Basic information

2004/0163(AVC) AVC - Assent procedure (historic)	Procedure completed
European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013 Repealing Regulation (EC) No 1260/1999 1998/0090(AVC) See also 2004/0165(COD) See also 2004/0166(AVC) See also 2004/0167(COD) Repealed by 2011/0276(COD) Amended by 2008/0186(AVC) Amended by 2008/0233(AVC) Amended by 2009/0107(COD) Amended by 2011/0210(COD) Amended by 2011/0211(COD) Amended by 2011/0283(COD) Amended by 2013/0156(COD) Amended by 2013/0271(COD) **Subject** 4.10.15 European Social Fund (ESF), Fund for European Aid to the Most Deprived (FEAD) 4.70.02 Cohesion policy, Cohesion Fund (CF) 4.70.07 European Regional Development Fund (ERDF)	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
REGI Regional Development	HATZIDAKIS Konstantinos (PPE-DE)	06/10/2004

Former committee responsible	Former rapporteur	Appointed
REGI Regional Development	HATZIDAKIS Konstantinos (PPE-DE)	06/10/2004

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	GRIESBECK Nathalie (ALDE)	20/09/2004
CONT Budgetary Control	MULDER Jan (ALDE)	22/09/2004
EMPL Employment and Social Affairs	PROTASIEWICZ Jacek (PPE-DE)	03/01/2005
ENVI Environment, Climate and Food Safety	BUZEK Jerzy (PPE-DE)	20/09/2004
TRAN Transport and Tourism	CRAMER Michael (Verts/ALE)	01/09/2004

PECH Fisheries	STERCKX Dirk (ALDE)	04/10/2004
FEMM Women’s Rights and Gender Equality	PANAYOTOPOULOS-CASSIOTOU Marie (PPE-DE)	17/03/2005

Former committee for opinion	Former rapporteur for opinion	Appointed
BUDG Budgets	The committee decided not to give an opinion.	20/09/2004
CONT Budgetary Control	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	PROTASIEWICZ Jacek (PPE-DE)	14/09/2005
ENVI Environment, Climate and Food Safety	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
TRAN Transport and Tourism	The committee decided not to give an opinion.	
PECH Fisheries	The committee decided not to give an opinion.	
FEMM Women’s Rights and Gender Equality	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2726	2006-05-05
Economic and Financial Affairs ECOFIN	2741	2006-07-11

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	

Key events

Date	Event	Reference	Summary
14/07/2004	Initial legislative proposal published	COM(2004)0492	Summary
14/12/2004	Results of vote in Parliament		
24/05/2005	Vote in committee		Summary
07/06/2005	Committee interim report tabled for plenary	A6-0177/2005	
05/07/2005	Debate in Parliament	CRE link	
06/07/2005	Decision by Parliament	T6-0277/2005	Summary
06/07/2005	Results of vote in Parliament		
05/05/2006	Debate in Council		Summary
12/06/2006	Legislative proposal published	09077/2006	Summary
15/06/2006	Committee referral announced in Parliament		
22/06/2006	Vote in committee		Summary
26/06/2006	Committee report tabled for plenary, 1st reading/single reading	A6-0224/2006	
04/07/2006	Decision by Parliament	T6-0289/2006	Summary
04/07/2006	Results of vote in Parliament		
04/07/2006	Debate in Parliament	CRE link	
11/07/2006	Act adopted by Council after consultation of Parliament		
11/07/2006	End of procedure in Parliament		
31/07/2006	Final act published in Official Journal		

Technical information

Procedure reference	2004/0163(AVC)
Procedure type	AVC - Assent procedure (historic)
Procedure subtype	Legislation
	Repealing Regulation (EC) No 1260/1999 1998/0090(AVC) See also 2004/0165(COD) See also 2004/0166(AVC) See also 2004/0167(COD) Repealed by 2011/0276(COD) Amended by 2008/0186(AVC) Amended by 2008/0233(AVC) Amended by 2009/0107(COD) Amended by 2011/0210(COD) Amended by 2011/0211(COD) Amended by 2011/0283(COD) Amended by 2013/0156(COD) Amended by 2013/0271(COD)
Legal basis	EC Treaty (after Amsterdam) EC 161
Stage reached in procedure	Procedure completed
Committee dossier	REGI/6/28409 REGI/6/22731

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	PECH	PE349.963	16/03/2005	
Committee opinion	EMPL	PE355.328	22/04/2005	
Committee opinion	ENVI	PE353.727	02/05/2005	
Committee opinion	FEMM	PE357.533	04/05/2005	
Committee opinion	CONT	PE355.607	13/05/2005	
Committee opinion	BUDG	PE353.636	24/05/2005	
Committee interim report tabled for plenary		A6-0177/2005	07/06/2005	
Interim resolution adopted by Parliament		T6-0277/2005 OJ C 157 06.07.2006, p. 0095-0284 E	06/07/2005	Summary
Committee draft report		PE374.126	12/05/2006	
Amendments tabled in committee		PE374.337	01/06/2006	
Committee opinion	EMPL	PE374.144	22/06/2006	
Committee report tabled for plenary, 1st reading/single reading		A6-0224/2006	26/06/2006	
Text adopted by Parliament, 1st reading/single reading		T6-0289/2006	04/07/2006	Summary

Council of the EU

Document type	Reference	Date	Summary
Legislative proposal	09077/2006	12/06/2006	Summary

European Commission

Document type	Reference	Date	Summary
Initial legislative proposal	COM(2004)0492	14/07/2004	Summary
Document attached to the procedure	SEC(2004)0924	14/07/2004	Summary
Follow-up document	COM(2007)0798	11/12/2007	Summary
Follow-up document	COM(2009)0112	06/03/2009	Summary
Follow-up document	SEC(2009)0273	06/03/2009	
Follow-up document	COM(2010)0110	31/03/2010	Summary
Follow-up document	SEC(2010)0360	31/03/2010	
Follow-up document	C(2011)7321	19/10/2011	
Follow-up document	COM(2013)0210	18/04/2013	Summary

Follow-up document	SWD(2013)0129	18/04/2013	
Follow-up document	SWD(2016)0318	19/09/2016	Summary
Follow-up document	SWD(2016)0452	12/12/2016	
Follow-up document	SWD(2016)0453	12/12/2016	
Follow-up document	COM(2017)0138	23/03/2017	Summary

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2010)0110	24/11/2010	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofR	Committee of the Regions: opinion	CDR0232/2004 OJ C 231 20.09.2005, p. 0001-0018	13/04/2004	
CofA	Court of Auditors: opinion, report	RCC0002/2005 OJ C 121 20.05.2005, p. 0014-0034	18/03/2005	Summary
ESC	Economic and Social Committee: opinion, report	CES0389/2005 OJ C 255 14.10.2005, p. 0079-0087	06/04/2005	
EU	Implementing legislative act	32006R1828 OJ C 263 31.10.2006, p. 0001	08/12/2006	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Corrigendum to final act 32006R1083R(02)
OJ L 263 07.10.2011, p. 0022

Corrigendum to final act 32006R1083R(01)
OJ L 301 12.11.2008, p. 0040

Regulation 2006/1083
OJ L 210 31.07.2006, p. 0025-0078 Summary

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 19/09/2016 - Follow-up document

This Staff Working Document covers the ex post evaluation of Cohesion Policy programmes financed by the European Regional Development Fund (ERDF) and the Cohesion Fund over the 2007-2013 programming period.

