Opinion of the Committee of the Regions of 13 April 2005 on the Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund (ERDF)

(2005/C 231/02)

THE COMMITTEE OF THE REGIONS,

Having regard to the Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund, COM(2004) 495 final — 2004/0167 (COD);

Having regard to the decision of the European Commission of 16 July 2004 to consult it on this subject, under Article 265(1) of the Treaty establishing the European Community;

Having regard to the decision of its President of 26 May 2004 to instruct its Commission for Territorial Cohesion to draw up an opinion on this subject;

Having regard to the Proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, COM(2004) 492 final — 2004 /0163 (AVC), and the Proposal for a Regulation of the European Parliament and of the Council establishing a European grouping of cross-border cooperation (EGCC), COM(2004) 496 final — 2004/0168 (COD);

Having regard to the Communication from the Commission to the Council and the European Parliament on Building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013, COM(2004) 101 final;

Having regard to the Communication from the Commission on European neighbourhood policy — strategy paper, COM(2004) 373 final;

Having regard to the Communication from the Commission on a stronger partnership for the outermost regions, COM(2004) 343 final;

Having regard to its outlook report on Governance and simplification of the Structural Funds after 2006, CdR 389/2002 fin;

Having regard to its opinion on the Third Report on economic and social cohesion, CdR 120/2004 fin ([1]);

Having regard to its opinion of 18 November 1998 on the Proposal for a Council Regulation (EC) on the European Regional Development Fund, COM(1998) 131 final, CdR 240/98 final ([2]);

Having regard to its draft opinion, adopted on 4 February 2005 by the Commission for Territorial Cohesion Policy (rapporteur: Mr Rosario Condorelli, Member of Catania Municipal Council (IT ELDR) (CdR 233/2004 rev. 2);

Whereas

1. in response to the heightened regional imbalances in the Union stemming from enlargement in May 2004, a new and greater commitment has been made to meet the challenges of convergence, competitiveness and employment, and European territorial cooperation by means of both specific cohesion policy instruments, geared to the new cohesion policy objectives for 2007-2013, and a combination of all Community funds available for this purpose, based on those under the CAP and fisheries policies;

([1]) OJ C 318, 22.12.2004, p. 1
([2]) OJ C 51, 22.2.1999, p. 1

2. these cohesion policies for the 2007-2013 period must be designed and pursued consistently and in line with the Lisbon and Gothenburg strategies, which have the aim of building a knowledge-based society in the Union under the banner of sustainable development. Responsibility for these strategies has so far fallen primarily to the individual Member States and for this reason have not yet been systematically built into the procedures for the integrated implementation of other Union policies;

3. to this end the National Strategic Framework and the operational programmes should be consistent with the strategic guidelines for cohesion adopted by the Council, thus ensuring that Community priorities are adequately taken into account;

4. the demands of simplification have resulted in monofund programmes, with the exception of certain categories of action where both the ERDF and the Cohesion Fund may contribute to a single programme;

5. in this way the requirement for integration between the various programmes and funds and for coordination between cohesion policy and other Union policies is both confirmed and, where possible, strengthened;

6. within this architecture, determined by the general regulation, the role of the ERDF may be significantly boosted as a benchmark for linking the Union's different policies and programmes in pursuit of the objectives of convergence, competitiveness and employment, and territorial cooperation;

7. the architecture, as reflected in the proposal for a general regulation and the proposal for a regulation on the ERDF, also assigns the task of ensuring that such links and simplifications are carried out mostly to the Member States and, where stipulated by the relevant constitutional provisions, to the regions;

8. the Commission's proposals give greater importance than in the past to local communities, particularly urban ones, albeit within operational programmes on a regional scale. The possibility of delegating the global grant instrument to them is explicitly included, as has been successfully tried out in practice through the Urban Community initiative and as is laid down in Article 36(4)(b) and Article 41 of the Regulation laying down general provisions on the funds;

9. maintaining and reconciling multiple objectives (alignment of Member States' regional policies with European strategies, subsidiarity, simplification, optimisation of financial resources, etc.) entails a broader mobilisation of all official players, ranging from the European Commission down to local authorities within an environment increasingly geared to multilevel governance. It also entails the adoption of measures which can — potentially in advance-foster greater vision and programming capacity, together with enhanced management and monitoring skills of all the official players involved, commensurate with their respective roles. At the same time, the social partners must be encouraged to contribute actively to the proposal and to vigilance;

10. it therefore essential that no part of the package of regulations governing cohesion policy for the 2007-2013 period, and in this particular case the regulation governing the ERDF, contain any scope for misinterpretation or any loopholes, and that it make a precise distinction between the roles of the different public players, accompanying the referral to national legislation with a strong reference to the third party principle which must be applied to each official player, starting with the Commission, with respect to the next link in the institutional chain;

adopted the following opinion on 13 April 2005, during its 59th plenary session (meeting of 13 April).

