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INVENTORY OF COMMUNITY ACTION
TO SUPPORT LOCAL DEVELOPMENT
AND EMPLOYMENT

(Commission Staff Working Paper)

EXECUTIVE SUMMARY

As early as 1984, the European Institutions took note of the potential of development processes at local level and publicly expressed the intention of promoting them. The time has come to try to take stock of ten years of experience in development through local initiatives.

The present report is devoted to answering this question, posed by the Corfu European Council

The first part of this working document provides an inventory of the tools made available for local development by the European Union.

The second part of the document assesses the use made of these instruments, starting from the idea that local development and financing of localized investment in an area must not be confused.

The general finding is fairly clear: progress in quantitative terms (financing volumes devoted to action in which local initiative has a place) is tangible, especially for the new programming period from 1994 to 1999 (5% of the structural funds for the period from 1989-1993, 10% for the period from 1994-1999), but action that can be genuinely described as integrated local development involving partnership is still rare.

The obstacles to the spread of local initiatives are not budgetary: a simple transfer of 10% of the Union's resources devoted to infrastructure would double the resources available for local initiatives. The difficulty lies elsewhere: a change of administrative organization and mentality is required, achieving of which will not be easy.

The last part of the document sets out a number of proposals, based around the three functions of local development, which - bearing in mind subsidiarity - argue for cooperative support from the Union's structural instruments for local initiative processes. The fact that this is in some degree a social innovation justifies increased support for local initiatives from the Union and the Member States:

- The task of supporting experimentation must be continued, since new fields have appeared. But more than in the past this task must concentrate on evaluating and disseminating transferable local initiative models.

- A separate effort is required at Union level to ensure real transfer of good practice, particularly in the urban context. Not only infrastructure but proper cooperation networks are required and the use of technical assistance should become much more widespread.

- Lastly, the Structural Funds themselves (Community support frameworks and single programming documents) need to be used to spread the integrated partnership-based practices that local initiatives need to flourish. This task will involve organizational reform within Community and national administrations that is only sketched out. It also calls for dialogue and partnership at the highest level between national (including budgetary) and Community authorities.

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INTRODUCTION AND SUMMARY TEN YEARS OF LOCAL DEVELOPMENT EXPERIENCE

As early as 1984, the European Institutions took note of the potential of development processes at local level and publicly expressed the intention of promoting them¹. Since then local development has emerged more and more from obscurity and experience has diversified and multiplied, throwing further into relief the fundamental importance of locally taken initiatives in the face of the obstacles to and opportunities for development and employment.

Ten years on, the principles of 'bottom-up development' are the same. But the general European economic situation has altered, making still more relevant the new approach to employment that these principles embody. On the one hand the new globalized conditions of competition, the unavoidable reform of social security systems, the switch to a service economy, and the increasing pressure of structural unemployment are combining to accentuate the advantages of an approach by geographical area that exploits diversity. On the other hand, as with the active employment policies recommended in the white paper on "Growth, competitiveness, and employment", supporting local initiatives is undoubtedly an interesting option from the point of view of the cost-benefit field of budgetary resources.

The time has come to try to take stock of ten years of experience in development through local initiatives. Two questions in particular must be answered:

- Can a successful common approach be worked out from this variety of local experiences that will work throughout the Community in all its diversity? Can this approach significantly enrich the present way of pursuing development and the employment generated by economic growth? The report on 'innovations in job creation' gives a positive response to these questions.
- Have the Community instruments gradually introduced since 1984, in particular as part of the reform of the structural policies, worked to the advantage of local development? The present report is devoted to answering this question, posed by the Corfu European Council².

The first part of this working document provides an inventory of the tools made available for local development by the European Union. Local development is in fact taken into consideration throughout the Union's structural policies, whether putting the accent primarily on local economic development in general (regional policies), on job creation (social policies) or on the entrepreneurial fabric (action in support of small and medium-sized enterprises - SMEs). Whatever aspect of local development is involved however, the same three concerns automatically apply: encouraging exciting but vulnerable innovatory experiments, facilitating acquaintance with good practice in Europe through technical assistance and networking, and disseminating these practices

¹ Council Resolution of 7 June 1984 (84/C-161/01)

² See the Corfu Council Presidency conclusions: 'The European Council notes the Commission's intention, within the framework of the report on new potential sources of employment to be submitted to the European Council in Essen, to draw up a detailed inventory of the various actions at Community level to foster local development and local employment initiatives, particularly those concerning micro-enterprises and craft industries. This inventory will be accompanied by the proposals deemed necessary to enhance the consistency and the effectiveness of those actions.'

through the agency of the Structural Funds. These three functions are embodied in a range of financial instruments, details of which are annexed.

The second part of the document assesses the use made of these instruments, starting from the idea that local development and financing of localized investment in an area must not be confused. An attempt has been made to gauge to what extent the Community instruments have supported genuine local development and employment initiatives, i.e. initiatives characterized by real involvement of local actors cooperating in partnership with public authorities that are coordinated among themselves for the purposes of such development.

The general finding is fairly clear: progress in quantitative terms (financing volumes devoted to action in which local initiative has a place) is tangible, especially for the new programming period from 1994 to 1999, but action that can be genuinely described as integrated local development involving partnership is still rare. In reality, with the notable exception of rural development and certain networks for combatting social exclusion and poverty, utilization of Community instruments is still largely focused on support for experimentation. It has not yet permitted widespread transmission of the results of that experimentation, owing to difficulties of organization and method found both in national administrations and in the Community's administration.

The obstacles to the spread of local initiatives are not budgetary: a simple transfer of 10% of the Union's resources devoted to infrastructure would double the resources available for local initiatives. The difficulty lies elsewhere: a change of administrative organization and mentality is required, achieving of which will not be easy.

The similar difficulties of banking systems in coping with the specific needs of SMEs spring to mind. The time spans of local initiatives and the diversity that constitutes their richness likewise demands that the public authorities invest proper human resources.

The last part of the document sets out a number of proposals, based around the three functions of local development, which - bearing in mind subsidiarity - argue for cooperative support from the Union's structural instruments for local initiative processes. The fact that this is in some degree a social innovation justifies increased support for local initiatives from the Union and the Member States.

