European Parliament press release on the Structural Funds (5 July 2006)

Caption: On 4 July 2006, the European Parliament gives the green light for the Structural Funds package for the period from 2007 to 2013. The Structural Funds account for more than one third of the total budget of the Community.

Source: Europarl - News - Regional policy. MEPs approve €308bn Structural Funds 2007-13 package. [ON-LINE]. [Brussels]: European Parliament, [11.07.2006]. REF.: 20060705STO09553. Disponible sur http://www.europarl.europa.eu/news/public/story_page/059-9554-186-07-27-910-20060705STO09553-2006-05-07-2006/default_en.htm.

URL: http://www.cvce.eu/obj/european_parliament_press_release_on_the_structural_funds_5_july_2006-en-320e8d4e-b0da-4b3c-96c4-3c61e44b47d2.html

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MEPs approve €308bn Structural Funds 2007-13 package

Parliament gave the green-light to the Structural Funds package for 2007 to 2013 with the adoption of five separate reports. They define the objectives, the financial resources available and the criteria for their allocation in an enlarged EU. Around €308 billion - or 35.7 per cent of the total EU budget - will now be available to spend, as scheduled, from 1 January 2007. The structural funds aim to increase solidarity between regions of the EU.

General Regulation

The first report adopted by 533 votes in favour, 41 against and 53 abstentions lays down the general provisions on the European Regional Development Fund (ERDF), European Social Fund (ESF) and the Cohesion Fund.

Although the European Parliament only has assent powers over the general regulation (i.e. it can accept or reject the package but not amend it), the rapporteur Konstantinos **HATZIDAKIS** (EPP-ED, EL) and the Parliament successfully negotiated with the Austrian Presidency to have many of the MEPs' demands included in the Council's position, including:

- enhancement of the environmental aspect, in particular sustainable development, in the management of Structural Funds and Cohesion Fund and introduction of a new article which would ensure that this dimension is always taken into account in the implementation of the Funds;

- a specific mention of the fact that Structural Funds and the Cohesion Fund should support the improvement and promotion of accessibility for people with disabilities;

- the strengthening of the partnership principle: namely that any other appropriate body representing civil society, environmental partners, non-governmental organisations and bodies responsible for promoting equality between men and women can take part in the structural funds partnership negotiations.

The Council rejected however the Parliament's idea of a common declaration of Council, Commission and Parliament on a Community performance reserve which would have aimed to re-use unspent structural funds money instead of it returning to the general EU budget.

Mr Hatzadakis said: "*As a Greek citizen, I can say this is the end of a marathon, it means there has been no cuts in the cohesion budget and it means that European tax payers money will be spent more effectively and efficiently*".

European Regional Development Fund (ERDF)

After negotiations with rapporteur Claudio **FAVA** (PES, IT) and the European Parliament, the Council has taken on board the main concerns of the Parliament, for the ERDF:

- On VAT, the Commission had proposed to render eligible non-recoverable VAT only in the case of the European Social Fund. The European Council concluded that non-recoverable VAT would be eligible under the rules of the ERDF, ESF and the Cohesion Fund only for those Member States whose GDP does not exceed 85% of the average EU GDP. Parliament requested that this should be extended to cover all Member States. The Council finally agreed to this request.

- On housing, the Commission proposed to render housing ineligible. The European Council proposed to provide for the eligibility of housing in the ERDF Regulation for Member States whose GDP does not exceed 85% of the average EU GDP. The Council finally included in its common position a specific provision, taking into account amendments proposed by the European Parliament in its first reading, rendering eligible housing expenditure for the costs of social housing renovation aimed at saving energy and protecting the environment.

Cohesion Fund

On the Cohesion Fund, Parliament and the rapporteur Alfonso **ANDRIA** (ALDE, IT) backed the increase from €18 billion (for the period 2000-2006) to €61.59 billion with the adoption of a report with 567 votes in favour 29 against and 36 abstentions.

Following the Union’s enlargement on 1 May 2004, the Cohesion Fund applies to the 10 new Member States until the end of 2006, as well as to the three Member States eligible at the end of the 2000-2006 period (Greece, Portugal and Spain). To benefit from the Cohesion Fund, a Member State's per capita Gross National Income (GNI) must be less than 90% of the Community average National Income, which is the case for all the new Member States.

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.

As part of the deal on the financial perspective, MEPs secured a further €300 million extra for territorial cohesion. The House supports the idea that €200 million should be allocated to the trans-national area and the remaining €100 million should be given to inter-regional cooperation.

The Council decided to follow rapporteur Jan **OLBRYCHT** (EPP-ED, PL) and the European Parliament's suggestion of replacing the name of the instrument "European grouping of cross-border cooperation" with "European grouping of territorial cooperation".

European Social Fund

Parliament adopted a co-decision report in second reading approving the Council Common Position concerning the regulation on the European Social Fund (ESF) for 2007 to 2013.

The rapporteur underlined that Council had incorporated a great number of the Parliament's first reading amendments in its Common Position. Parliament wanted to strengthen aspects like the fight against social exclusion, non-discrimination and gender equality, as well as the integration of disabled people and inactive people, especially long term unemployed young people.

The ESF regulation for 2007 to 2013 provides a focussed framework for ESF interventions throughout the EU. It lays down specific provisions concerning the type of activities which may be financed by the ESF.

The ESF is the major financial instrument of European social policy. It contributes to the economic and social cohesion objective set in article 158 of the EC Treaty, by supporting policies and priorities aimed to achieve progress towards full employment, improve quality and productivity at work and promote social inclusion and cohesion in line with the guidelines and recommendations under the European Employment Strategy (EES).

In order to achieve this objective, the ESF needs to address three major challenges: employment disparities, social inequalities, skills gaps and labour shortage in an enlarged Union; economic and social restructuring due to globalisation and the development of the knowledge-based economy; demographic changes which have resulted in a shrinking and ageing workforce.

What next?

Following the adoption of the texts by plenary, the funds can be used from 1 January 2007. Before the money can be finally allocated to the Member States, the Commission will draw up, most likely in late July, Community Strategic Guidelines, on which Parliament will vote (under the assent procedure) in September. These are the starting point for the national reference frameworks and operational plans to be negotiated between the Commission and individual Member States in the Autumn.