General provisions concerning the convergence and regional competitiveness and employment objectives (Chapters I and II of the Commission's proposal)

1. **The Committee of the Regions' views**

THE COMMITTEE OF THE REGIONS

1.1 expresses first and foremost its firm opposition to any residual attempts to renationalise European regional policy, in view of the added value which Community cohesion programmes bring to the pursuit of the Treaty's objectives;

1.2 reiterates its opinion that the Commission's funding proposal of 0.41 % of gross national income (including rural development and fisheries measures, 0.46 % of GNI) would be an acceptable compromise for future cohesion policy;

1.3 appreciates the consistency of choice demonstrated by confirming the priority of developing the less favoured regions of the enlarged EU and raising funding for operations in these sectors accordingly;

1.4 urges the Member States to adopt, on behalf of so-called 'phasing in' regions, and within the national strategic framework, adequately funded measures that effectively meet the challenges of competition and the process of convergence;

1.5 appreciates the efforts made to simplify the funds' administration and management, despite persistent doubts regarding their efficacy;

1.6 welcomes both the new architecture, one of the effects of which is to raise territorial cooperation to the status of third objective of cohesion policy, accompanied in practice by substantial financial resources, and the content of the actions to be financed under the draft ERDF regulation, these proposed actions being linked to the Lisbon and Gothenburg strategies. It wishes in particular to emphasise the relevance of the proposed options:

— the priority given to actions concerning research and innovation under both the convergence and regional competitiveness and employment objectives, with special consideration for projects based on cooperation between scientific research centres in the EU-15 and those in new Member States;

— the increased attention focusing on sustainable development issues, reflected in the environment, transport, energy and/or natural and technological risk prevention and management actions;

— the consideration given to accessibility issues, including ICT access, under the regional competitiveness and employment objective, representing a considerable innovation in comparison with the current period;

— the pivotal role played by urban policy;

— the recognition that inter-regional cooperation is a relevant aspect of regional programming, insofar as it promotes the objectives of convergence and of developing the regional competitiveness of employment.

1.7 regrets that, as was also recommended in the European Parliament report on cohesion policy, interregional cooperation will not remain a separate financing strand under the territorial cooperation objective;

1.8 is impressed by the Commission's open-mindedness regarding the territorial dimension of cohesion, reflected in the case-by-case approach to territories with highly specific problems (urban and rural areas, islands and mountain areas, areas dependent on fisheries, the outermost regions, sparsely populated areas, (Nordic areas in particular) and regions bordering the new Member States and on the new external borders). It is particularly pleased that European economic and social cohesion is considered crucial to sustainable growth, since it believes that Europe's future cannot be planned while there are still abandoned rural areas or areas excluded from the opportunities provided by the internal market. The steps to provide appropriate support for these and the outermost regions natural handicap, as defined in the Treaty, to compensate them for the specific obstacles to their development and to secure full access to the internal market are welcomed regrets, however, that greater attention is not given to issues relating to the ageing population, which is one of the greatest challenges facing Europe over the coming decades;

1.9 notes, nevertheless, that recitals (1 and 10) of the proposal under consideration recognise only 'certain islands' as facing handicaps. This contradicts provisions under Declaration No. 30, annexed to the Amsterdam Treaty and sanctioned under Article III-220 of the Draft European Constitution. The Committee considers that the above-mentioned recitals should show greater consistency in law and of interpretation, particularly in the light of Article 52(1) a) of the proposal for a general regulation. Similar considerations apply to mountain and border regions, in the light of Article III-116 of the Draft Treaty establishing a Constitution for Europe, and Article 52 of the proposal for a general regulation;

1.10 notes that under the new Community policy approach, there is a recognition that the regions and local authorities are not only the most appropriate level for taking regional and cohesion policy decisions but also the most efficient level for ensuring their delivery, as argued by the European associations of regions and local authorities at the Leipzig Conference (May 2003). Greater involvement of grassroots levels is essential to enhance the visibility of the Community's activities among its citizens and to ensure greater effectiveness and simplification of Community interventions;

1.11 believes however that the partnership between regional and local authorities must be strengthened, particularly with urban authorities, by focusing on joint objectives, and that this partnership must be deepened in appropriate ways according to national rules and existing practice;

1.12 welcomes the fact that greater resources may be earmarked for targeted, high quality actions in urban areas — which is where in practice the greatest capacity for innovation and opportunity for social inclusion is to be found — within the framework of operational programmes to be managed under sub-delegation procedures as set out in Article 36(4)(b) of the draft general regulation on the Structural Funds;

1.13 recommends that the process of adopting the entire Structural Funds package be completed with care before 1 January 2007, in order to provide the national implementing bodies with sufficient time to prepare the new operational programmes, and also to provide the appropriate Commission bodies with enough time to verify the management capacity of such bodies.