- The task of supporting experimentation must be continued, since new fields have appeared. But more than in the past this task must concentrate on evaluating and disseminating transferable local initiative models.
- A separate effort is required at Union level to ensure real transfer of good practice, particularly in the urban context. Not only infrastructure but proper cooperation networks are required and the use of technical assistance should become much more widespread.
- Lastly, the Structural Funds themselves (Community support frameworks and single programming documents) need to be used to spread the integrated partnership-based practices that local initiatives need to flourish. This task will involve organizational reform within Community and national administrations that is only sketched out. It also calls for dialogue and partnership at the highest level between national (including budgetary) and Community authorities so that, in line with each country's traditional ways of working and in harmony with the past implementation of Community financing procedures, effective and trustful cooperation can be redefined in the service of the local initiative mechanism.

1. COMMUNITY INSTRUMENTS SUPPORTING LOCAL DEVELOPMENT

A brief historical survey will make clear the reasoning behind the introduction of the principal Community instruments and the great variety of tools available to the Union, since later measures have not replaced but supplemented earlier ones.

1.1 Historical review

The Union first manifested its interest in local development in the ERDF 'non-quota' programmes of 1979 and in a consultation programme running from 1982 to 1984 organized in conjunction with the OECD and covering some 50 local job creation projects. On 7 June 1984, following a Commission communication and given the interest shown by numerous Member States, the Council adopted a resolution on the contribution of local employment initiatives to combatting unemployment³ in which it stated that development of such initiatives should be supported and stimulated by the Member States' policies accompanied by specific measures at Community level. Around the same time the Council revised the ERDF Regulation and introduced Article 15 aimed at promoting locally generated development through joint financing of assistance to SMEs.

Over the last decade Community policy has matured into a full range of instruments:

- In the first phase, from 1984 onwards, Community action concentrated on research and action programmes such as LEDA and these were supplemented by information and exchange programmes targeted on specific groupings (ERGO, EGLEI, TURN, ELISE). Some measures, albeit modest in scope, gave financial support to certain types of local initiative (LEI and Poverty programmes).
- The second phase, initiated by the 1988 Structural Fund reform, saw a move towards more solid action. Community Initiatives enabled the Commission to set guidelines for jointly financed projects and support networks. The Commission was also able to launch pilot projects and contribute to financing of innovative action.

At the same time, but still in an embryonic way, the Union has attempted to widen the scope of its support by making local development one of the Structural Fund tasks, as reflected in the programmes in the Community support frameworks (CSFs) and single programming documents (SPDs) adopted on the initiative of Member States.

For instance, 'global development grants' were introduced under the Structural Fund reform in 1988 specifically in order to finance local development. The Commission enters into a contract with and makes over funds directly to an intermediary organization responsible for planning and executing a territorial development strategy.

In the last few years a reference to local development has also been incorporated in certain programmes not exclusively concerned with structural policy, notably programmes to help SMEs.

1.2 Functions and tools of Community action to promote local development

The Community instruments are at the present time aimed at fulfilling three functions: support for pilot experiments, support for European initiative networks and dissemination of 'good practice',

³ OJ No C 161, 21.06.1984.

and transposition of local development into the structural policies of the Union and the Member States. Each of these functions itself has three main target areas depending on whether the accent is put on local development in general, local employment initiatives or micro-enterprises (cf. detailed list of these instruments in Annex I). In practice, outworking of these three functions is through three separate budget instruments roughly corresponding to each one: specific measures to support experimentation, the Community Initiatives, and Community support for national structural policies.

Specific support measures for experimentation

Community action in support of experimentation, financed under Article 8 of the EAGGF Regulation, Article 6 of the ESF Regulation and Articles 7-10 of the ERDF Regulation, is concentrated on both the identification of new approaches to urban problems and rural development and the creation of jobs, either directly through financing linked to the ESF or indirectly by action to help SMEs.

Under Article 10 of the ERDF Regulation, the Commission has co-financed 32 urban pilot projects, the main feature of which has been an original, partnership-based approach in a specific area in order to resolve economic growth problems and improve the welfare of the residents and users of the city.

Over the last decade eight main instruments have been used to promote local employment and development initiatives. Some of these (LEDA, ERGO, EGLEI, ELISE and TURN) have been aimed chiefly at improving the innovation process and exchange of the experience gained from regional and local employment initiatives. Other instruments (Poverty III, LEI and SPEC), although also intended to encourage innovation, good practice and local autonomy, have in the main served to provide direct financial assistance to permit the launching of diverse local job-creating activities.

On support for micro-enterprises and craft industries, while it is important to remember that 90% of EC enterprises employ less than ten persons, it must be acknowledged that Community action has essentially targeted SMEs without distinction of size. It has either focused on sectoral programmes, as in the case of provision to help businesses, tourism, the social economy and craft industries, or has been concerned with enterprise establishment or development on the basis of local partnership, under the ERDF (Articles 7 and 10 of the Regulation and a non-ERDF budget item for the European Business and Innovation Centre Network), or aid for enterprise modernization in the case of the EAGGF (Regulations (EEC) Nos 866/90 and 867/90).

Community Initiatives: dissemination of good practice

Under the terms of the 1988 Structural Fund reform the Commission can, on its own initiative, invite Member States to submit applications for assistance for action of particular interest to the Union that is not covered by the CSFs and SPDs. The Community Initiatives thus offer some degree of flexibility and make possible special forms of cooperation and innovation. They can include schemes of cross-frontier scope, reflect Union interests and priorities in addition to those of the Member States, introduce additional aid during the programming process for specific areas and groups of workers where the economic circumstances demand, and are meant to contribute to innovation by including experimental new approaches that if successful can subsequently become an integral part of CSFs and SPDs. They are designed to provide a way of disseminating pilot methods that have proved their worth, to form exchange networks and also to encourage dissemination of good practice.

Most of the fourteen Community Initiatives in the period 1989-93 led to diversification of activity in their respective areas and can all accordingly be considered as local development instruments, but only some of them genuinely adopted an approach focusing on partnership and local integration or actually set up a European initiative network: LEADER and to a lesser extent HORIZON, INTERREG, REGIS, NOW.

Community support for national structural policies

Since the 1988 reform, the Structural Funds can authorize financing of local development initiatives in the context of on-going dialogue procedures between the Member States and the Commission, on the basis of the CSFs and the SPDs.

Local development

The predominant criterion for local development measures in general is the geographical one in that these measures take their shape from the characteristics of the areas to which they apply. They may equally well involve all significant actors in these areas, local authorities, heads of enterprises, inhabitants, etc.

First of all, these are the regions where development is lagging behind (Objective 1), where the EAGGF Guidance Section, the ERDF and the ESF provide joint financing for programmes covering SMEs, tourism, business services, village renewal, etc.