The 2007-2013 programmes were implemented in a context of various challenges such as the deep global economic and financial crisis and the need to build the economy, infrastructure and administrative capacity of 13 Member States joining from 2004 onwards (and for most of whom this was the first full programming period).

Although implementation stated slowly due to problems regarding public procurement and management systems, most programmes soon caught up. Administrative burdens were also highlighted as being a problem.

On the other hand, according to the evaluation, Cohesion Policy responded effectively to those challenges and delivered a wide range of positive results. It is estimated that around 1 million jobs were created.

Increased efficiency: the report noted that there was scope for increased efficiency. The revolving nature of financial instruments makes them more cost efficient in the long run, but 90% of ERDF financial instrument spending in 2007-2013 was concentrated in just one field – enterprise support. The 2014-2020 regulations have now extended the possibility of using financial instruments to all thematic objectives.

Relevance, effectiveness and coherence: the report noted that a lesson emerged from across the evaluation. The focus on delivering results was not strong enough. Although results were delivered by the programmes, only a minority had a clear intervention logic.

New framework obligations in the 2014-2020 regulations are needed to improve relevance and coherence.

The evaluation concluded that there were **clear indications of the EU added value** of Cohesion Policy:

- through trade effects, Cohesion Policy has a net positive impact on the GDP of every region of the EU, even the net contributors. This effect is clear in 2016, (just after the end of spending) but lasts into the longer term (2023);
- Cohesion Policy enabled **SMEs to keep afloat** and even expanding during the crisis, as well as investment in transport and in waste and waste water infrastructure to meet European goals;
- Interreg is an instrument which is unique in its field, crucial for ensuring continuity and linkages of common projects across borders and, for some projects, across the EU.

The 2007-2013 ex post evaluation brings a **greater analytical depth to the issues dealt with** and looks at several thematic areas not examined in depth before. It also provides a reference framework for judging over the coming years if the issues are being tackled in an effective and proportional way – as well as which elements will need to be maintained or reinforced post 2020.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 23/03/2017 - Follow-up document

In accordance with Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, this Commission report **closes the verification of additionality** for the convergence objective for the 2007-2013 programming period, after the ex-ante and mid-term verifications carried out in 2007 and 2011-2012 respectively.

As a reminder, additionality is a principle of the European Union's cohesion policy which aims to ensure that the Structural Funds **complement, but not replace**, equivalent public expenditure of a Member State.

This report summarises the results of the ex-post verification carried out in 2016 for the whole programming period 2007-2013 which was characterised by a deterioration in the economic context and social conditions, making it particularly difficult to respect additionality.

Respecting additionality: the report noted that **all Member States except Greece** complied with their additionality baselines for 2007-2013, either those originally set at the ex-ante verification in the respective National Strategic Reference Frameworks (NSRF) or those revised at the mid-term verification.

Six Member States are below the baseline set at the ex-ante verification but above the final baseline (Czech Republic, Germany, Italy, Lithuania, Hungary and Portugal), as a result of the downward revision decided at the mid-term verification in 2010.

Structural spending in convergence regions (2007-2013): the report showed that the average annual structural spending (**EUR 94.4 billion**) was on average about 1% lower than the initial estimate (EUR 95.6 billion), but some 16% higher than the aggregate sum of the baselines as revised at the mid-term verification (EUR 81.4 billion).

The Commission explained that this positive difference is mostly due to structural spending by Member States, whose baseline was not revised at the mid-term verification, suggesting that the reduction of the baselines in ten Member States was both balanced and realistic.

The case of Greece: according to the report, non-compliance with additionality in Greece is due to the strong and **unexpected deterioration of the economic context**, with real GDP falling by more than 25% between 2007 and 2013, and not to deliberate economic policy decisions of the Greek governments. Greece has been under external financial assistance since 2010 and subject to three successive economic adjustment programmes. The quarterly reviews of the economic adjustment programmes have been considered positive by the Commission. In these circumstances, **imposing a financial correction is not appropriate** as provided for in the legal framework for non-compliance with additionality.

Revised methodology for the period 2014-2020: the ex-post verification process of additionality for the period 2007-2013 was confronted with **deficiencies** which led to a substantial reform of the methodology for the period 2014-2020.

Several shortcomings have been identified:

- the **volume of the information** to be submitted is a significant burden for Member States and presents verification difficulties for the Commission;
- another problem encountered in some Member States (e.g. Poland) was the changes by the Member State in the methodology used to identify the expenditure relevant for additionality. The improvements introduced in the systems to better capture the relevant spending do not enable the full comparability of the relevant spending across various programming periods;
- the **differences in methodologies for calculating structural expenditure** across Member States make their comparability difficult and may introduce some significant bias in the assessment by the Commission.

Additionality, albeit revised, remains a **key element of the architecture of cohesion policy for the 2014-2020** period to encourage growth-enhancing investment.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 18/04/2013 - Follow-up document

This report provides the second strategic overview of the implementation of the 2007-2013 cohesion policy programmes which are due to end in 2015. The first report was presented in March 2010. This report summarises the 27 strategic reports presented by the Member States at the end of 2012.

The financial and economic crisis that started in 2008 has dramatically altered the context for cohesion policy programmes. In 2008, GDP growth in the EU was already very low (0.3%) but, in 2009, it shrank by more than 4%. In 2010 and 2011, the EU returned to positive growth rates, but a further contraction is likely to have occurred in 2012. The recession has been particularly severe in the Baltic States, Greece, Ireland, Portugal and Spain.

This report shows that, since the 2010 report, implementation has accelerated making important contributions to many areas necessary for sustaining growth and creating jobs. Equally, evidence points to clear progress towards the objectives set at the beginning of the period.

The policy has also demonstrated its capacity to adapt to changing circumstances and to respond effectively to the crisis. That said, significant and additional results are still expected from the programmes up until the end of 2015 and it is important to maintain and even redouble the efforts made so far.

Lastly, the Commission has proposed significant changes for the 2014-2020 period related to many of the issues analysed in this report: concentration of resources, focus on results, reliable reporting against common indicators, a performance framework and evaluation. This report and the accompanying documentation support the relevance of the changes proposed.