2. **The Committee of the Regions' recommendations**

The Committee of the Regions recommends:

2.1 that the text of Article 1, second paragraph should also include areas with demographic handicaps;

2.2 that the text of Article 3 include types of investments for cultural assets (in line with the provisions of the second paragraph of Article 8(1), investments for buildings and equipment for training activities and active employment policy, and types of operating expenditure for such training and active employment policy activities, insofar as they may be covered by the ERDF;

2.3 that consistency between regional policy goals and specific measures for some types of territories be improved;

2.4 adding to the introduction of Article 5 that, under the 'regional competitiveness and employment objective', assistance provided by the ERDF must allow for greater flexibility in setting priorities for the so-called 'phasing in' regions;

2.5 that in Article 5(3)(a) cabotage and cross connections by air between Class I and II airports be added; and in addition to regional, local and interregional inland waterways, maritime routes connecting islands and, in particular, smaller islands be added;

2.6 citing cooperation between maritime regions under Article 6(1) and (2), specifying in both cases that the maritime cooperation in question may be either bilateral or multilateral;

2.7 adding volcanic eruptions, and forest fires, together with the ensuing deforestation, to the natural disasters listed under Article 6(2)(c), without prejudice to the provisions of Article 33(1), of the proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund — COM(2004) 492 final;

2.8 that the areas referred to in Article 4(3) be included among the priorities set out in Article 6;

2.9 that the term 'VAT' in Article 7(a) be replaced by 'reimbursable VAT' as in Article 11 of the draft regulation on the ESF and in the current programming cycle;

2.10 that the term 'housing' in Article 7(d) be replaced by 'housing, with certain exceptions, restricted to the convergence objective, including categories of operations of social relevance such as residential homes for the vulnerable and temporary accommodation for non-EU immigrants';

2.11 concerning the final paragraph of Article 9, that the general guidelines and criteria according to which the Member States and the regions are to ensure complementarity and coherence between actions co-financed by the ERDF and those co-financed by the ESF, EAFRD and EFF and ensure *in itinere* and *ex post* checks, be included within the national reference framework referred to in Article 25 of the draft general regulation;

2.12 that careful consideration to be given to the impact of including the ERDF in the more general framework of reform proposals concerning provisions on the Structural Funds in terms of social benefits and the promotion of actions on behalf of disadvantaged sectors of society (persons with a disability, persons at risk of social exclusion, etc.);

2.13 emphasis be given to the potential of structural funds to promote integration in multicultural and multilingual areas.

General provisions concerning the European territorial cooperation objective (Chapter III of the Commission's proposal)

3. **The Committee of the Regions' views**

THE COMMITTEE OF THE REGIONS

3.1 appreciates the decision to include European territorial cooperation as a priority of the EU's cohesion policy;

3.2 welcomes the recognition of the maritime borders within the framework of cross-border cooperation, as explicitly recommended in its earlier opinion CdR 120/2004 final; and emphasises, in particular, the importance of such cooperation to integrating the outermost regions in the surrounding area in a realistic way;

3.3 points out that since the European grouping of cross-border cooperation (EGCC) (COM(2004) 496 final) also addresses transnational, and not only cross-border, cooperation programmes, the instrument's title should be amended to reflect its all-embracing character: 'European grouping of trans-European cooperation'.

4. **General recommendations**

The Committee of the Regions recommends:

4.1 enhancing the experience of existing regional, city and local authority networks that have proved successful and supporting the establishment of new networks for inter-regional cooperation and European territorial cooperation;

4.2 clarifying responsibilities, procedures and timetables for the preparation of programmes, especially cross-border and transnational ones, and for their submission to the European Commission;

4.3 also including Objective 3 in the national strategic framework and so reaffirming the Member States' commitment to supporting territorial cooperation programmes and ensuring procedures that adequately secure national co-financing and guarantee greater coherence for actions in the sphere of:

— programming relevant to the other two objectives;

— actions undertaken at national and regional level using national and regional funds;

— actions undertaken in fulfilment of the proximity policy in relation to the accession of applicant countries and other EU policies;

— actions undertaken within the context of regional and local development programmes promoted by other international bodies (e.g. OECD, the World Bank etc.);

4.4 assessing how to strengthen — in compliance with the objectives of territorial cooperation, as defined in the relevant national strategic reference frameworks under Article 25 of the ERDF regulation, — the active participation of local and regional communities in the development and implementation of programmes;

4.5 determining the procedures, criteria and timetables under which the Commission is to allocate resources and adopt programmes;

4.6 clarifying the identity of the beneficiary (Articles 16 and 21) and the related requirements as well as the position and functions of the certification authority;

4.7 making provision for the operations covered by Article 19 may, on occasion, be carried out within a single Member State, provided they comply with at least of the four ways set out in the article.

