

The Cohesion Fund 2000-2006

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1. The Structural Fund regulations and the Cohesion Fund from 2000 to 2006

On 16 July 1997, the European Commission submitted a document called Agenda 2000 (CEC, 1997b). The Commission's first Cohesion Report formed the basis for the Agenda 2000 proposals concerning cohesion policies (CEC, 1996a).

These proposals suggested reforms of the Commission's major policy areas, especially to consider the results of enlargement. Concerning the Structural Funds (monetary allocations are based on GDP per head at regional level) and the Cohesion Fund (financial assistance is based on per capita GNP at country's level as a total), the 1999 reform-political agreement for the new (2000-2006) Regulation was reached during the Berlin European Council on 24-25 March, 1999 - aimed to gain more concentration of structural assistance in the Regions most in need and better financial management of the funds.

The reforms initiate decentralized programming, wider partnerships and more accountable and visible monitoring procedures, as well as more simple operation and administration, including a performance reserve of at least 10% (CEC, 1997a).

The Structural Funds Regulation provides for a total of 195 billion euro over the seven year period 2000-2006 (plus 18 billion euro for the Cohesion Fund-in total, 0.46% of the Union's gross national product (GNP)), with funding declining from 2002 onwards, as the transitional provisions for regions losing assisted area status take effect, since those areas will then be richer (CEC, 1997a).

In comparison to the Community Support Framework-2 (1994-1999) there is an increase in the total Fund budget of about 45% and in the overall budget of the EU of 15-20% (Fothergill, 1997:185).

Finally, total transfers from the Structural Funds and the Cohesion Fund to a current or future Member State should not exceed 4% of its GNP (CEC, 1997a).

2. What is new about Cohesion Fund?

The new Structural Funds Regulation gives preference to poorer areas at the expense of poorer countries. Looking at the Cohesion countries (Portugal, Spain, Greece and Ireland) together, the total share of the Cohesion Four in Structural Actions spending will fall from 53.8% of the total in the 1994-1999 (CEC, 1996b) to 51.7% in 2000-2006 (CEC, 1999).

One reason for the relative decrease in Cohesion Four allocations is the reduced share of Cohesion Fund resources as a percentage of Structural Actions, a result which is mainly a reflection of the hostility on the part of the richer Member States towards the continuation of the Cohesion Fund for members of the Economic and Monetary Union (EMU).

Furthermore, in the current period there is a reduction of 1.7% in the Cohesion Four share of Structural Funds allocations. Structural Funds resources are more centred on Objective 1 (EU regions with a per capita GDP lower than 75% of the EU mean) than previously, but this is of no direct benefit to the Cohesion Four in 2000-2006 (Wishlade, 1999).

One reason for this is that their share of the Objective 1 population is smaller than in the 1994-1999 period (Ireland, especially, is richer). Another reason is that the stress on regional prosperity, strengthened during agreement, is in favour of the poorest Objective 1 areas.

3. Conclusion

The Community regional policy's stance concerning eligibility and financial allocations has been significantly altered by the new Structural Funds and Cohesion Fund Regulation. In a more general sense, the attitude to area designation and the parcelling out of funding indicate the difficulties involved in making competing national interest compatible to gain general agreement.

The 1999 revision represents a further positive streamlining of administrative procedures. However, the persistence of the development gap, the challenges associated with integration, the EU enlargement in the coming years with countries of Central and Eastern Europe, and the experience gained during the first years of the new regional policy - namely, from the first main reform of the Structural Funds up to now (1988-2002) - will prompt modifications to the guidelines to be followed in future years, consequently in the Regulations of the Structural Funds and the Cohesion Fund as well.

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