The main conclusions of the report are as follows:

- there is clear and growing evidence of programmes delivering across many policy priorities and Member States;
- Cohesion policy programmes have shown that they have the flexibility to respond to the crisis but with much still to be delivered and risks in some strategic areas;
- the Commission is willing to consider reductions in national co-financing;
- there are important lessons to be drawn from the past and the current programmes;
- evaluation and use of indicators needs to be strengthened;
- better programming is needed for the future.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 04/07/2006 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a report by Konstantinos **HATZIDAKIS** (EPP-ED, GR) by 533 votes in favour, 41 against and 53 abstentions and gave its assent to the proposal.(Please also see COD/2004/0167, COD/2004/0168 and AVC/2004/0166.) The package defines the objectives, the financial resources available and the criteria for their allocation in an enlarged EU. Approximately EUR 308 billion - or 35.7 per cent of the total EU budget - will be available to spend, as scheduled, from 1 January 2007.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 11/07/2006 - Final act

PURPOSE: to lay down the general provisions governing the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF).

LEGISLATIVE ACT: Regulation 1083/2006/EC of the European Parliament and of the Council on the European Regional Development Fund and repealing Regulation 1260/1999/EC.

CONTENT: this Act lays down the general rules which are to govern: i) the European Regional Development Fund (ERDF) ii) the European Social Fund (ESF) and iii) the Cohesion Fund. Together they form the tools with which the EU implements its Cohesion Policy and are referred to as "the Funds". Only the ERDF and the ESF are defined as the "Structural Funds"; the Cohesion Fund being separate. The total budgetary allocation earmarked for the Funds, between 2007 and 2013, will be EUR 308 billion.

This general Regulation is supported by, and complements, four more specific Regulations on each of the Funds, which were approved by Council and Parliament simultaneously. They are:

- Council Regulation 1081/2006/EC on the European Social Fund. For a summary of its provisions see COD/2004/0165;
- Council Regulation 1084/2006/EC establishing the Cohesion Fund. For a summary of its provisions see AVC/2004/0166;
- Council Regulation 1080/2006/EC on the European Regional Development Fund. For a summary of its provisions see COD/2004/0167;
- Council Regulation 1082/2006/EC on a European grouping of territorial cooperation (EGTC). For a summary of its provisions see COD/2004/0168.

The EU's Cohesion Policy is based on Treaty Article 158 which states that the Community must strive to strengthen the economic and social cohesion of the enlarged Union; the intention being to promote economic sustainable development across the EU's regions and to correct current economic imbalances between the regions. The Funds, together with the help of the European Investment Bank (EIB) as well as other existing financial instruments, are the means with which the Community realises this objective. The Regulation's provisions, indeed much of the Cohesion Policy, is defined by three Objectives:

Objective 1: Convergence:

The specific purpose of this objective is to speed up the economic convergence of the least-developed Member States and regions by improving conditions for growth and employment; supporting quality investment in physical and human capital; investing in a knowledge based society; helping societies adapt to economic and social changes; protecting the environment and promoting administrative efficiency.

Resource allocation: Convergence has been awarded, by far, the lion's share of the total funding. The overall resources for the Convergence Objective will amount to 81.54% of the total or EUR 251 163 134 221 over a seven year period (2007-2013). Funding for the Convergence Objective will be sourced from the ERDF, ESF and CF. 60% of all funding under this objective will be earmarked for projects which prioritise both the aims and targets set out in the Lisbon Agenda and the "Integrated Guidelines for Growth and Jobs (2005-2008)".

Eligibility: Under the Convergence Objective, those regions eligible for the Structural Funds (ERDF/ESF) must have NUTS level 2 status, whereby their gross domestic product per capita is less than 75% of the average GDP of the EU-25. The Member States eligible for Cohesion Funds, under the Convergence Objective, are defined as those whose gross national income (GNI) per capita is less than 90% of the average GNI of the EU-25. Following the entry into force of this Regulation the Commission will publish a list of all the regions and Member States who fulfil these specifications.

Objective 2: Regional competitiveness and employment:

The specific purpose of this objective is to: strengthen a regions' competitiveness and its attractiveness to potential investors. Objective 2 funds will support employment opportunities bought about through social changes – such as the liberalisation of a trade regime. Other priorities include investing in quality human capital, promoting innovation alongside a knowledge-based society; encouraging entrepreneurship and improving the accessibility and adaptability of both workers and businesses.

Resource allocation: The overall resources allocated to this Objective amount to 15.95% of the total or EUR 49 127 784 318 over a seven year period (2007-2013). Funding for the Regional competitiveness and employment objective will be sourced from the ERDF and the ESF. 75% of all funding under this objective will be earmarked for projects which prioritise both the aims and targets set out in the Lisbon Agenda and the "Integrated Guidelines for Growth and Jobs (2005-2008)".

Eligibility: Those eligible for the Structural Fund under this heading are defined as those Member States and regions not eligible under the Convergence objective – in other words those outside of the least developed Member States and regions.

Objective 3: European Territorial Co-operation:

European Territorial Co-operation will seek to strengthen cross-border co-operation through joint local and regional initiatives. Programmes supported under this heading will strengthen transnational co-operation through actions linked to Community priorities.

Resource allocation: The overall resources allocated to Objective 3 amounts to 2.52% of the total or EUR 7 750 081 461 over a seven year period (2007-2013). It will be funded through the ERDF. Of this amount: 73.86% will be devoted to financing cross-border cooperation; 20.95% will be earmarked for financing transnational co-operation and 5.19% will be earmarked for financing interregional cooperation, cooperation networks and the exchange of experience. The ERDF, under Objective 3 of the Cohesion policy, will also contribute towards the European Neighbourhood and Partnership Instrument as well as cross-border sea-basin programmes.

Eligibility: All regions, classified as NUTS level 3 who are situated along all internal and certain external land borders and all NUTS level 3 regions of the Community along maritime borders will be eligible for financing. Following the entry into force of this Regulation, the Commission will draw up a list of all eligible regions, which will be valid from 2007 to 2013. For the purpose of interregional co-operation, co-operation networks and exchange of experience the entire territory of the Community will be eligible for funding.

As well as establishing the general rules governing the Funds, the Regulation lays down the principles and rules on:

Partnership – close co-operation between the Member States and the Commission on the preparation, implementation and monitoring of operational programmes.

Programming – the Funds will be implemented through multi-annual programmes. These will be organised in several stages. "Operational programmes" will define the various activities being funded.

Additionally – contributions from the Structural Funds will not replace public or equivalent structural expenditure by a Member State.

Evaluation – these will be carried out by the Member States or the Commission either through internal or external experts.

Monitoring – Member States will be responsible for setting up monitoring committees responsible for assessing the effectiveness of the operational programmes. Based on reports prepared by the monitoring Committee, the Commission will prepare an Annual Report.

In line with provisions spelt out in the Regulation the Commission has prepared and proposed the "Community Strategic Guidelines on Cohesion Policy". For a detailed summary of the Guidelines see AVC/2006/0131. These guidelines must be adopted by 1 February 2007. Following approval of the Guidelines the Member States will prepare "national strategic reference frameworks", which identify a link between the Community priorities and its national reform programmes. These will then form the basis of the Operational Programmes, to be approved by the Commission in the course of 2007.

ENTRY INTO FORCE: 1 August 2006.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 08/12/2006 - Implementing legislative act

ACT: Commission Regulation 1828/2006/EC setting out rules for the implementation of Council Regulation 1083/2006/EC laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation 1080/2006/EC of the European Parliament and of the Council on the European Regional Development Fund.