5. **The Committee of the Regions' recommendations**

Recommendation 1

Recital (1)

Text proposed by the Commission	CoR amendment
Article 160 of the Treaty provides that the European Regional Development Fund (ERDF) is intended to help redress the main regional imbalances in the Community. The ERDF therefore contributes to reducing the gap between the levels of development of the various regions and the extent to which the less favoured regions and islands, including rural areas, are lagging behind.	Article 160 of the Treaty provides that the European Regional Development Fund (ERDF) is intended to help redress the main regional imbalances in the Community. The ERDF therefore contributes to reducing the gap between the levels of development of the various regions and the extent to which the less favoured regions ~~and islands~~, including rural and urban areas, islands, mountain areas, sparsely populated areas, cross-border regions, and declining industrial regions, are lagging behind.

Reason

Recitals 1 and 10 of the proposal under consideration recognise only 'certain islands' as facing handicaps (and establish a totally arbitrary connection with Article 160 of the Treaty). This contradicts the provisions of Declaration no. 30, annexed to the Amsterdam Treaty, which are reaffirmed under the Conclusions of the Nice Council of December 2000 and sanctioned under Article III-220 of the Draft European Constitution. In view of the foregoing, the Committee considers that the above-mentioned recitals should show greater consistency in law and of interpretation, particularly in the light of Article 52(1) a) of the proposal for a general regulation, and the specific reference to the matter made in Article 10 of the proposal under consideration. Similar considerations apply to mountain areas, in the light of the above-mentioned Article 52, and, for the sake of completeness, should be extended to all regions that suffer a handicap.

Recommendation 2

Recital (6)

Text proposed by the Commission	CoR amendment
Building on the experience and strengths of the Urban Community initiative foreseen by Article 20(1)(b) of Council Regulation (EC) No. 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds, the urban dimension should be reinforced by fully integrating measures in that field into the operational programmes co-financed by the ERDF.	Building on the experience and strengths of the Urban Community initiative foreseen by Article 20(1)(b) of Council Regulation (EC) No. 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds, the urban dimension should be reinforced, through adequate level of investment in the objective of sustainable urban development, by fully integrating measures in that field into the operational programmes co-financed by the ERDF.

Reason

The urban dimension can only be reinforced if an adequate level of investment in sustainable urban development is ensured.

Recommendation 3

Recital (10)

Text proposed by the Commission	CoR amendment
The ERDF should address the problems of accessibility and remoteness from large markets confronting areas with an extremely low population density, as referred to in Protocol No 6 to the Act of Accession of Austria, Finland and Sweden. The ERDF should also address the specific difficulties encountered by certain islands, mountain areas and sparsely populated areas whose geographical situation slows down their development.	The ERDF should address the problems of accessibility and remoteness from large markets confronting areas with an extremely low population density, as referred to in Protocol No 6 to the Act of Accession of Austria, Finland and Sweden. The ERDF should also address the specific difficulties encountered by ~~certain~~ islands, mountain areas, rural and urban areas, sparsely populated areas and cross-border areas whose geographical situation slows down their development.

Reason

This amendment brings the wording of Recital 10 in line with the amendments proposed under Recital (1) and ensures that the two recitals are more generally consistent, which is not wholly the case in the present version of the proposal.

Recommendation 4

Article 1(2)

Text proposed by the Commission	CoR amendment
It lays down specific provisions concerning the treatment of urban and rural areas, of areas dependent on fisheries, of the outermost regions, and of areas with natural handicaps.	It lays down specific provisions concerning the treatment of urban and rural areas, of areas dependent on fisheries, of the outermost regions, and of areas with natural or demographic handicaps.

Reason

Explicit reference to demographic handicap, insofar as it covers sparsely populated regions, fulfils the need for completeness and coherence.

Recommendation 5

Article 3(2)

Text proposed by the Commission	CoR amendment
The ERDF shall contribute towards the financing of: a) productive investment; b) infrastructure; c) other development initiatives including services to enterprises, creation and development of financing instruments such as venture capital, loan and guarantee funds and local development funds, interest subsidies, neighbourhood services, and exchange of experience between regions, towns, and relevant social, economic and environmental actors; d) technical assistance as referred to in Articles 43 and 44 of Regulation (EC) No (…).	The ERDF shall contribute towards the financing of: a) productive investment; b) infrastructure; c) other development initiatives including services to enterprises, creation and development of financing instruments such as venture capital, loan and guarantee funds and local development funds, interest subsidies, neighbourhood services, and ~~exchange of experience~~ cooperation between regions, towns, and relevant social, economic and environmental actors; d) technical assistance as referred to in Articles 43 and 44 of Regulation (EC) No. (…); e) investment in the cultural heritage;

Reason

Limiting territorial cooperation to the exchange of experience appears unduly restrictive since the latter constitutes only one aspect of the former.

Furthermore, it would also seem appropriate, on the basis of positive experiences under ERDF funding, to identify and specify investment in restoring, restructuring and showcasing cultural heritage. It would also seem appropriate to clearly define eligibility with regard to current expenditure in order to ensure completeness and consistency with other articles in the proposal (see Article 8(2)).