In areas covered by Objective 2, i.e. industrial areas in decline with high unemployment and a serious drop in industrial employment, the ERDF and ESF support programmes which are targeted principally on research and the creation of SMEs as well as urban regeneration and improvement of the natural and cultural environment.

The Objective 5(b) programmes, also aided from the three Funds, implement an integrated rural development strategy. These programmes are run in zones characterized by a low level of economic development, a high rate of agricultural employment, low agricultural incomes and a low population density and/or serious depopulation trend.

Local initiatives for employment

ESF assistance is directed to the people in a given area, more especially those who have most difficulty in accessing more general schemes aimed at stimulating the local economy, such as the long-term unemployed, young people, women, migrants and refugees, and workers threatened by unemployment.

Through the CSFs and SPDs the ESF encourages local development by jointly financing a large range of activities that can be grouped into three main categories:

- job creation and enterprise development in order to stimulate economic growth, by means of aid for self-employment and recruitment, support for SMEs, cooperatives and social economy enterprises, vocational training, business consultancy services, training in business start-ups for the unemployed and workers threatened with unemployment, etc.;
- wider socio-economic support, to change attitudes and improve the regional image in order to prevent depopulation and attract investors;

action to boost local dynamism and exploit local potential: training of local development agents to assist individuals and groups to identify and exploit business opportunities, technical assistance to raise financial, management and assessment skills.

Action to help micro-enterprises and craft industries

The integrated programme for SMEs and craft industries provides a general framework for various new and existing initiatives and is designed to enhance their mutual consistency and increase their visibility. The integrated programme does not replace other measures being implemented at Community or national level but is an instrument of policy orientation that helps compliance with the financial perspective by taking account of all the various Union contributions to support SMEs and craft industries.

The programme introduces a new element: mutual consultation and coordination between Member States for the purposes of improving the environment in which businesses operate and activating support measures for SMEs.

The programme puts a stress on Community contributions to improve the administrative, legal and fiscal environment of SMEs and set up support services to them that will improve access to finance and credit, cooperation, management quality and their adjustment to structural change and the internal market.

2. AN ASSESSMENT OF THE USE MADE OF EXISTING COMMUNITY INSTRUMENTS IN SUPPORT OF LOCAL INITIATIVES

The provisional assessment of the previous programming period (1989-93) indicates that the instruments available for promoting local initiatives were hardly used. On the other hand, what initial analysis can be made of the next period (1994-99) points to an appreciable improvement, due to some extent to the efforts made at Community level. Nevertheless, because numerous organizational obstacles persist, the scale of this improvement still remains limited.

2.1. Progress to date has been very modest (1989-93)

In the period 1989-93, the proportion of Community operations involving local development and job creation has been relatively small, despite the introduction of the new instruments.

Specific operations

Although most of the specific instruments fulfilled their task of increasing the number of pilot projects and enhancing the methodology for local development, the amounts allocated have been quite small and have rarely allowed a genuine, innovation-promoting dynamism at Community level to develop.

Article 8 of the EAGGF Regulation funded 126 projects, almost half of which were undertaken by cooperatives, producers' associations or quasi-government bodies, very often with local authority support.

Some of the amounts committed under Articles 7 and 10 of the ERDF Regulation (ECU 266 million) was spent on experimental measures in the local development field.

All of LEDA (about 7 million ECU), ILE, EGLEI and ERGO and 60% of the projects under the Poverty III (25 million ECU) programme were devoted to local employment initiatives.

Estimated expenditure on part-funding the start-up of 51 European business and innovation centres amounted to ECU 17 million.

Community Initiatives

The launch of the Community Initiatives has on the whole brought about greater synergy between pilot programmes and those in the CSFs.

As regards local development programmes in particular, it can be reasonably estimated that 60% of the Interreg and Regis programmes have been devoted to local development. Local involvement in the Leader programme on the other hand is patently obvious: 217 local action groups in the twelve Member States implemented a local development strategy between 1991 and 1993, which then extended into 1994.

The initial observable results are as follows:

- there has been a significant mobilization on the ground of all the local actors, and widespread local involvement;

- the local population identifies better with its region, this has been accompanied by a cultural upswing and has created a willingness to start up new activities,
- multiple innovations have taken place both in the way rural development is encouraged and assisted and in the content of the operations actually carried out,
- local economies have diversified, with the result that employment has been created or maintained,
- services to the local population have improved,
- the role of the environment as a strategic local development priority has been better taken into account,
- private capital, multiplying the effect of the public aid contribution, has been significantly mobilized,
- there has been much direct and indirect job creation (over 2000 new jobs in Ireland, for example).

In the case of the Now and Horizon Initiatives on human resources, priority has been given to projects with a proven multiplier effect and use has been made of existing Community programmes (Leda, Ergo), the Petra and Force programmes included. About 85% of these two programmes have involved local development initiatives.

The main flows of Community funding

Local development took up only a very small part of the CSFs in the 1989-93 programming period: it represented about 5% of the entire Structural Fund resources, or some ECU 3 billion.

About half of the total commitments in the Objective 5(b) areas were devoted to non-agricultural sectors (SMEs and support infrastructures in particular), tourism and environmental protection.

Because of the previous definition of ESF, it is impossible to gauge the exact scale of the operations financed by the Union that were geared towards local development in particular.

Lastly, 31 global grants (of which 22 were in Italy) amounting in total to ECU 687 million were made under the CSFs in the period 1989-93. These grants were also used in certain Community Initiative programmes such as Leader, Stride and Prisma.

2.2 Trends in the next programming period (1994-99)

In 1993 the Commission was able to make inferences for the future from the still limited emphasis placed on local development in the national initiative programmes. It therefore undertook a promotional campaign directed at the Member States, the local and region authorities and the social partners.

An initial assessment of the new CSFs and SPDs, and of the other, more specific instruments, indicates an improvement in the share given over to local development in the 1994-99 period.

Quantitative estimate of the Community aid in the three instruments

	Total amounts 1989-1993 (mill. ECU)	Share of local development 1989-1993		Total amounts 1994-99 (mill. ECU)	Share of local development 1994-99	
		%	mill. ECU		%	mill. ECU
CSFs and SPDs	57.700	5	2.900	127.200	10	12.700
CIPs	3.800	30	1.140	13.450	51	6.900
Specific operations	520	64	334	950	90	855

Enlarging the scope of the operations qualifying under local initiatives

This development is due in part to the Commission's efforts with a view to the negotiations for the 1994-99 period. It has mainly involved enlarging the scope of the eligible operations by increasing the number of references to local development.

