

Procedure file

Basic information		
INI - Own-initiative procedure	2003/2020(INI)	Procedure completed
Annual report of the Cohesion Fund (2001)		
Subject 4.70.02 Cohesion policy, Cohesion Fund (CF)		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	RETT Regional Policy, Transport and Tourism		21/01/2003
		PPE-DE SCALLON Dana Rosemary	
	Committee for opinion	Rapporteur for opinion	Appointed
	FEMM Women's Rights and Equal Opportunities		17/03/2003
		PSE TORRES MARQUES Helena	
European Commission	Commission DG Regional and Urban Policy	Commissioner	

Key events			
15/10/2002	Non-legislative basic document published	COM(2002)0557	Summary
13/02/2003	Committee referral announced in Parliament		
21/05/2003	Vote in committee		Summary
21/05/2003	Committee report tabled for plenary	A5-0184/2003	
19/06/2003	Decision by Parliament	T5-0283/2003	Summary
19/06/2003	End of procedure in Parliament		

Technical information	
Procedure reference	2003/2020(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 54; Rules of Procedure EP 142-p1
Stage reached in procedure	Procedure completed

Documentation gateway

Non-legislative basic document		COM(2002)0557	15/10/2002	EC	Summary
Committee report tabled for plenary, single reading		A5-0184/2003	21/05/2003	EP	
Text adopted by Parliament, single reading		T5-0283/2003	19/06/2003	EP	Summary

Annual report of the Cohesion Fund (2001)

PURPOSE : to present the Commission annual report of the Cohesion Fund (2001). **CONTENT :** this annual report on the activities of the Cohesion Fund covers the calendar year 2001. It provides information on the second year of the 2000-06 programming period. The reporting format reflects the requirements of the Cohesion Fund Regulation. It has been adapted to take into account the comments made by the European Parliament, the Economic and Social Committee and the Committee of the Regions. It is hoped that it will also serve as a useful reference document for everyone interested in the promotion and furtherance of the economic and social cohesion of the European Union. Most of the Member States receiving assistance from the Cohesion Fund continued to respect the macro-economic criteria; only in Portugal was this not the case. On 25 July 2002 the Portuguese authorities announced that the public deficit for 2001 had reached 4.1% of GDP, well above the reference level of 3%. Following that announcement, the Commission decided to initiate the excessive deficit procedure, as laid down in the Council resolution on the Stability and Growth Pact. This problem did not arise in the other Cohesion Fund countries. As regards the budget implementation, the report states that the final amount, after indexation, of the resources of the Cohesion Fund for 2001 was EUR 2 715 million. In the area of transport, this sector accounted for 48.5% of total Cohesion Fund Commitments in 2001. As in the past, the Commission insisted that the work of the Fund should concentrate on railways. As for the environment, it accounted for 51.5% of total Cohesion Fund commitments for 2001. The priorities in this sector remained the supply of drinking water and the treatment of waste water and solid waste. Concerning information and publicity, an information meeting with all 15 Member States was held in Brussels on 24 October. At that meeting, the Commission presented the draft Regulation on the systems of management and control and the procedure for implementing financial corrections of assistance granted under the Cohesion Fund as well as the Report of the Cohesion Fund for 2000. In addition, a programme of ex-post evaluations extending over three years was launched in 1998. In all, 120 projects were evaluated, 60 in the environment sector and 60 in transport. Implementation of the environment projects raised no major problems and they achieved their objectives. However, those in the transport sector encountered a number of problems leading to cost overruns and the postponement of deadlines. On the other hand, the report takes note of irregularities and the suspension of assistance. Under Article 3 of Commission Regulation 1831/94/EC concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the Cohesion Fund and the organisation of an information system in this field, the beneficiary Member States are obliged to notify the Commission of irregularities which have been the subject of initial administrative or judicial investigations. One of the Member States, Greece, notified the Commission of four irregularities in 2001 involving a total of EUR 2 429 040, stating also that the national authorities had taken the steps required to safeguard the financial interests of the Community. In three of these cases, proceedings to recover the amounts wrongly paid are in progress while in the fourth the contractor for the project was required to correct the deficiencies, and has already done so. Under the same Regulation, the other three beneficiary Member States informed the Commission that they had detected no irregularities during the year in question.?

Annual report of the Cohesion Fund (2001)

The committee adopted the report by Dana SCALLON (EPP-ED, IRL) on the Commission's annual report for 2001. It pointed to the major impact which enlargement would have on the functioning of the Cohesion Fund and stressed that, given the major structural weaknesses of many of the candidate countries in the transport sector, it was necessary to maintain a balance between transport and environmental projects. It added that, despite increasing pressure within the transport sector, investment in the rail sector must not be neglected. Noting that Portugal's 4.1% deficit in 2001 raised, for the first time, the question of a possible suspension of funding, the committee called on the Portuguese authorities to take the necessary steps to ensure that this situation did not recur. It also felt that the financial execution of the Fund could be improved and drew attention to the issue of outstanding commitments to be paid (RAL) which, it said, "remains a serious weakness". The report also called for: - rigorous checks to ensure that the rules of transparency are observed in relation to public contracts; - improved reporting by the Commission on the Cohesion Fund, inter alia through the inclusion in the Annual Reports of more detail, more complete statistical information (in the form of a full statistical annex allowing comparison between the different Member States) and greater evaluation of the Fund's activities. By way of example, the committee wanted the Commission to report on the projects' contribution to ensuring compliance with Community environmental law and on the extent to which rail projects have resulted in a shift away from road transport. ?

Annual report of the Cohesion Fund (2001)

The European Parliament adopted a resolution based on the own-initiative report drafted by Dana SCALLON (EPP-ED, Ireland) on the Commission's Annual Report. (Please see the summary of 21/05/03.) Parliament reminded the Commission of its undertaking to provide Parliament with a report on its ex post evaluations of individual projects, in order to give a global view of the effectiveness and impact of the Fund. Control of the Fund's activities on the ground still needs to be intensified and the number of audits carried out in 2001 was insufficient. The Commission should forward to Parliament the assessment of the economic impact of Cohesion Fund assistance with regard to both individual projects and overall activity, including the impact on the least qualified workers. Parliament regretted, too, the fact that the report gives no specific details concerning the appropriations outstanding under the Cohesion Fund. Finally, Parliament felt that transparency could be further enhanced by the inclusion in the report of a historical overview of the Fund's activities and by the addition of a full statistical annex, which would allow comparison between the different Member States on the basis of complete and corresponding figures.?