CONTENT: this Regulation sets out the rules for the implementation of Regulations 1083/2006/EC and 1080/2006/EC concerning:

- information and publicity;
- information on the use of the Funds;
- management and control systems;
- les irregularities;
- personal data;
- financial correction for non-respect of additionality;
- electronic exchange of data;
- financial engineering instruments;
- eligibility of housing;
- rules of eligibility applicable to operational programmes for the European territorial cooperation objective.

ENTRY INTO FORCE: 16/01/2007.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 05/05/2006

The Council agreed on a general approach on a draft Council regulation laying down general provisions on the European regional development fund (ERDF) and the European social fund (ESF) and on a draft regulation on the EU's cohesion fund, pending the assent of the European Parliament.

It reached political agreement on three draft regulations of the European Parliament and of the Council on the ERDF, on the ESF and on the establishment of a European grouping of territorial cooperation.

The Council will formalise its agreement at a forthcoming meeting, after finalisation of the texts, which will be sent to the Parliament with a view to adoption under their respective procedures.

The Council decided to integrate the cohesion fund into the programming of structural assistance to seek greater coherence amongst the interventions of the various funds in order to increase the Community added value of cohesion policy. The work of the structural funds and the cohesion fund will be concentrated on the three following redefined objectives:

1) Convergence of the Member States and the regions : the key aim of the renewed cohesion policy under the "convergence" objective will be to promote growth-enhancing conditions and factors leading to real convergence within the Union. It covers member states and regions whose development is lagging behind; the regions targeted by this objective are those whose per capita gross domestic product (GDP) measured in purchasing power parities is less than 75% of the Community average. Regions suffering from the statistical effect linked to the reduction in the Community average following enlargement of the Union will benefit for that reason from substantial transitional aid in order to complete the convergence process. This aid will end in 2013 and is not due to be followed by a further transitional period. Member states targeted by the convergence objective whose per capita gross national income (GNI) is less than 90% of the Community average will benefit under the cohesion fund. A total amount of **EUR 251 163 million** is foreseen for this objective over the seven year period.

2) Regional competitiveness and employment : this objective will cover member states and regions not eligible under the "convergence" objective. Eligible regions are those under objective 1 for the 2000-06 programming period that no longer satisfy the regional eligibility criteria of the "convergence" objective and therefore benefit from transitional aid, as well as all other regions of the Community. The "regional competitiveness and employment" objective will involve, through regional programmes financed by the European regional development fund, at helping regions and regional authorities to anticipate and promote economic change in industrial, urban and rural areas by strengthening their competitiveness and attractiveness, taking into account existing economic, social and territorial disparities. Through programmes financed by the European social fund, it is also aimed at helping people to anticipate and to adapt to economic change by supporting policies aimed at full employment, quality and productivity at work and social inclusion. A total amount of **EUR 49 127 million** is foreseen for this objective over seven years.

3) European territorial cooperation : this is a new objective proposed by the Commission, building on the experience of the Interreg initiative (interregional cooperation). It is aimed at furthering the balanced integration of the EU's territory by supporting cooperation between regions across land or sea frontiers. It will include actions to promote integrated territorial development and support for interregional cooperation and the exchange of experiences. A total amount of **EUR 7 750 million** is foreseen for this objective over seven years. The programming period for the structural funds and cohesion fund is of seven years as in the past.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 14/07/2004 - Initial legislative proposal

PURPOSE : to lay down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

PROPOSED ACT : Council Regulation.

CONTENT : this proposal has been drafted as part of the cohesion legislative package. The package consists of a Regulation for the European Social Fund (ESF) (**COD/2004/0165**), Cohesion Fund (**AVC/2004/0166**) and the European Regional and Development Fund (ERDF) (**COD/2004/0167**) as well as an entirely new proposal creating the framework for a cross-border authority to manage cooperation programmes (EGCC) (**COD/2004/0168**).

The present draft regulation is the proposal of the Commission for the next generation of cohesion policy programmes. It constitutes the basis on which, according to Article 55 of Council Regulation 1260/1999/EC of 21 June 1999 laying down general provisions on the Structural Funds, the Council shall review the mentioned regulation by 31 December 2006 at the latest. The Commission outlines the need to adopt the regulations in the course of 2005 in order to dedicate 2006 to the programming for the period 2007-2013.

It defines the objectives to which the Structural Funds and the Cohesion Fund are to contribute, the criteria for Member States and regions to be eligible under those Funds, the financial resources available and the criteria for their allocation.

The draft defines the context for cohesion policy, including the method for fixing the Community's strategic guidelines for cohesion policy, the national strategic reference framework and the annual examination at Community level. It also lays down the principles and rules on partnership, programming, evaluation, management, including financial management, monitoring and control on the basis of responsibilities shared between the Member States and the Commission.

As regards the new architecture of EU Cohesion Policy after 2006, the Commission proposes that actions supported by Cohesion Policy should focus on investment in a limited number of Community priorities, reflecting the Lisbon and Gothenburg agendas, where Community intervention can be expected to bring about a leverage effect and significant added value. Accordingly, for the operational programmes, the Commission proposes a core list of a limited number of key themes as follows: innovation and the knowledge economy, environment and risk prevention, accessibility and services of general economic interest.

Strategy and resources will be organised around three objectives:

1) **Convergence** : this objective concerns Member States and regions whose per capita GDP is less than 75% of the Community average. The key objective is to promote growth-enhancing conditions and factors leading to real convergence. Strategies will plan for the development of long-term competitiveness and employment. Today's data suggest that around 78% or EUR 264 billion will be concentrated on this objective;

2) **Regional competitiveness and employment** : outside the least developed Member States and regions, the Commission proposes a two-fold approach: First, regional development programmes will help regions to anticipate and promote economic change by strengthening their competitiveness and attractiveness. Second, interventions aim at creating more and better jobs by adapting the workforce to economic change. Around 17% or EUR 57.9 billion are suggested for this objective. Under the new regional programmes financed by the ERDF the Commission proposes a stricter concentration of interventions on the three priority themes: innovation and the knowledge economy, environment and risk prevention, accessibility and services of general economic interest.

As regards the operational programmes financed by the ESF, the Commission proposes to underpin the implementation of the employment recommendations and to strengthen social inclusion, in line with the objectives and guidelines of the EES.

To this end, support should focus on four policy priorities that are crucial for the implementation of the EES and where Community funding can provide added value: increasing the adaptability of workers and enterprises; enhancing access to employment and increasing participation in the labour market; reinforcing social inclusion and combating discrimination, mobilising reforms in the fields of employment and inclusion.