Firstly, the Commission was able to convince its partners of the need to include new priorities for action in the CSFs. The tourism sector, urban problems and sustainable development, particularly in coastal areas, were thus able to benefit more and more from the Commission's support.

The ESF Regulation was then revised, based on the experience gained from the Community Initiatives and other programmes, and allows for a far more flexible approach (Bottom-up). When negotiating the 1994-99 CSFs with the Member States, the Commission pressed for the introduction of comprehensive mechanisms, including individually tailored measures to lead the long-term unemployed and socially excluded back into full participation. Any operation that can help individuals to get back into the job market is eligible for ESF funding, including: measures to tackle illiteracy, vocational guidance, advice on accommodation, education and health, support for local development or for social workers and more traditional forms of vocational training, aids for job creation and for work of service to the community.

Lastly, Community policies have attempted to redirect local and national officials away from simple operations covering the demand for services (all too often based on national aid schemes) and towards supplying services to businesses, in particular SMEs, by encouraging the following:

- integration of the services on offer as regards advice, funding and support for turning SMEs into businesses with international connections;
- introduction of partnership structures and the establishment of "pools" of competence;
- quantification of the objectives and evaluation of the results in the light of the pattern of businesses and of the impact on employment.

Priorities in the next programming period in favour of local initiatives

Local development should account for about 10% of the Structural Funds envelope, i.e. ECU 13 billion. Compared with the previous programming period, there has been genuine progress; furthermore, the smallness of the sums involved must be seen in its proper light in that local development initiatives involve much smaller amounts than infrastructural projects yet require a far greater mobilization of manpower and organizational effort. In contrast, these results also

highlight the amount of room for financial manoeuvre still available to the Union and the Member States should they wish to place increased emphasis on local development: if 10% of the amounts devoted to heavy infrastructure was transferred to local initiatives, the amount available for them would double.

In any event, there is an appreciable improvement in the specific instruments, the Community Initiatives and the national initiatives.

Specific actions

The revision of the Regulations on the ESF (2084/93), ERDF (2083/93) and EAGGF Guidance Section (2085/93) in order to provide greater possibilities for part-funding projects and innovative operations (Article 6 of the ESF, Article 8 of the EAGGF and Article 10 of the ERDF) should enable almost all three Funds to contribute significantly increased amounts to local development (the allocations in theory are: ECU 150 million for the ESF, ECU 400 million for Article 10 and ECU 200 million for Article 7 of the ERDF and ECU 200 million for the EAGGF).

Community initiatives

Some of the Community initiatives adopted by the Commission in June 1994 could give the Member States the opportunity of showing their political willingness to undertake genuine local development operations by encouraging a "bottom-up" approach. The initiatives with a potentially significant local development content, Leader II, Interreg II, Regis II and Employment, have seen the amounts allocated to them increase considerably.

With the launch of the new Urban programme for cities and towns, some ECU 6 900 million is estimated to be going on local development, i.e. 51% of the total amount of the Community Initiative programmes:

- Interreg II, allocated ECU 2 900 million, will support cross-border programmes and continue on from where Interreg I left off;
- Regis II will devote ECU 600 million to development projects in the most remote regions;
- Urban will have a budget of ECU 600 million and will support the economic regeneration of run-down inner cities and social integration, mainly through projects to create local employment and especially through improvements in health and welfare services;
- Leader II will have ECU 1 400 million. The scope of this second rural development programme has been expanded so as to strengthen the initiative's value-added (innovation, trans-national cooperation) and to enable those active in the rural economy to gain in advance the necessary skills for planning their own local development;
- Employment, with a budget of ECU 1 400 million, brings together the Now, Horizon and Youthstart programmes;
- Pesca, allocated ECU 250 million, will especially support the economic and social diversification of maritime areas dependant on fishing.

It would be necessary to ensure that greater account is taken of local development in the policy choices made by other Initiatives such as the SME and Adapt Programmes. An effort must also be made so that the promoting actions in favour of telecommunication advanced services undertaken with Star and Telematique are followed in the SME programme and that the Adapt initiative offer opportunities for training to new technologies.

Programmes to support national structural policies (CSFs and SPDs)

As the detailed analysis in Annex 2 shows, large variations exist from one Member State and from one qualifying area to another in the approach proposed, the measures planned and the amounts allocated.

In the Objective 1 regions, local development operations account for between 8% and 10% of funding; big differences exist between the traditional Objective 1 regions (with the notable exception of Portugal) and the new eligible regions (French and Belgian Hainaut, Merseyside, Highlands and Islands, Flevoland) which by their nature resemble declining industrial areas and where the effort put into local development operations is much more marked.

The share of funding going to local development operations in Objective 2 areas is estimated at about 15%, although the data available must be treated with caution.

Given the less-than-detailed priorities contained in the SPDs for the Objective 5(b) areas, we can only attempt to make an initial estimate of between 15%-20%. It should however be noted that while all the operations listed under "local development" in the SPDs are carried out in partnership, the direct involvement of local actors is not always apparent. A number of operations to diversify the economy include national regional aid schemes or sectoral agricultural measures, in particular operations like those linked to the environment and village renewal which provide more scope for local involvement.

Some 10% of the total ESF budget (ECU 30 billion) is allocated in the CSFs and SPDs to promoting local employment and development initiatives. This figure is approximate, however, since nothing exists in the legislation nor is there any other criterion enabling the operations that genuinely involve local development to be identified.

The use of global grants in the new programming period has increased significantly in Spain where at least 9 regional or multiregional global grants will be made, as against 2 in the preceding period. Furthermore, while this type of assistance will not apply to new Member States, it will continue to be used, albeit on a very small scale, in Italy, Ireland and Portugal.

2.3 Still a lack of adequate methodology and organization

The analysis of regional development plans and the small number of genuine transnational networks created in the last five years also attest to the obstacles preventing the lessons of local development operations from reaching a wider public. These obstacles are more organizational than financial; in the main they ensure that certain attitudes held by those responsible for policy are maintained and passed on; they reflect the inability of national administrations to adapt, and imperfections at Community level.

Despite the appreciable progress made, local development projects often still suffer from a lack of strategic and integrated vision for promoting and planning local employment and of ability to take sufficient account of a region's potential in terms of its strengths or of the diversity of regional heritage and culture. These deficiencies are aggravated by a generally marked preference for "visible" physical investments.