Recommendation 6

Article 4(4)

Text proposed by the Commission	CoR amendment
4) Prevention of risks, including development and implementation of plans to prevent and cope with natural and technological risks;	4) Prevention of risks, including development and implementation of plans to prevent and cope with natural risks (forest fires and floods for example) and technological risks;

Reason

Forest fires and floods should be specifically mentioned because these constitute a frequent risk in large areas of the EU.

Furthermore, the new wording clarifies 'to cope with' in the sense that it includes activities (extinguishing forest fires, for example) needed to reduce as much as possible the negative impacts of a phenomenon of this type (fire, flood) which is not classed as a major disaster and therefore not eligible for assistance from the EU Solidarity Fund.

Recommendation 7

Article 4

Add new point 10

Text proposed by the Commission	CoR amendment
	10) Social infrastructures and services which contribute to the creation of jobs and to gender equality at work;

Reason

The areas on which the ERDF is to focus its assistance, listed in Article 4 of the Proposal for a Regulation, do not include some of the actions being financed in the current period 2000-2006, in particular social infrastructures and services.

It makes sense to continue these actions, since they create jobs in an area currently considered a potential source of new jobs that the European institutions, amongst others, hope to exploit.

Furthermore, this employment sector can enable women to access the job market in less developed regions, reinforcing the principle of gender equality and the reconciliation of family and professional life.

Recommendation 8

Article 5

Text proposed by the Commission	CoR amendment
Under the 'Regional competitiveness and employment' objective, the ERDF shall focus its assistance, in the context of regional sustainable development strategies, on the following priorities:	Under the 'Regional competitiveness and employment' objective, and without prejudice to the provisions of Article 8, the ERDF shall focus its assistance, in the context of regional sustainable development strategies, on the following priorities, demonstrating greater flexibility in the so-called 'phasing-in' regions:

Reason

This addition makes the opinion more consistent with the recommendations made by the Committee of the Regions in its opinion on the Third report on economic and social cohesion.

Recommendation 9

Article 5(1)

Text proposed by the Commission	CoR amendment
Innovation and the knowledge economy, through support to the design and implementation of regional innovation strategies conducive to efficient regional innovation systems, and specifically:	Innovation and the knowledge economy, through support to the design and implementation of regional innovation strategies conducive to efficient regional innovation systems, ~~specifically~~ inter alia, the following:

Reason

Given the economic and social specificity of each territory and their different development potential and needs, more flexibility should be allowed to define the specific measures in the different regions and urban areas in the context of the three priorities set for ERDF intervention.

Recommendation 10

Article 5(1) — add new indent

Text proposed by the Commission	CoR amendment
	e) The impetus to growth and employment provided by SMEs, i.e. areas of entrepreneurial activity like the establishment of a firm, the transfer of ownership, entrepreneurial dynamism, foreign trade, the development of areas of expertise and the establishment of suitable infrastructure.

Reason

Support is particularly important in regions with socio-economic problems, so as to create the conditions for economic and employment growth.

Recommendation 11

Article 5(1) — add new indent

Text proposed by the Commission	CoR amendment
	f) building and equipping technology and research and development centres

Reason

In order to fulfil the objectives of the Lisbon and Gothenburg strategy with regard to research and innovation, the creation of high quality research and technology centres should also be supported. Therefore, the areas for action in the priorities proposed in Article 5 of the ERDF Regulation should be geared to the objectives set out in the Community strategy, otherwise the implementation of a policy for growth and real cohesion between the EU's regions will prove impossible.

Recommendation 12

Article 5(2) — add new indent

Text proposed by the Commission	CoR amendment
Environment and risk prevention, and specifically:	Environment and risk prevention, ~~and specifically~~ inter alia, the following: a) areas which promote sustainable development and have a clear environmental dimension, and investments that help to fulfil the objectives of Article 174 of the Treaty with regard to the environment;

Reason

The eligible areas mentioned in the Proposal are only examples, as in the current ERDF; therefore the proposed text should be clear and consistent with the current regulations, which state, 'inter alia, the following'. The example of sustainable development is added because it is considered particularly interesting.

Recommendation 13

Article 5(2) — add new indent

Text proposed by the Commission	CoR amendment
	f) building infrastructures for waste disposal, water supply and waste-water treatment.

Reason

The priority on 'environment and risk prevention' should include activities in the area of water supply, waste water and waste disposal, since problems still persist which hinder competitiveness in European regions.

Recommendation 14

Article 5(3)

Text proposed by the Commission	CoR amendment
3) access, outside major urban centres, to transport and telecommunication services of general economic interest, and specifically:	3) access~~, outside major urban centres,~~ to transport and telecommunication services of general economic interest, ~~and specifically:~~ inter alia, the following:

Reason

When promoting access to transport and telecommunications services, major urban centres should not be excluded from the outset.