3) **European territorial co-operation** : Supporting co-operation of regions at cross-border, transnational and interregional level to further develop the harmonious and balanced integration of the Union's territory is at the core of the third objective. Around 4% or EUR 13.2 billion will be spent for this priority. Building on the experience of the present INTERREG Initiative, the Commission proposes to create a new objective dedicated to further the harmonious and balanced integration of the territory of the Union by supporting co-operation between its different components on issues of Community importance at cross-border, transnational and interregional level. Action will be financed by the ERDF and will focus on integrated programmes managed by a single authority in pursuit of key Community priorities linked to the Lisbon and Gothenburg agendas. All regions along the internal terrestrial and certain regions along the external terrestrial borders as well as along certain neighbouring maritime borders will be eligible for crossborder co-operation. The aim will be to promote joint solutions to common problems between neighbouring authorities, such as urban, rural and coastal development and development of economic relations and networking of SMEs.

For further information concerning the financial implications of this measure, please refer to the financial statement.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 31/03/2010 - Follow-up document

This Communication provides, for the first time, a complete overview of the implementation of the cohesion policy programmes 2007-2013. It is primarily based on the 27 national strategic reports, which are a new feature of cohesion policy for this period. This Communication is intended to facilitate debate with EU institutions in view of the policy's significant role in fostering sustainable economic and social development in Europe's regions and Member States. It makes recommendations on how effective implementation could be strengthened.

Member States report that the original commitments to invest in structural change are being realised. Projects are already selected amounting to more than **EUR 93 billion or 27% of the total financial volume for the period**, after approximately 18 months of active implementation. A total of EUR 63 billion is reported as allocated to Lisbon earmarking projects. Many EU priority investments are reported as advancing well with one third or more of the total planned investment allocated to projects in areas such as stimulating research and innovation in SMEs, using financial engineering to provide capital to SMEs (i.e. JEREMIE initiative), promoting clean urban transport, implementing active labour market and lifelong learning policies and renewing education and health infrastructures. Reporting by the Member States also highlights areas of slower progress where follow up is clearly required. In the case of those Member States below the average there is a higher risk of late delivery unless the rate of project selection and implementation is accelerated.

In terms of **payment of EU financing,** EUR 108 billion has been transferred to Member States in the years 2007-2009. EUR 64 billion related to actual expenditure under the 2000- 2006 programmes while EUR 44 billion related to advances and actual expenditure under the 2007-2013 programmes. The national reports provide information on spending by programme, referring exclusively to the latter period. To date EUR 23.3 billion has been declared in interim expenditure under the programmes 2007-2013. In 2009 there was a clear acceleration in certified expenditure under the new programmes once the previous programmes were closed.

The national reports have emphasised the fundamental relevance of the strategies agreed in 2007 and the value of cohesion policy as a policy aiming at long-term economic development. In general, the measures to deliver the agreed strategies and objectives are implemented at a good pace while adapting to the sharp change in the economic climate. After an average of 18 months of effective implementation on the ground 27.1% of projects are selected and progress is evidenced by accelerating expenditure. The projects to deliver the agreed EU earmarked priorities are selected as quickly as non-earmarked priorities. These EU priorities include smart, clean and socially inclusive investments in infrastructures (energy efficiency, broadband, social infrastructures) business support (eco-innovation, financial engineering) and flexible labour markets.

This positive progress can be partly explained because Member States are using flexibility within programmes to address changing needs under the agreed priorities. The cohesion policy recovery package of late 2008, involving increased pre-financing, rule changes to improve the speed of reimbursement and simplifications has been widely taken up, while the Member States have also simplified their own rules.

However, no one can be complacent. Using the information exchanged through this exercise Member States can benchmark their rate of progress in different priority themes with the EU average, identifying areas of good and slow progress.

The Commission therefore calls on the Member States:

- to implement quickly the already selected projects;
- to accelerate the selection of quality projects to contribute to the agreed programme objectives, in particular to facilitate the exit strategy from the current economic crisis;
- to ensure that, in a climate of growing pressure on national budgets, the national cofinancing needed to fund the agreed investments is made available so that the EU budget resources are fully mobilised.

For its part, the Commission will outline in 2010 how it believes cohesion policy 2007-2013 can foster support to the objectives set for the Europe 2020 strategy. In particular, these documents will address how the current programmes can reinforce employment policies and social recovery and inclusion; support for sustainable development and support to innovation at national and regional level. The Commission is committed to continue working with the Member States on improving delivery of the programmes and addressing bottlenecks in different thematic areas.

Delays in selecting projects in important investment fields are clearly evident from the national reports. The Commission calls on the Member States to target these priority areas – if necessary by putting in place action plans to correct the delays while there is still time. The Commission has identified the following priority areas facing delays generally or a lack of homogenous progress across the Member States:

- in the rail sector there are difficulties in preparing important investment in a core group of Member States based both on reported progress and results from evaluations;
- certain energy and environmental investments are not progressing as expected. This must be redressed by the Member States and regions for them to fully contribute to the EU's sustainable developments goals;
- investment in the area of the digital economy - rolling out broadband and exploiting ICT use in the public and business sectors - is slower than average with uneven performance, even if some good practices are identified;
- progress on delivering the priority of social inclusion is relatively slow and not spread evenly across the funds and programmes. Action is needed to mobilise EU resources to contribute to the achievement of the proposed poverty reduction target fixed in the Europe 2020 strategy;
- there are delays in implementation of governance and capacity building measures which need to be addressed to improve public sector performance, especially in view of the crisis.

The Commission calls on Member States to improve implementation of programmes with increased transparency, networking and exchange of good practice and policy learning on cohesion policy priorities to make a very important early contribution to achieving the Europe 2020 strategy, its flagship initiatives and its quantified targets.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 11/12/2007 - Follow-up document

The Commission has prepared this Communication in order to set out an initial overview of the new generation of cohesion policy strategies and programmes for the period 2007-2013. It forms part of the Lisbon package, which is central to the new cohesion policy strategies and programmes. The report also reflects on the potential role of the cohesion programmes in taking the Lisbon Strategy forward.

To recall, the revised cohesion policy, approved in 2006, introduced a number of reforms including the need to take on a more explicit and transparent focus expressed through the "Community Strategic guidelines on Cohesion" (CSGs). This framework encourages the Member States and regions to focus on those areas of investment that help deliver the National Reform Programmes (NRPs) whilst taking account of national and regional circumstances. In addition, the Member States have been asked to "earmark" major parts of their financial allocations to investments that can make a significant contribution to the Lisbon objectives. Further, the reformed cohesion policy provides for greater decentralisation of responsibilities to local and regional partners. By pooling local and regional knowledge, expertise and resources, the cohesion policy is well placed to focus on investments with the highest impact on growth and jobs.

The strategies drawn up by the Member States for the 2007-2013 programming period indicate that a clear change of emphasis is underway, in favour of the key Lisbon priorities. Under the earmarking provisions, the EU-15 Member States are required to invest the predominant part of their financial allocations (in other words 60% of Funds for their Convergence regions and 75% for their Regions competitiveness and employment regions) into categories that are central to growth-enhancing and job-creating investments. For the EU-12, the targets are voluntary but all new Member States have engaged in the earmarking exercise, albeit to varying degrees.