However, the main obstacles are to be found in the way administration is organized in the Member States. The lack of involvement of local actors is basically due to:

- the difficulties that most Member States encounter in involving local and regional authorities and the private sector in a true partnership, right from the planning stage;
- the lack of training and know-how of local actors planning, implementing, organizing, monitoring or evaluating the projects;
- the lack of information on the possibilities for Community funding and access to it at local and regional level. The deficiency is further aggravated by a perception on the part of many local groups that the application and inspection procedures are overly complex and bureaucratic;
- the lack of the funding arrangements, since a revision of the Regulations may have the effect of stopping funds.

In practice, despite the growing involvement of the local authorities and agencies, tensions arise in several Member States because the programmes continue to be drawn up centrally in accordance with the national administrations' sectoral priorities. The opportunities offered by Community funding may be missed as a result. For instance, measures to encourage business creation through start-up aid, site development and combined recruitment and training mechanisms usually result in separate applications to at least two Structural Funds. Recourse to global grants has thus remained relatively marginal since the Member States and their treasuries in particular prefer to maintain the traditional, vertical, top-down, sectoral programming methods.

While most Member States have reacted favorably to the recent reforms, such as that of the ESF, implementing them on the ground will require changes in the way structural funding is organized and administered. In particular improvements could be made in the way ministerial departments, national and regional authorities and the other actors concerned coordinate with each other. This will help decisions on funding productive investments and infrastructure, to give more weight to the principles of transparency in the management of Community funds and, to the implications for employment and skill levels.

Lastly, Community operations suffer because of problems which can be laid at the Commission's door. After ten years of responding rapidly to highly specific needs, overall consistency of the aid mechanism could now be looked at again. Readjustments and systematic reassessment of the aid instruments are needed to avoid having numerous programmes with very similar aims, groups to get the aid most appropriate to their needs.

The transition from the genuinely experimental phase to the dissemination of successful experiments through the networks inspired by the Community, and through the CSFs and SPDs, has not been successful enough for lack of attention to the progression from one step - corresponding to the links between different instruments - to the next: firstly, information and awareness-promotion, then the perfection of a methodology, the dissemination of "good practice" and experimentation, the end result being the establishment of a network.

As a final point, the results achieved locally and the suitability of local actors depend on the availability and monitoring ability of the officials administering these programmes, including those at Community level. The scale of the human investment needed for the specific task of supporting innovation has sometimes been underestimated.

3. PROPOSALS TO IMPROVE THE EFFECTIVENESS AND CONSISTENCY OF COMMUNITY MEASURES

The inventory of instruments available and the evaluation of achievements so far have confirmed the important role that the Union could play, in accordance with the principle of subsidiarity, in promoting the creation and development of local initiatives.

Three functions have symbolic importance for the Union and are, in a way, a token of its solidarity with the citizens of Europe. It acts as a pathfinder, supporting social experiments and the changing of attitudes, as a messenger, promoting the exchange of information and experiences between countries and regions at different levels of development, and, finally, as an agent of redistribution and provider of support, transferring resources to assist areas and groups where social innovation is most needed but also involves most risks.

Improving the effectiveness and mutual consistency of Community measures means reorganizing the various Community financial and regulatory instruments and improving the linkages between them with a view to achieving three objectives:

- enriching and extending experimentation on the ground, with a view to perfecting a methodology;
- spreading innovation by disseminating good practice, by means of transnational information and project networks and better targeting of technical assistance,
- developing such local development practices at European level by adapting national frameworks and clarifying the rules governing the partnership between the European Union and the Member States.

3.1 Continuing to encourage and enrich experimentation

The vulnerability of the experimentation processes currently underway and the identification of new fields for local initiatives justify a continuation of the encouragement given at Community level. Amongst these new fields, the following in particular should be noted:

- measures to develop the local natural and cultural potential,
- the incorporation of new technological developments, particularly information technology, in the service of local projects.

In particular, promising experiments in the following areas should be supported:

- rural tourism as an integrated activity which could generate numerous related activities,
- the development and utilization of data transmission services to facilitate the installation of people, companies and services in rural areas,
- the development of local cultural assets, with emphasis on restoring and exploiting the cultural heritage in urban areas particularly,
- the development of alternative energy sources to permit better use of industrial waste, particularly from forestry, and to generate new activities,
- the protection and maintenance of natural areas, creating new jobs.

Finally, access to the existing experimental programmes should be simplified by rationalizing the instruments, ensuring that duplication is avoided.

3.2 Assessing experimentation and creating transferable methods

The mutual consistency and synergy of these tools should be improved on the basis of the report on local initiatives, i.e. common guidelines should be laid down for them irrespective of their source of financing and the Directorate-General concerned. The assessment of results must also be improved so that lessons can be learned from the experiments and to facilitate the perfection of a methodology which makes transfer possible to other contexts.

To achieve this objective of internal rationalization and to ensure monitoring of innovation, an inter-departmental coordination procedure would seem to be essential. It could take the form of a mutual information forum in which all programme managers would meet and which would be open to government and non-government partners in the Union.

3.3 Consolidating and multiplying European networks for information on local initiatives

It is the task of the Union to disseminate as widely as possible the lessons learned from the regular assessments of experimental programmes. Hence the need to extend communication and information networks.

The administrative information channels of the Member States and local authorities should be backed up more systematically by those of non-government organizations such as associations, local chambers of commerce and agriculture, etc. That requires greater cooperation between them. Community platforms such as the rural information forums and the Euro-Info centres and local development networks such as the Leader or Poverty III networks could be used for that purpose. Finally, new information channels, closer to the population groups affected by or involved in local development could prove necessary (local authorities and associations).

3.4 Creating European networks for cooperation, particularly in urban areas

Certain successful networks, such as the Leader network, should be taken as examples for the organization and management of other programmes of Community initiatives, with a view to setting up proper and functioning project networks, capable of disseminating local development methods and facilitating cooperation between those involved at the various levels, including national public administrations. In view of the risk of social disintegration in some areas, the Union must place the emphasis on developing methods of promoting urban regeneration, to which the experience gained in rural areas could contribute.