Recommendation 15

Article 5(3)(a)

Text proposed by the Commission	CoR amendment
a) strengthening secondary networks by improving links to TEN-transport networks, to regional railway hubs, airports and ports, or to multimodal platforms, by providing radial links to main railways lines, and by promoting regional and local inland waterways;	a) strengthening secondary networks by improving links to TEN-transport networks, to regional railway hubs, airports and ports, or to multimodal platforms, by providing radial links to main railways lines, and by promoting regional and local inland waterways, cabotage, maritime routes connecting islands, and especially smaller islands, ports which are smaller than Class A ports, and cross connections by air between Class I and II airports;

Reason

All islands, regardless of size, share a number of common problems. Islands depend on both sea and air transport for links between each other and with the mainland. This fact should he highlighted, and it should be emphasised that these problems are worse in the case of smaller islands.

This would ensure that certain types of sea and air routes in European peripheral maritime regions are not neglected.

Recommendation 16

Article 6(2)(c)

Text proposed by the Commission	CoR amendment
c) risk prevention, including the promotion of maritime security and protection against flooding, marine and inland water pollution, prevention of and protection against erosion, earthquakes and avalanches. Programmes may include the provision of equipment and development of infrastructure, drawing up and implementing transnational assistance plans, common risk mapping systems, and the development of common instruments for studying, preventing, monitoring and controlling natural and technological risks	c) risk prevention, including the promotion of maritime security and protection against flooding, marine and inland water pollution, ~~prevention of and protection against~~ erosion, earthquakes and seismic risks, volcanic eruptions, forest fires and avalanches. Programmes may include the provision of equipment and development of infrastructure, drawing up and implementing transnational assistance plans, common risk mapping systems, and the development of common instruments for studying, preventing, monitoring and controlling natural and technological risks.

Reason

These particular types of disaster should be mentioned for the sake of completeness.

Recommendation 17

Article 6(2)

Text proposed by the Commission	CoR amendment
d) the creation of scientific and technological networks connected with issues relating to the balanced development of transnational areas, including the establishment of networks between universities and links for accessing scientific knowledge and technology transfer between R&TD facilities and international centres of R&TD excellence, the development of transnational consortia for sharing R&TD resources, twinning of technology transfer institutions, and development of joint financial engineering instruments directed at supporting R&TD in SMEs.	d) the creation of scientific and technological networks connected with issues relating to the balanced development of transnational areas, including the establishment of networks between universities, higher education institutions and links for accessing scientific knowledge and technology transfer between R&TD facilities and international centres of R&TD excellence, the development of transnational consortia for sharing R&TD resources, twinning of technology transfer institutions, and development of joint financial engineering instruments directed at supporting R&TD in SMEs; regions of different geographical position should be encouraged to take part in each of these cooperation instruments, with the aim of extending competitiveness and innovation throughout Europe. e) by encouraging entrepreneurship and, in particular, the development of SMEs, tourism, culture, and IT-usage

Reason

The involvement of regions coming under the convergence and competitiveness objectives, as well as the various transitional arrangements (regions affected by the statistical effect and the natural effect) in the same cooperation instrument will facilitate more fruitful exchange of experience and will have a more positive impact on cohesion.

Furthermore networks should not be limited to universities, but should include other higher education institutions, since these tend to be closer to business and since not all regions have a university though they will often have another higher education institution.

Strengthening entrepreneurship with respect to developing tourism, IT, etc., are ideal forms of cooperation in terms of pooling experience. Regions can support each other, and borders are often irrelevant. This key aspect of the knowledge economy should therefore not be excluded from transnational cooperation.

Recommendation 18

Article 6(3)

Text proposed by the Commission	CoR amendment
3) reinforcement of the effectiveness of regional policy by promoting networking and exchange of experience among regional and local authorities focusing on the topics referred to under Article 5(1) and (2) and Article 8, including cooperation network programmes covering the whole Community and actions involving studies, data collection, and the observation and analysis of development trends in the Community.	3) promotion of inter-regional cooperation aimed at reinforcement of the effectiveness of regional policy by ~~promoting~~ support for networking and exchange of experience among regional and local authorities focusing on the topics referred to under Article 5(1) and (2) and Articles 8, 9, 10 and 11 including cooperation network programmes covering the whole Community and actions involving studies, data collection, and the observation and analysis of development trends in the Community. Furthermore, networks and experience sharing are instruments for implementing the activities cited under paragraphs 1 and 2 of this Article.

Reason

The Committee of the Regions welcomes the Commission's proposal to create a new objective 'European territorial cooperation'. Nevertheless, the new objective covers only cross-border and transnational cooperation, but not interregional cooperation. The latter would therefore only be possible in the form of cooperation networks and experience sharing, as is the case for the framework programmes for the other objectives. The Committee is opposed to such a separation of the three tried and tested types of cooperation that have thus far characterised European territorial cooperation. The new objective should provide for a specific strand of financing for interregional cooperation.