Globally, the results have been encouraging. For the less developed regions under the Convergence objective in EU-27, which together account for over 80% of cohesion policy resources, 65% of the funds are to be invested in the Lisbon-related objectives. This represents an increase of 11 percentage points compared to the previous programming period. Regions with programmes falling under the Regional Competitiveness and Employment Objective, which account for 16% of cohesion policy resources, and which traditionally have had to concentrate their more limited allocations on the more productive investments, plan to continue to invest a high proportion of the funds, 82% of the total for 2007-2013, on Lisbon-related priorities.

For the EU15 Member States, for which earmarking is obligatory, the corresponding figures are, as is to be expected, somewhat higher at 74% for the Convergence Objective and 83% for the Regional Competitiveness and Employment Objective, although these percentages vary significantly both across Member States and between different regions.

For the EU-12 Member States (and for which the earmarking provisions are not compulsory), the figure is some 59% under the Convergence Objective, which is also the same figure attained in the very limited number of programmes in these Member States that are supported by the Regional Competitiveness and Employment Objective.

The report concludes by noting that resources for the new generation of cohesion policy strategies and programmes (2007-2013) will be used to take the Lisbon objectives on growth and jobs forward. Thanks, primarily, to the implementation of reforms agreed upon for the 2007-2013 period. Encouraged by new earmarking provisions, the cohesion policy appears to have changed the nature of discourse between the Commission, national governments and regional governments. The paper calls upon the Member States and the regions to implement and deliver, within their programming documents, policies that prioritise and strengthen the Lisbon Agenda on jobs and growth. Indeed, the Commission will continue to work closely with the Member States using the systems and procedures that have been put in place for monitoring, evaluation and, where necessary, the adjustment of the programmes. In Spring 2008, the Commission will provide a more detailed report following the conclusions of all negotiations on the programmes for 2007-2013.

To conclude, the Commission argues, that for the cohesions policy to be a real success, it is critical that strong economic growth, more and better jobs and higher standard of living for all of the EU's citizens is continually promoted.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 14/07/2004 - Document attached to the procedure

COMMISSION'S IMPACT ASSESSMENT

For further information about the context of this issue, please refer to the summary relating to the Commission's initial proposal COM(2004)0492 dated 14/07/2004.

1- POLICY OPTIONS AND IMPACTS

Two main policy options were evaluated by the Commission prior to drawing up its proposals.

1.1- Option 1: Keeping the status quo. This option was assessed from three perspectives – the thematic priorities, implementation modes and the adequacy of the budgetary resources allocated.

- Thematic priorities: the scope of eligibility of the current Objective 1 is appropriate given the broad variety of needs of regions whose development is lagging behind in their process of convergence. On the other hand, the current Objective 2 has been less successful because of the wide dispersion of projects over too many areas. This meant that inadequate support was given to the key determinants of competitiveness. In addition, the synergies between interventions funded by the ESF under Objective 3 and those funded by the ERDF were not exploited to a maximum. It is therefore vital to ensure greater thematic concentration to promote competitiveness while also ensuring greater complementarity between ERDF and ESF activities.

For interventions supported by the ESF, the link between the Fund and the European Employment Strategy has been effective. However, the current scope of the Fund's intervention does not allow the three revised strategic objectives (full employment, quality and productivity in work and social inclusion) to be adequately addressed.

As to the Cohesion Fund, the environment and sustainable development sector had experienced absorption problems in some (of the then) future Member States. This requires a response in the form of the strengthening of institutional capacity.

- Implementation procedures: current methods for managing the Structural Funds have been complex. There have been demands from Member States for these to be lightened to facilitate management and execution of credits. The scope for simplification, however welcome it might be, remained limited given the need to respect the legal framework.

- Adequacy of budgetary resources: if the current levels were to be maintained, given the doubling of the population eligible under the Convergence Objective, aid intensity would fall considerably.

1.2- Option 2:A reformed and targeted policy, focused on the Union's priorities: the policy objective is, firstly, to concentrate the Member States' and regions' interventions co-financed by the Community budget on the strategic priorities defined at Community level and, secondly, to ensure closer synergy between cohesion policy and its financial instruments with the annual debate on the implementation of the Lisbon Strategy, at the Spring European Council.

Simplification based on subsidiarity and decentralisation: several key aspects of implementation will be simplified and decentralised. Multiannual programming currently involving three stages, each with implications for the management of programmes, will be reduced to two stages, the second only playing a management role: a political stage; the adoption by the Commission of a strategic reference framework proposed by the Member State concerning the three policy priorities. This framework will be the basis of the agreement between the Member State, the regions and the Commission for the aid for the aid over the period.

There will then be a more decentralised operational stage: adoption by the Commission of Member States' thematic and regional operational programmes. This document will not contain, as is currently the case, the programme complement listing precise measures that will be co-funded, but only the priorities of the intervention, which will leave the Member States and managing authorities greater flexibility.

Financial instruments: simplification is introduced with the reduction of the funds involved in interventions from the current six to three, i.e. the ERDF, ESF and Cohesion Fund. Programmes will also be mono-fund – each fund concentrating on their area of intervention, but with the possibility to fund, to a limited extent, activities that are closely linked with those of the other funds.

Impacts

Economic: regions falling under the Regional Competitiveness objective are expected to see net rises in employment levels. It is estimated that one-third of the necessary jobs to meet the target of 70% set in Lisbon for these regions will result from Structural Fund interventions. About a million SMEs are expected to benefit from support. In the so-called Convergence regions, GDP is expected to rise between 8% in Hungary and 16% in Poland over the period. Employment in these regions is expected to rise between 4-6% in Hungary and 10% in the Czech Republic. Productivity is expected to rise by 4% in the Czech Republic, 6% in the Baltic States and 7% in Poland. There will be a multiplier effect on investment that is expected to rise on average by 30% over the period.

Social: the Funds (ESF, Cohesion fund and ERDF) will make a decisive impact on the achievement of the Lisbon targets in the field of employment. Their interventions will strengthen economic and social cohesion by supporting policies aiming to increase employment, improve quality and productivity at work and promote social inclusion and the reduction of regional employment disparities. In particular, the ESF shall support actions in the framework of the European Employment Strategy which underpins the achievement of the employment targets of the Lisbon strategy.

In this respect, the Funds' interventions will have a particular impact on :

- workers and unemployed people: the Funds will support the integration of all into the labour market, enhance the employment potential and develop skills and expertise in line with the changing requirements of the labour market;

- systems and structures: the Funds will make a significant contribution to the development and modernization of structures and systems which are indispensable to tackle the labour market challenges;

- social inclusion: interventions will contribute to narrowing social disparities and to reducing poverty by supporting policies addressing the needs of people who face significant problems with entering and integrating into the labour market;

- institution building: particularly in the regions lagging behind, the Funds, through the FSE interventions, will reinforce the ability of Member States and regions to contribute to the European Union's objectives and to fulfil the conditions and obligations arising from membership, by enhancing their administrative capacities.

Environmental: there will be a number of positive environmental benefits arising from Structural Fund interventions such as the encouragement of renewable energies, the use of clean technologies and anti-pollution measures.

