources to be encouraged. Experience gained during the current period indicates that the rule in question made effective discipline possible in the careful, accurate preparation of projects and the management of the Structural Funds. However, the Council has decided to apply the N+3 rule for a transitional period, in view of the difficulties associated with the management of major projects.

In conclusion it should be pointed out that the Regulation establishing the Cohesion Fund must come into force early enough to enable the new projects to be brought into operation with effect from 1 January 2007, during the new programming stage.



## PROCEDURE

<b>Title</b>	Proposal for a Council regulation establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94			
<b>References</b>	9078/2006 – C6-0191/2006 – 2004/0166(AVC)			
<b>Date of request for Parliament’s assent</b>	13.6.2006			
<b>Committee responsible</b> Date announced in plenary	REGI 15.6.2006			
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	BUDG 15.6.2006	CONT 15.6.2006	ENVI 15.6.2006	TRAN 15.6.2006
<b>Not delivering opinion(s)</b> Date of decision	ENVI 20.9.2004	CONT 23.3.2005	TRAN 18.5.2006	BUDG 30.5.2006
<b>Enhanced cooperation</b> Date announced in plenary				
<b>Rapporteur(s)</b> Date appointed	Alfonso Andria 6.10.2004			
<b>Previous rapporteur(s)</b>				
<b>Simplified procedure – date of decision</b>				
<b>Legal basis disputed</b> Date of JURI opinion	/			
<b>Discussed in committee</b>	30.5.2006	21.6.2006		
<b>Date adopted</b>	22.6.2006			
<b>Result of final vote</b>	+: –: 0:	41 1 3		
<b>Members present for the final vote</b>	Alfonso Andria, Stavros Arnautakis, Elspeth Attwooll, Jean Marie Beaupuy, Jana Bobošíková, Graham Booth, Bernadette Bourzai, Bairbre de Brún, Giovanni Claudio Fava, Gerardo Galeote, Iratxe García Pérez, Eugenijus Gentvilas, Lidia Joanna Geringer de Oedenberg, Ambroise Guellec, Pedro Guerreiro, Zita Gurmai, Marian Harkin, Konstantinos Hatzidakis, Jim Higgins, Alain Hutchinson, Mieczysław Edmund Janowski, Tunne Kelam, Miloš Koterec, Constanze Angela Krehl, Jamila Madeira, Sérgio Marques, Miroslav Mikolášik, James Nicholson, Lambert van Nistelrooij, Jan Olbrycht, Markus Pieper, Elisabeth Schroedter, Grażyna Staniszevska, Kyriacos Triantaphyllides, Oldřich Vlasák, Vladimír Železný			
<b>Substitute(s) present for the final vote</b>	Jan Březina, Simon Busuttil, Brigitte Douay, Den Dover, Richard Seeber, László Surján, Nikolaos Vakalis			
<b>Substitute(s) under Rule 178(2) present for the final vote</b>	Elly de Groen-Kouwenhoven, Milan Horáček			
<b>Date tabled</b>	26.6.2006			
<b>Comments (available in one language only)</b>	...			