It is possible that, for a variety of reasons, certain regions throughout Europe might feel affinities with each other, and for this reason fairly substantial cooperation cannot be excluded.

Regions may learn from each other and often borders have no significance in this context. Projects cannot therefore be excluded at the outset.

To achieve territorial cohesion, it is vital that the ERDF should fund cooperation networks on subjects relating to regions with specific geographical features.

Recommendation 19

Article 7(a)

Text proposed by the Commission	CoR amendment
The following expenditure is not eligible for a contribution from the ERDF: a) VAT;	The following expenditure is not eligible for a contribution from the ERDF: a) reimbursable VAT;

Reason

This would ensure that the rule endorses previous and ongoing practice for ERDF programmes. It would also comply with the provisions of the ESF regulation and so avoid incomprehensible discrepancies within the European cohesion policy.

Recommendation 20

Article 7(d)

Text proposed by the Commission	CoR amendment
d) housing;	d) housing, with certain exceptions, restricted to the convergence objective, including categories of operations of social relevance such as residential buildings for the vulnerable and temporary accommodation for non-EU immigrants;

Reason

The eligibility of expenditure for constructing or restructuring residential buildings, under the convergence objective, for specific vulnerable categories and for non-EU first generation immigrants would appear to be consistent with the social objectives of European cohesion. It would also be instrumental in enabling Community policy to overcome structural problems generated by migratory flows from non-EU countries.

Recommendation 21

Article 8(1),

Text proposed by the Commission	CoR amendment
In the case of action involving urban regeneration as referred to in Article 25(4) a) and 36(4) b) of Regulation (EC) No (…), the ERDF shall support the development of participative, integrated strategies to tackle the high concentration of economic, environmental and social problems affecting urban agglomerations. This may combine the rehabilitation of the physical environment, brownfield redevelopment, and the preservation and development of the historical and cultural heritage with measures to promote entrepreneurship, local employment and community development, as well as the provision of services to the population taking account of changing demographic structures.	In the case of action involving urban regeneration as referred to in Article 25(4) a) and 36(4) b) of Regulation (EC) No (…), the ERDF shall support the development of participative, integrated strategies, to be implemented within the context of the Member States' legal frameworks, to strengthen sustainable growth and to tackle the high concentration of economic, environmental and social problems affecting urban agglomerations. This may combine the rehabilitation of the physical environment, brownfield redevelopment, and the preservation and development of the historical and cultural heritage with measures to promote innovation and the knowledge economy, entrepreneurship, local employment and community development, as well as the provision of services to the population taking account of changing demographic structures.

Reason

The legal basis for the relevant participative strategies is strengthened by anchoring the participative strategies cited in the proposal, with implicit reference to sub-delegation under Article 36(4)(b) of the coordination regulation, to the Member States' organisational frameworks and the principle of subsidiarity.

Given the crucial role of cities for regional development, it is important for the effectiveness of cohesion policy and their contribution to the Lisbon and Gothenburg objectives, that structural funding is more explicitly related to urban needs and potential in the regions. This can be achieved by introducing sustainable urban development actions, which should include, but at the same time go beyond, 'urban regeneration' measures.

In the context of integrated urban development actions, emphasis should be put amongst others on measures aiming to promote innovation and the knowledge economy in light of the goals set by the Lisbon Agenda.

Recommendation 22

Article 9(3)

Text proposed by the Commission	CoR amendment
Member States and regions shall ensure complementarity and coherence between the actions co-financed by the EAFRD and those co-financed by the EFF on the one hand, and the actions co-financed by the ERDF on the other hand. To this end, for actions under points 1), 3) and 5) Member States shall set when preparing operational programmes clear demarcation criteria for actions to be supported from the ERDF by virtue of this Article, on the one hand, or from the EAFRD by virtue of Article 49(1), a), b) and i) of Regulation (EC) No. (…), for rural areas, or from the EFF by virtue of Article (…) of Regulation (EC) No. (…) for areas dependent on fisheries.	Member States and regions shall ensure, within the framework of the operational programmes under Article 36 of Council Regulation (EC) (.....), complementarity and coherence, in compliance with the coordination measures under Article 25(4)(c) between the actions co-financed by the EAFRD and those co-financed by the EFF on the one hand, and the actions co-financed by the ERDF on the other hand. To this end, for actions under points 1), 3) and 5) Member States and regions shall set when preparing operational programmes clear demarcation criteria for actions to be supported from the ERDF by virtue of this Article, on the one hand, or from the EAFRD by virtue of Article 49(1), a), b) and i) of Regulation (EC) No. (…), for rural areas, or from the EFF by virtue of Article (…) of Regulation (EC) No. (…) for areas dependent on fisheries. In addition, provision should be made for in itinere checks to monitor compliance with the above-cited need for complementarity and coherence.

Reason

The main intention is to establish a link with the relevant coordination rules. If appropriately included in the text, alongside the measures under Article 25(4)(c) (national reference framework), its scope would be reinforced.