Other impacts: cohesion policy, in all its dimensions, contributes to achieving the Lisbon objectives, by enhancing the harmonious, balanced and sustainable development of the Union, by mobilising the Union's unused potential, and therefore boosting economic performance, and at the same time by reducing economic and social disparities between Member States, regions and citizens, especially in the context of an enlarged Union. By focusing on investment in a limited number of Community priorities, reflecting the Lisbon and Gothenburg agendas, the Community intervention can be expected to bring about a leverage effect and significant added value. Areas likely to benefit in particular are transport infrastructure and innovation and research.

There will also be non-economic Community value-added effects stemming from the methods of managing the Structural Funds such as programming, evaluation, partnership, cooperation, concentration or additionality which will shape new methods of governance among their beneficiaries.

2. FOLLOW-UP

The results of the policy will be monitored at two levels:

- at strategic level, annual reports by the Member States and the Commission's report on the implementation of the strategic guidelines of economic, social and territorial cohesion.

- at operational level by means of an *in itinere* evaluation, and an annual report for each programme.

- the establishment for each operational programme, of a monitoring committee to ensure that the interventions are effective and of a high quality.

- the organisation of annual meeting to check the progress of programmes and their results, to suggest improvements in implementation, where required.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 18/03/2005 - Court of Auditors: opinion, report

In is Opinion 2/2005, the Court of Auditors paid particular attention to the consequences of the measures proposed on financial management and control.

On the responsibility for the implementation of the Community budget, the Court believes that in a context where the Member States are both beneficiaries of the Community funds and responsible for the implementation of measures, only the Commission is able to ensure that the Community objectives are applied in a logical and consistent manner. It is therefore crucial that the notion of the Commission’s final responsibility be reaffirmed unequivocally in the articles that deal with the responsibility of Member States.

As regards the proposed regulatory framework, the Court insists in particular on the need to create adequate framework control conditions such as the intensity of the checks; the definition of appropriate standards and the organisation of the management and control systems. A substantial strengthening of Community controls is the indispensable corollary to a system in which project management rests with the national or regional authorities.

Observations are equally made concerning the responsibility in the area of legality and regularity, Responsibility in the area of sound financial management and the conservation of supporting documents.

Lastly, the Court deals with the issue of improving the efficiency of the programmes. It made the following comments on:

- programming and setting objectives : according to the Court, the content of the ‘national strategic reference framework’ is not sufficiently precise (in terms of measures, the allocation of resources and expected results) to provide detailed information on the national and regional development strategy. Neither are the ‘thematic and territorial priorities’, which are supposed to define the measures to be financed, explained adequately. The operational programmes are also characterised by a lack of precision, no information being requested in respect of the various measures to achieve the priority objectives. This prevents any arbitration between measures. Specific objectives would be quantified by means of a limited number of implementation, results and impact indicators. Compared with the current legislation, a description of the arrangements for managing each operational programme is no longer required. Thus, neither the ‘national strategic reference framework’, nor the operational programmes would be true management and monitoring instruments for the Commission. It is consequently unclear how the Commission will be able to ensure that coordination with the operational programmes has been established at national level ;

- improved integration of assistance measures : for reasons of consistency, the Court is of the opinion that it would be appropriate to operate a single Fund, at least in the case of the ERDF and the Cohesion Fund. These two Funds are generally to be found in the same operational programmes and are concerned with the same themes. ERDF actions and Cohesion Fund projects are often managed by the same public entities. The concepts of major projects and revenue-generating projects are equally valid for both Funds.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 06/07/2005 - Interim resolution adopted by Parliament

The European Parliament adopted a resolution drafted by Konstantinos **HATZIDAKIS** (EPP-ED, GR) by 574 votes to 45 with 44 abstentions. Parliament could only approve the proposal in its entirety without amendment under the assent procedure. In a resolution, Members nevertheless proposed a number of adjustments to the Commission’s text. (Please see the document dated 24/05/2005.) The Council is urged to reach a decision at the earliest opportunity on the 2007-2013 financial perspective, and in any event before the end of 2005, to give the regions enough time to prepare new operational programmes.

The key points in the vote are as follows: that 0.41% of Community GDP should be earmarked for cohesion policy; a rejection of any significant modification to the overall architecture of the Commission proposals, including attempts to renationalise all or part of EU regional policy; cohesion policy to be ring-fenced from negotiations on the financial perspective or attempts to make drastic cuts in EU spending. Specifically on financing, Parliament called for a political solution providing for special compensation to be established for those regions or Member States that face substantial financial losses, due to the disparities caused by the implementation of the Commission proposal regarding the allocation of financial resources. Parliament regarded the Commission's proposal to allocate EUR 336.1 billion to support the three priorities of the revised cohesion policy as the bare minimum needed to make the reform a success.

Parliament called for statistical effect regions to have a funding level of 85% of the resources provided to the full convergence regions at the beginning of the funding period, which will reduce to 60% by 2013;

Given the serious need for structural funding for many EU regions in the new programming period, all resources allocated to cohesion policy should be spent for this purpose. Parliament called, therefore, for the possibility of re-using unspent resources due to the N+2 rules within Sub-heading 1b for the regions that are in a position to absorb them on the basis of the principles of effectiveness and fairness.

Regarding funding eligibility in calculating EU co-financing, the report proposes eligibility for spending on the renovation of social housing with a view to achieving energy savings and preserving the environment.

The report suggests that the Commission's budget proposal for the European territorial cooperation objective should be maintained and that interregional cooperation should be an integral part of this co-operation.

Parliament considered that the Commission proposal to impose financial corrections on firms that relocate their activities is an indispensable measure, in order not to put in jeopardy the consolidation of economic, social and territorial cohesion in the affected regions. It proposed the establishment of monitoring systems in order to quantify the economic and social costs of any relocation so that appropriate penalties may be set accordingly. At the same time, it called for the adoption of all necessary legal measures to ensure that firms which receive Community funding do not relocate for a long and predetermined period.

On the subject of maritime borders, the report opposes the arbitrary 150 km maximum distance between two maritime regions for them to qualify for funding within the framework of trans-border cooperation proposed by the Commission and calls for special measures to be taken to ensure that peripheral regions can also participate.

The resolution also calls for “balanced and fair treatment” for regions suffering from severe natural handicaps, such as islands, mountains, border areas and sparsely-populated regions. The report calls for a reference to these areas to be included in the strategic section of the national strategic reference framework to be adopted by the member states, mentioning the particular needs of the EU's ultra-peripheral areas, Malta and Cyprus.

Parliament strongly supported the special action of EUR 1 100 million for the outermost regions proposed by the Commission, as well as the possibility of financing operating aid,

Focusing on the urban dimension, Parliament maintained the obligation to submit information on how the urban question is being dealt with in terms of ERDF (European Regional Development Fund) programmes, including a list of chosen areas.

Finally, Parliament concluded that financing levels should be at least equivalent to the current level.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 12/06/2006 - Legislative proposal

PURPOSE : to lay down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (2007-1013).

PROPOSED ACT : Council Regulation (General regulation).

