

Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	1998/2190(COS)	Procedure completed
Cohesion Fund. 1997 annual report		
Subject 4.70.02 Cohesion policy, Cohesion Fund (CF)		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	REGI Regional Policy		26/11/1998
		ARE ESCOLA HERNANDO Manuel	
	Committee for opinion	Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs, Industrial Policy	The committee decided not to give an opinion.	
	TRAN Transport and Tourism	The committee decided not to give an opinion.	
	ENVI Environment, Public Health and Consumer Protection	The committee decided not to give an opinion.	
Council of the European Union			

Key events			
07/10/1998	Non-legislative basic document published	COM(1998)0543	Summary
28/01/1999	Committee referral announced in Parliament		
24/03/1999	Vote in committee		Summary
24/03/1999	Committee report tabled for plenary	A4-0150/1999	
13/04/1999	Decision by Parliament	T4-0229/1999	Summary
13/04/1999	End of procedure in Parliament		
30/07/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1998/2190(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper

Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	REGI/4/10487

Documentation gateway

Non-legislative basic document	COM(1998)0543	07/10/1998	EC	Summary
Economic and Social Committee: opinion, report	CES0192/1999 OJ C 116 28.04.1999, p. 0010	24/02/1999	ESC	
Committee report tabled for plenary, single reading	A4-0150/1999 OJ C 219 30.07.1999, p. 0006	24/03/1999	EP	
Text adopted by Parliament, single reading	T4-0229/1999 OJ C 219 30.07.1999, p. 0020-0041	13/04/1999	EP	Summary
Committee of the Regions: opinion	CDR0002/1999 OJ C 374 23.12.1999, p. 0067	15/09/1999	CofR	

Cohesion Fund. 1997 annual report

PURPOSE : Annual Report on the operation and activities of the Cohesion Fund in 1997 **CONTENT :** 1997 was the fifth year of operation of the Cohesion Fund in the four beneficiary Member States. The year was marked by a strong element of continuity of strategy from previous years and was a particularly successful year for budgetary implementation. The macro-economic context within which the Fund operated in 1997 was one of a sound, albeit moderate, recovery of activity throughout the Union in an environment of stable economic fundamentals which allowed the beneficiary countries to meet the ambitious targets on budget deficits recommended by the Council. In line with its decision of December 1995, the Commission undertook its spring examination of conditionality on 23 April. This was intended to verify whether Member States had respected in 1996 the recommendations of the Council with respect to the conduct of fiscal policy. The second examination took place on 8 December on the basis of the Commission's economic forecasts for 1997 during which the likely outcomes for general government deficits for the current year were discussed. As a consequence of these examinations, the Commission decided that financing from the Cohesion Fund could continue for Greece, Spain and Portugal. Since Ireland was not in an excessive deficit position, no decision was required in this case. On 15 July 1997, the Commission published its document 'Agenda 2000 - For a stronger and wider Union'. In relation to policies on economic and social cohesion, the Commission proposed that the Cohesion Fund should be maintained in its present form for the period 2000-2006. This means that Member States with a per capita GNP of less than 90% of the EU average - even if they are joining EMU - will continue to be eligible for assistance from the Fund. Macroeconomic conditionality would continue to apply. The Commission is proposing a budget of EUR 3 billion for the Cohesion Fund after 1999.

Budgetary implementation : The budgetary implementation of the Cohesion Fund in 1997 was very successful. The Fund fully implemented all its commitment and payment appropriations for the year. From 1993 to 1997, the Fund committed roughly two-thirds of its overall allocation for the first phase, from 1993 to the end of 1999. Over the first 5 years, the assistance committed for each country has fallen right in the middle of the target percentage ranges of the total budget indicated for them in the Council Regulation establishing the Cohesion Fund. In its fifth year of operation, the Fund came close to the objective of an equal division between the environment and the transport sectors (as transport had taken a larger share of the budget in the early years).

Transport : The European Parliament, in particular, had criticised the fact that the Fund had largely invested in the road sector. The Commission states that it had never intended to concentrate excessively on road transport and has always urged the beneficiary Member States to submit other types of project for funding. A significantly greater share of the transport budget went to railways in 1997, when almost one-third of commitments to the sector were for rail projects. Parliament had also called for more funds to go to airports and seaports. However, the Commission has pointed out that these types of activity are generally commercial in nature, often generating considerable revenues and reducing the need for grants from the Union budget. The Fund is continuing to support the trans-European projects adopted by the Essen Council in 1994. Five of the 14 projects are located in Cohesion countries.