Reference to Member States and regions would be consistent with the beginning of the paragraph, where both Member States and regions are mentioned.

The amendment at the end of the paragraph refers to mechanisms that are typical of the *acquis communautaire* and instrumental in strengthening the functions to which they apply.

Recommendation 23

Article 11

Text proposed by the Commission	CoR amendment
In accordance with the additional allocation referred to in Article 16(1) d) of Regulation (EC) No (…) and by way of derogation from Article 3(2) of this Regulation, the ERDF shall help finance operating aid in the outermost regions to offset the additional costs incurred in the areas covered by Article 4 and in the following additional areas, with the exception of products falling within Annex I to the Treaty: a) support for goods transport services and start-up aid for transport services; b) support linked to storage constraints, the excessive size and the maintenance of production tools, and the lack of human capital on the local labour market.	In accordance with the additional allocation referred to in Article 16(1) d) of Regulation (EC) No (…) and by way of derogation from Article 3(2) of this Regulation, the ERDF shall help finance operating aid in the outermost regions to offset the additional costs incurred in the areas covered by Article 4 and in the following additional areas, with the exception of products falling within Annex I to the Treaty: a) support for goods transport services and start-up aid for transport services; b) support linked to storage constraints, the excessive size and the maintenance of production tools, and the lack of human capital on the local labour market. It shall also help to finance the investment needs arising from the remoteness of these regions, especially investment in the transport infrastructure necessitated by territorial fragmentation and investment necessitated by rapid population growth.

Reason

The specific programme should cover not only operating costs but also the investment needs arising from the remoteness of these regions. It should be pointed out that some outermost regions will no longer be covered by Objective 1 in the forthcoming period, but will still suffer the permanent constraints affecting such regions and will still have investment needs arising from their remoteness, which has to date received financial support under cohesion policy.

Recommendation 24

Article 12(6)

Text proposed by the Commission	CoR amendment
6) the implementing provisions for the operational programme:	6) the implementing provisions for the operational programme:
a) designation by the Member State of all the entities stipulated in Article 14;	a) designation by the Member State of all the entities stipulated in Article 14;
b) a description of the monitoring and evaluation systems as well as the composition of the monitoring committee;	b) a description of the monitoring and evaluation systems as well as the composition of the monitoring committee;
c) a definition of the procedures for the mobilisation and circulation of financial flows in order to ensure their transparency;	c) a definition of the procedures for the mobilisation and circulation of financial flows in order to ensure their transparency;
d) the provisions laid down to ensure the publicity of the operational programme;	d) the provisions laid down to ensure the publicity of the operational programme;
e) a description of the procedures agreed between the Commission and the Member State for the exchange of computerised data to meet the payment, monitoring and evaluation requirements laid down by Regulation (EC) No. (…);	e) a description of the procedures agreed between the Commission and the Member State for the exchange of computerised data to meet the payment, monitoring and evaluation requirements laid down by Regulation (EC) No. (…);
	f) a description of modalities for regional and local involvement, implemented by each Member State participating in the operational programme, as provided under Article 10 of Council Regulation (EC) (.....) during the preparatory phase of said programme, and any future programmes;

Reason

It is essential that Member States apply partnership rules even in the context of territorial cooperation objectives, especially at the level of regional and local authorities. For instance, it would be inconceivable to implement cross-border cooperation programmes without the large-scale involvement of local cross-border communities, from the proposal phase onwards. The same applies to cities in the case of promoting European city networks. It would therefore appear that the success of an operational programme and its acceptance by the European Commission depend entirely on each participating Member State indicating how the relevant rules have been applied and how it intends to apply them during the implementing phase.

Recommendation 25

Article 12 — add new paragraph

Text proposed by the Commission	CoR amendment
	The Member States shall ensure that the regional and local authorities participate in the programming, managing and monitoring of cross-border and transnational cooperation operations.

Reason

It is necessary to ensure that regional authorities participate in all phases of cross-border and transnational cooperation programmes.

Recommendation 26

Article 14(3)

Text proposed by the Commission	CoR amendment
Each Member State participating in the operational programme shall appoint representatives to sit on the monitoring committee referred to in Article 64 of Regulation (EC) No. (…).	Each Member State participating in the operational programme shall appoint representatives to sit on the monitoring committee referred to in Article 64 of Regulation (EC) No. (…), ensuring that the participating regional and local authorities are appropriately represented, in accordance with the institutional and constitutional framework.

Reason

In the view of the successful role played by regional and local bodies during INTERREG III A, B and C, Member States would be in compliance with the principles of partnership and subsidiarity if they included representatives of regional and local authorities amongst their delegates to the monitoring committee of the operational programme. Representatives would be selected from the appropriate public body, on a case by-case-basis.

Brussels, 13 April 2005.

The President
of the Committee of the Regions
Peter STRAUB