Various measures could be used to improve the dissemination of good practice through the transnational networks, thus improving the information available to the promoters of projects and the synergy of measures at local level:

- close monitoring of the implementation of the Community Initiatives ensuring, in particular for those with a strong local or regional content, that an effective partnership is achieved and a 'bottom-up' approach is adopted with, if possible, the use of global grants;
- the transfer and application of local development methods, including, for example, support for the creation of regional development agencies where they do not yet exist and the establishment of financial engineering tools;
- the continuing exchange of experience between local and regional operators under LEDA and Directoria, with particular emphasis on the new Member States and the associated countries

which are potential applicants for membership: a measure providing for the exchange/training of local authority officials, similar to that under the Karolus programme, could be adopted.

The networks promoted by the European Union under previous programmes, such as the Poverty, EBN and Leader networks, should be consolidated since they could provide support structures for the dissemination of the local development results covered by CSFs and SPDs.

3.5 Making extensive use of technical assistance for local initiatives

As a result of the reform of the Structural Funds, the technical assistance available for local initiatives has been significantly increased. It is still mainly absorbed, however, by the management needs of national government administrations. A reallocation is required to rechannel it directly to development initiatives, either at the experimentation stage or for the organization of cooperation and dissemination networks. Such a reorganization is a prior condition for the development of proper European 'local-development engineering' for both the assessment and creation of transferable models.

3.6 Promoting a favourable national framework for local initiatives

As a form of social innovation, local development and employment initiatives come up against the same obstacles as technological innovation, i.e. the passage from prototype to series production to commercial application. Without denying the uniqueness of each local area, it is now necessary to ensure more systematic dissemination through the CSFs and the SPDs.

This challenge, which is perhaps the most difficult, requires the combined efforts of the European Union and the Member States.

At Community level, in order to guarantee a more coherent political approach at the three different levels at which the Union intervenes, an annual report on local initiatives could prove useful. It would improve outside awareness and extend inter-departmental coordination beyond those managing pilot programmes.

The creation of optimal conditions for the application of local development measures also requires an adaptation of the national framework in many Member States to permit the development of true partnerships and the strengthening of regional and local structures. Measures to develop employment at local level would be more effective in Member States there were lines of credit available, in particular for local and regional authorities.

3.7 Enhancing the partnership between Member States and the Union in support of local initiatives

Given their importance for employment and for finding responses to new needs, a debate at European level on local initiatives is necessary. The procedures for monitoring the employment action plan presented at Essen will provide material for such a debate.

It is the Commission's responsibility to inform the national government administrations regularly, in particular when CSFs and SPDs are in progress, of the best practices in local development.

Cooperation between the Commission and the Member States on these initiatives, however, requires a bilateral assessment of the Union-Member State partnership. To that end, Member States should be asked to provide information on the practices and mechanisms they use so that,

where appropriate, and following a dialogue between representatives of the Commission, the national and local administrations and those involved in local development, reciprocal commitments can be agreed upon.

ANNEX I

LIST OF SPECIFIC COMMUNITY INSTRUMENTS IMPLEMENTED UP TO 1993

Local and rural development

LEADER I

As a complement to the measures undertaken under operational programmes for Objectives 1 and 5(b) regions, the Leader Community initiative (ECU 442 million) is helping to find new solutions adapted to each of the rural areas. It concerns small areas with a strong individual identity: micro-regions, particular valleys, historical regions, residential catchment areas, etc. Each project in those areas is designed and facilitated by a "local action group" (LAG) combining the main social partners, local bodies, businesses and associations. Through this local partnership it is possible to stimulate the motivation of the local population and guarantee support for projects. It also ensures effective liaison between the other bodies involved, whether local, regional or national. Each local group draws up a development strategy adapted to local characteristics using an overall, multisectoral approach. From the strategy a business plan is then developed, the content of which is agreed in a contract between the local group and the programme administrators. Lastly, a European network uniting all the Leader areas facilitates the exchange and transfer of experience among all the rural operators involved in the programme.

Rural 'carrefours' ("crossroads")

Information clearing-houses and exchange points for rural areas, these were created at regional level with the collaboration of and funding from DG X.

Urban pilot projects

Since 1990, under Article 10 of the ERDF Regulation, the European Union has financed (with a total of ECU 100 million) 32 urban pilot projects as a way of experimenting with new approaches to urban problems with the help of new local partners. Projects submitted by Member States were selected using criteria such as their integration into an urban planning or renovation strategy of Community interest, their demonstration potential at European level and their contribution to the development of the region in which the urban area is located.

Three major project types emerged from the selection process:

- those involving large suburban estates, but also in a few cases city-centre localities, facing serious social problems and the threat of economic marginalisation, as a result of lack of access to jobs and training;
- those forming part of economic development and environmental improvement strategies;
- those aiming at revitalising the economic and commercial life of historic city centres.

In most of the projects an initiative for the exchange of experience was added so as to ensure that the results were made available on a wider scale.

These pilot projects produced sufficiently encouraging results, particularly as regards the local dynamic of partnerships including private businesses, the population and public authorities, to envisage granting this measure the status of a Community Initiative programme, Urban.

INTERREG

With funding of ECU 1014 million (ECU 100 million under Article 10 of the ERDF Regulation and the rest from the three Funds), this Initiative was designed to help transborder regions to prepare for the Single Market, mainly by improving cooperation between regions on each side of national borders but also by relaunching the economies of regions on the external borders of the Union. There is a very broad range of measures which are eligible for funding under Interreg, but their particular nature is to create lasting frameworks of cooperation in areas where efforts had been fragmented as the result of the existence of a border. The active participation of regional and local authorities is one of the conditions for the success of Interreg.

REGIS

With ECU 234 million from the three Funds, this Initiative is designed to improve the socio-economic integration of the most remote regions of the Union: Guadeloupe, French Guiana, Martinique, Réunion, the Canary Islands, the Azores and Madeira. Its objective is to help these regions to diversify their activities by developing products and services for local markets, markets in neighbouring third countries and the Community market. Its accent is on tourism with a low impact on the environment, but it also provides for training schemes designed to create new economic activities based on each region's potential and offering prospects of medium-term viability.

Training programme for Community developers

The Commission (Task force Human resources, education, training and youth) has launched an experiment in 1994 in providing training for executive staff, managerial staff and technicians from regions eligible for the regional objectives of structural funds (objectives 1,2 and 5b). With ECU 1 million in funding, this training was created to enable these groups to better design, prepare, launch, manage, monitor and assess the intervention they undertake as part of the Community Support Frameworks and the Single Programming documents. 10 training projects broadly transnational have been carried out this year; 600 people have attended these courses.

Local employment initiatives

NOW

With ECU 153 million from the ESF and the ERDF, New Opportunities for Women is aimed at encouraging equal opportunities for women in the workplace and in vocational training. It not only supports job creation projects, it also provides aid for measures facilitating women's access to jobs, particularly at local level, such as child-care facilities.