CONTENT : the Council agreed on a general approach on a draft Council regulation laying down general provisions on the European regional development fund (ERDF) and the European social fund (ESF) and on a draft regulation on the EU's cohesion fund, pending the assent of the European Parliament.

This Regulation defines the objectives to which the Structural Funds and the Cohesion Fund are to contribute, the criteria for Member States and regions to be eligible under those Funds, the financial resources available and the criteria for their allocation. It defines the context for cohesion policy, including the method for establishing the Community strategic guidelines on cohesion, the national strategic reference framework and the process for examination at Community level.

The work of the structural funds and the cohesion fund will be concentrated on the three following redefined objectives:

1) Convergence of the Member States and the regions : the key aim of the renewed cohesion policy under the"convergence" objective will be to promote growth-enhancing conditions and factors leading to real convergence within the Union. It covers member states and regions whose development is lagging behind; the regions targeted by this objective are those whose per capita gross domestic product (GDP) measured in purchasing power parities is less than 75% of the Community average. Regions suffering from the statistical effect linked to the reduction in the Community average following enlargement of the Union will benefit for that reason from substantial transitional aid in order to complete the convergence process. This aid will end in 2013 and is not due to be followed by a further transitional period. Member states targeted by the convergence objective whose per capita gross national income (GNI) is less than 90% of the Community average will benefit under the cohesion fund. A total amount of **EUR 251 163 million** is foreseen for this objective over the seven year period.

2) Regional competitiveness and employment : this objective will cover member states and regions not eligible under the “convergence” objective. Eligible regions are those under objective 1 for the 2000-06 programming period that no longer satisfy the regional eligibility criteria of the “convergence” objective and therefore benefit from transitional aid, as well as all other regions of the Community. The "regional competitiveness and employment" objective will involve, through regional programmes financed by the European regional development fund, at helping regions and regional authorities to anticipate and promote economic change in industrial, urban and rural areas by strengthening their competitiveness and attractiveness, taking into account existing economic, social and territorial disparities. Through programmes financed by the European social fund, it is also aimed at helping people to anticipate and to adapt to economic change by supporting policies aimed at full employment, quality and productivity at work and social inclusion. A total amount of **EUR 49 127 million** is foreseen for this objective over seven years.

3) European territorial cooperation : this is a new objective proposed by the Commission, building on the experience of the Interreg initiative (interregional cooperation). It is aimed at furthering the balanced integration of the EU's territory by supporting cooperation between regions across land or sea frontiers. It will include actions to promote integrated territorial development and support for interregional cooperation and the exchange of experiences. A total amount of **EUR 7 750 million** is foreseen for this objective over seven years. The programming period for the structural funds and cohesion fund is of seven years as in the past.

For further information concerning the financial implications of this measure, please refer to the financial statement.

European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund, 2007-2013

2004/0163(AVC) - 06/03/2009 - Follow-up document

This report from the Commission is on ex ante verification of additionality in the regions eligible under the Convergence objective for the period 20072013.

Additionality is one of the main principles underpinning the economic role and driving the functioning of cohesion policy. It requires that contributions from the Structural Funds do not replace public expenditure by Member States, in order to ensure that they have a genuine economic impact. This report summarises the main findings of the verification of this principle at the ex ante stage for the period 20072013 along with an analysis from an economic perspective.

Member States reached an agreement on the target level of expenditure to be kept throughout the period. As a result, more than EUR 650 billion (in 2006 prices) will be invested from different domestic financial sources over the period 20072013. This amount is additional to the EUR 174 billion (in 2006 prices) of Structural Funds which are planned to be paid in the Convergence objective regions over the same period.

The notion of additionality is relatively simple but its actual implementation involves a number of methodological complexities. The verification of additionality at this ‘ex ante’ stage for the period 20072013 was based on Article 15 of Regulation (EC) No 1083/2006 and on the

Guidelines set out in Working Document No 3 (December 2006). The latter was intended to set common principles for negotiations between the Commission and the different Member States. Some of the purposes of the document are to improve transparency, ensure equality of treatment between countries, and make the results obtained for each Member State comparable.

Despite these efforts, several **shortcomings** remain, including:

- **Difficulties to compare results across Member States**: Member States do not follow a single, standard methodology for national public accounting. As a result, the methodological approaches to collect data required to verify additionality differ across countries. In most cases, data are taken from budgetary sources which are classified in different ways from one Member State to another. This makes the cross-country comparison difficult. This problem is even more compelling when comparing structural expenditure funded by national and Community sources since they are not classified in a coherent and streamlined way;
- **Shortcomings in data comparability over programming periods**: the methods used may also vary over time even within a single Member State. For instance, some significant discrepancies were found in some Member States between the actual expenditure claimed for the ex post verification of the period 20042006 and the actual expenditure for the same period used for the ex ante verification of the period 20072013;
- **Problems to capture all relevant eligible expenditure**: determining relevant expenditure based on the different accounting sources that exist in Member States is difficult. In most cases, data are taken from budgetary sources which are not always broken down to all the sub-national levels. This makes it very difficult to identify the relevant expenditure, particularly at local level and, therefore, most often it is necessary to use of estimations and case-by-case analyses, which affect the reliability of the final result;
- **Heterogeneity of the information provided**: the information submitted by some Member States in their National Strategic Reference Framework (NSRF), and in the annexed reports and methodological notes could be further streamlined. The data submitted lack homogeneity and vary in quantitative and qualitative terms from one Member State to another. Moreover, this information was not always presented in the same way (for instance, Member States did not use the same reference year for the deflators);
- **Difficulties in verifying the reliability of data**: the Commission has limited instruments to verify that the information provided is correct. A breakdown of expenditure by region could be developed, in particular for Member States whose territory is partially eligible under the Convergence objective. This could also help to reduce the use of estimates to determine spending at sub-national level. In addition, complementary documents linked to regional or national budgets could provide additional proof of the reliability of this expenditure;
- **No monitoring mechanism**: finally, the additionality rules do not provide for instruments that allow the Commission to monitor on a regular basis the evolution of variables in Member States (e.g. fiscal performance or privatisation processes), which may affect the level of their public spending and thus the additionality results. Possible solutions should be explored, including linking the information necessary to verify additionality to the regular information provided by Member States in their stability programmes.

In sum, there is clearly room **to improve the information and the methodology for determining and verifying additionality**, which is an important principle of cohesion policy. The Commission intends to engage in a more in-depth and permanent dialogue with Member States on how to overcome the shortcomings and improve the application of the principle.

The next verification of additionality will take place in 2011. At that time, the principle will be considered as having been complied with if the actual annual average of structural expenditure in the period 20072010 is at least the same as the level forecast for the period or if this spending fits a predetermined spending profile agreed upon during the ex ante assessment. In the latter case, the 20072010 annual average may be below the annual average for 20072013.

At the mid-term review, Member States will have an opportunity to revise the level of expenditure in the light of significant changes in the economic situation. This may be particularly relevant in the current financial crisis. It is therefore important that future discussion takes place on a more robust basis.