Environment : The actions of the Cohesion Fund are in line with the environmental objectives set out in Article 130r of the Union Treaty. In 1997, the Fund continued to concentrate resources on the priorities of the Community environmental policy, namely the abstraction and distribution of drinking water, waste-water treatment, and the handling and treatment of solid waste. The Fund also initiated a major study to demonstrate the environmental dimension of transport and environmental projects that it assists.

Information and publicity : In 1997, as in previous years, the Fund participated in a large number of publicity events, seminars and workshops organised by the beneficiary Member States. On some occasions, the Fund management had to remind the beneficiaries that they had not fully respected the conditions and obligations with respect to information and publicity. Any non-respect of the provisions of a 1996 Commission decision on information and publicity obligations is treated as an infringement which could lead to a reduction of grant aid from the Union budget.

Evaluation : In early 1997, the Commission received a report prepared by the London School of Economics to develop economic methodologies, including econometric modelling, to estimate the socio-economic impact of the Fund. It was presented to a wide audience in June 1997. It shows a strong positive link between public and private investment, resulting in significant long-term employment effects, and also important economic spillovers between regions and between the cohesion countries and their neighbours. During 1997, the Commission agreed detailed terms of reference for an ex post evaluation programme which will run until the end of 2000 for the present generation of the Cohesion Fund. This evaluation was entrusted to outside assessors. The Commission expects this to offer interesting insights and comparable results across the four beneficiary countries. The results obtained should have a positive impact on project assessment and on the quality of project preparation. The Commission intends the process to result in improved prior appraisal and better monitoring of projects.

More emphasis on project monitoring : With the amount of resources already committed to projects, verification and monitoring visits have become much more frequent. The Monitoring Committees in the four countries met eleven times in 1997.

Financial implementation : In 1997, as in earlier years, no case of fraud was discovered or reported by the Member States to the Commission. As part of

the SEM 2000 exercise, intended to establish sound financial management of Union resources, the Structural Funds issued guidelines in 1997 to clarify the eligibility of expenditure incurred by the beneficiaries in the Member States. In parallel with this undertaking, the Cohesion Fund initiated a similar exercise and established principles governing the eligibility of expenditure using part-financing with Cohesion Fund assistance.?

Cohesion Fund. 1997 annual report

The Committee has unanimously adopted the report by Manuel ESCOLÁ HERNANDO (ERA, E) on the Commission's annual report on the Cohesion Fund for 1997. The committee report says that the results of the Fund were satisfactory in 1997. It adds that 1997 marks a watershed because it was the first time that funding allocated to environmental projects was greater than that allocated to transport. The rapporteur also reiterates the call for more money to be allocated to environmentally-friendly means of transport (e.g. sea and air transport). In addition, he regrets that greater emphasis has not been placed on the funding of waste treatment projects and projects aimed at combating desertification. The Commission's report stresses the need to adjust the Fund to take account of the fact that, although the economic gap between the Cohesion Fund beneficiary States and the Union as a whole has narrowed over the past few years, internal disparities within those States have increased. It also draws attention to the need to maintain Cohesion Fund assistance for States with a per capita GNP of less than 90% of the Community average. The rapporteur makes a positive assessment of the efforts made to ensure that the monitoring committees operate properly and reaffirms the importance of accurate information and publicity, which are intended to raise awareness of "Community solidarity" activities. Lastly, it calls for ex-post evaluations of completed projects and an improvement in the methods used for ex-ante evaluations. ?

Cohesion Fund. 1997 annual report

Adopting the report by Manuel Escola Hernando (ARE,ES), the European Parliament congratulates the Commission and the beneficiary States on their implementation of the Cohesion Fund budget during the financial year 1997, while reiterating its request that, within the overall budget for transport networks, the share earmarked for rail transport, ports and airports and more environment-friendly means of transport be increased. It stresses the particular importance of maritime and air transport to peripheral regions and emphasises the need to link island, land-locked and peripheral regions with the central regions of the EU. With regard to environmental sector assistance, the Parliament regrets that greater emphasis has not been placed on the funding of waste treatment projects and projects aimed at combatting desertification (notably in Spain) and demands that greater priority be given in future to purely environmental actions (eg. reafforestation, the creation of green areas, infrastructures for preventing forest fires...). The Parliament welcomes the fact that in 1997, the 4 beneficiary States passed the macro-economic conditionality test on which the continuation of Cohesion Fund assistance depends, but considers that it has not yet achieved its fundamental goal of bringing the level of development of environmental and transport network infrastructure in the beneficiary States closer to the EU average. It draws attention once again to the need to maintain Cohesion Fund assistance for States with a per capita GNP of less than 90% of the Community average.?