HORIZON

The objective of this initiative, with ECU 305 million in funding, is to help the handicapped and disadvantaged to integrate socially and economically; it promotes the consideration of problems at a local level.

POVERTY III

The Community action programme to stimulate the social and economic integration of less-privileged groups, the third of its name (POVERTY I ran from 1975 to 1980 and POVERTY II from 1984 to 1989), has two main objectives:

- to develop preventive measures to assist people threatened with exclusion, while promoting corrective measures to meet the needs of the very poor;
- to produce innovative organizational models to help integrate the most disadvantaged groups.

POVERTY III has a total budget of ECU 55 million and has helped local development and the creation of jobs by the part-funding of model schemes and innovatory initiatives, research, and technical assistance.

A wide variety of measures have been funded: for example, the promotion of public awareness so as to strengthen rights and local culture in a collective manner, the introduction of aspects relating to the combating of poverty into planning decisions and social and economic criteria into local recruitment practices, the mobilisation of small producers in groupings, thus permitting them to integrate into the mainstream of non-commercial activities, the encouragement of professionalism in local organisations, calls on local private businesses and on local initiatives in the public and private sectors.

Local employment initiatives for women (LEI)

Originating in 1984, LEI's objective is to encourage women to create businesses, cooperatives or other job-creation projects; it is now a key element of the third Community equal opportunities programme. It has an annual budget of ECU 1.5 million and aids local development and job creation by providing direct funding or technical assistance to projects, publishing practical information and promoting good practice and partnership in a transnational context. The aid can be granted to any woman or group of women who wish to start up a business, a cooperative or any other job-creating project in which the majority of the management or staff is female. Priority is given to projects of an innovative nature in their local context which try to unite local needs, resources and development plans and which create employment for women from disadvantaged social groups.

LEDA

This is an action and research programme set up in 1986 to explore economic development and local employment strategies. It has an annual budget of ECU 2 million and helps job creation and local development by identifying successful ideas and experience and disseminating the information throughout the Community. Through it, a set of methods and techniques has been drawn up for the creation of effective strategies intended to create jobs and improve the operation of local labour markets. LEDA part-finances meetings, seminars, study visits and exchanges but does not directly finance projects. The programme is operating in 42 regions representative of the Union's employment problems. Local teams of researchers collect information on initiatives and development strategies in the regions. Community support takes the form of a network for the exchange of information and experience and "circuits" specialising in specific topics such as rural development, youth unemployment, the cultural heritage and the arts. Alongside a regular magazine, the LEDA programme has also developed a series of tools such as training programmes

and handbooks of good practice for local development decision-makers. These tools have also been adopted by a number of eastern European local authorities.

ERGO

This programme, initiated in 1989, is for the benefit of the long-term unemployed. It helps local development and job creation by promoting positive projects, including local employment initiatives which can be integrated into national programmes to combat long-term unemployment. It has an annual budget of ECU 1 million to fund the transfer of experience with the aim of developing know-how on reintegration into the local labour market. It also concentrates on the assessment of projects and research concerning measures aimed at combating long-term unemployment and promoting exchanges and partnership.

EGLEI

The European Group for Local Employment Initiatives is an exchange programme which has been in operation since 1986 with an annual budget of ECU 0.1 million. It contributes to local development and job creation by training local development agents via exchanges and the comparison of ideas and practices, by identifying transferable techniques and tools and by developing "horizontal" transnational cooperation.

Schemes for small businesses and craft industries

Commerce

The "Commerce 2000" pilot actions (OJ No C 277/93, 15 October 1993) are aimed at encouraging cooperation between commercial SMEs and with producers and consumers via the distributive trades. By implementing modern management methods and new technology in the commerce and distribution sectors the networks will help them acquire a competitiveness which will encourage local development and maintain jobs threatened with disappearance, particularly in rural areas.

This process of modernizing retail outlets by means of cooperation and partnership will help the entire population benefit from the advantages which today's large-scale logistics bring in terms of product price, range and quality: the preservation of shops prevents a process of commercial desertification which in the long run accelerates rural exodus.

Moreover, in favouring local development, modernized retail outlets in rural areas may become multi-service outlets by, for example, selling petrol or representing various public services.

Tourism

The Community action plan in favour of tourism, which was allocated overall funding of ECU 18 million, covers 1993, 1994 and 1995 and provides for a certain number of projects in tourism granting aid to SMEs which intend to promote new forms of tourism. This includes, in particular, pilot projects in rural, cultural and environmental tourism and tourism training which could later be used by tourism SMEs. Financing is based on subsidies (below 60% of the cost of the project) and is linked to a call for proposals (OJ No C 122, 4 May 1994).

The social economy

The 1994-96 action programme for the social economy, which acknowledges the decisive role of the social economy in economic development, the reinforcement of local identity and social progress, is the Commission's means of giving its support to this sector. Community action mainly consists in encouraging social-economy businesses to act at European level and in helping them find Community funding so as to overcome the problems linked to their local base. A special information network, ARIES, is dedicated to it.

Craft industries and small businesses

Craft industries and small businesses, by adapting their production to the requirements of demand, which can vary greatly depending on location, culture and lifestyle, can play a decisive role in the balance of the local and national economies.

An initial specific action programme for small businesses and crafts, put into operation by the Commission in 1992, comprises the following activities:

- publication of a guide for the small-business and craft sectors in each of the twelve Member States;
- setting up a network of transfer centres for specialised skills and technologies within small businesses and craft industries;
- strengthening of pilot schemes relating to standardisation and certification;
- support to pilot transborder cooperation projects;
- analysis of the situation of small businesses in transborder zones and regions;
- training of managers linked to general preparatory schemes for SME managers;
- development of skills for spouses working together in businesses, in particular women;
- improving information provision to businesses;
- promotion of the commercial activities of small and craft businesses.

The instruments for cooperation between SMEs

Schemes intended to promote cooperation between SMEs, such as the BC-NET and BRE partner search networks, the direct encounter programmes Europartenariat and Interprise and the schemes to encourage subcontracting can promote local development and job creation initiatives.

The networks themselves, comprising highly professional public and private intermediary bodies, are key instruments for providing businesses, particularly small and craft businesses, with basic expert support.

The Euro Infocentres

The network of 210 Euro infocentres develops information, assistance and advisory activities for businesses so that they can fully benefit from the potential advantages of the Single Market and to ease their participation in Community programmes.

The European Business and Innovation Centres

Intended to exploit the local potential of regions lagging behind in their development or areas undergoing conversion to new activities the EBICs are tools for structuring the local economy by

creating and developing industrial businesses which are innovative from a technological, commercial or management point of view. Although not solely directed at micro-businesses, the EBICs could provide useful support networks.

Since their creation in 1984 the EBICs have helped establish 2 800 innovative businesses representing 16 000 jobs (as at 31.12/1992; results of a study of 51 EBICs). Since 1988, 24 start-up capital funds have been created, operating in close synergy with an EBIC and providing a concrete solution to the problem of financing new businesses, which is more or less insoluble on the traditional capital markets.

EBICs are created on the basis of a rigorous method involving fundamental operating principles:

- A solid local public and private partnership; the initiative for the creation of an EBIC comes, like all bottom-up local development measures, from local economic operators. With the assistance and support of the Commission, they assume the responsibility for launching and financing the EBIC both during the experimentation stage (2 years) and the consolidation phase.
- A global, integrated approach; during the experimentation phase the EBIC is obliged to put in place a complete and integrated services system including the active search for and identification of innovative industrial projects followed by rigorous selection, a full "business planning" back-up (technological, financial, marketing) and lastly, the setting-up and monitoring over three years of the businesses launched. The system thus permits the conversion of innovative ideas into lasting industrial reality.
- An experienced management and facilitation team; as with any small-scale SME-type structure (on average 9.62 people) which it supports, the EBIC depends on the quality, experience and professionalism of the people who make up the permanent team. Particular attention is devoted to this aspect when the EBIC is being created.
- Coverage of the Community's territory by networks; each EBIC, with the support of the local partnership of which it is the concrete embodiment, organises a local network so as to exploit and bring together in the projects it is supporting all the skills competences and expertise. It thus ensures a complete coverage and widespread penetration of its assisted area. But EBICs also operate in regional and national networks and are ultimately grouped into a Community network, the European Business and Innovation Centre Network (EBN).

EBICs, then, as a result of their concentric network approach, enable local economies to take full profit from national and Community aid programmes in favour of SMEs, to benefit from the Single Market and to become part of a true European perspective serving to strengthen economic and social cohesion.

ANNEX 2

LOCAL DEVELOPMENT PROGRAMMES AND OPERATIONS (REGIONAL, NATIONAL AND COMMUNITY FUNDING) CONTAINED IN CSFs AND SPDs BY COUNTRY (1994-99)

In Objective 1 regions

Germany: In the new Länder, local development is organized around three priorities: support for small businesses in the form of services, support for R&D within firms, and rural development. The latter is particularly well-provided for and involves village renewal, diversification of economic activities and marketing of local products. Overall, the local development operations account for a total spend of ECU 9 800 million or 17% of the total resources under the CSF.

Belgium: In Hainaut, local development has been given a financial envelope of about ECU 500 million or 15% of the SPD; this figure does not include investment aid for businesses of ECU 983 million. A separate priority is devoted to local development of small businesses, with stress also on R&D within firms and rural development projects.

Spain: Local development schemes are divided between the multiregional part of the CSF (ECU 4 540 million) and the regional part (ECU 2 070 million), with wide variations between regions (Canary Islands ECU 54 million or 5%; Andalusia ECU 508 million or 11%; Murcia ECU 150 million or 23%). Overall, the share allocated to local development represents 13.5% of the CSF resources and 14% of the multiregional programmes to support industrial firms, R&D and local initiative projects.

France: For the overseas departments and Corsica, local development represents about 10% of the total covered by the SPDs, i.e. ECU 320 million, mostly used to support SMEs and infraregional projects. However, it is worth noting that five global grants have been removed from the initial proposals at the insistence of the Finance Ministry. In the case of (French) Hainaut, assistance to businesses is substantial and a separate priority covers local development, representing 25% of total resources.

Greece: The CSF puts emphasis on infrastructure. However, local development operations are supported within programmes to develop and improve the competitiveness of the economic fabric and to reduce regional disparities, especially in the islands. About ECU 4 200 million will be devoted to these activities, i.e. 14% of the total CSF, but the details have to be set out in future regional operational programmes.

Ireland: Local development is a priority clearly set out in the programme on local, urban and rural development, based on wide partnership and a true bottom-up approach; the programme accounts for 4% of the CSF. As a complement to these activities, support is also provided under other priorities, especially 'human resources'. The total share of local development in the CSF comes to more than 8%.

Italy: Local development is distributed over several priorities and accounts for 18.8% of the CSF or about ECU 6 000. It is worth noting the use of global grants both at national and at regional level. The schemes proposed cover services to small businesses, upgrading tourism resources, support for innovation transfers, and training and skill-enhancing schemes.

Netherlands: In Flevoland, a substantial effort is being made to support business development, especially SMEs, particularly in terms of their technology level. The rural development measures are also very varied. All these schemes represent a total volume of ECU 220 million or 20% of the total SPD.

Portugal: An operational programme to promote regional development potential, with a volume of ECU 1 000 million or 3% of the CSF, contains a number of schemes involving the stimulation of local economies (encouragement of craft industries, village renewal, creation of development agencies). The industry programme also contains various schemes to support small businesses. By contrast, the subprogrammes devoted to local development in the regional programmes for Portugal are almost exclusively directed towards financing municipal infrastructures, leaving aside non-physical promotion of the local economy. Overall, local development activities are to receive ECU 6 500 million or 24% of the CSF total.

United Kingdom: Recognition of the impact of local development on employment and local initiatives is evident. The schemes supported under this heading represent about 30% of the SPD resources, or an envelope of ECU 1 660 million. The programmes for Northern Ireland and Merseyside put special stress on urban regeneration and community development, the latter being a separate priority for the Liverpool area.

In Objective 2 areas

The state of the negotiations make it possible already to assess the situation for two countries.

Italy: All the SPDs contain a priority on improving the situation of local SMEs. In some cases (Liguria, Tuscany, Emilia-Romagna) a specific scheme for the creation of new businesses has been proposed. There are also schemes for local development in the tourism and research sections.

France: Local development figures in all the SPDs. This involves two main kinds of scheme: support for SMEs by providing new start-ups with advisory and other services, and by helping to raise capital, often in innovative ways (venture capital, loan guarantees, business nurseries, training of new business founders); searching for and exploiting new reserves of jobs, mainly within schemes to improve urban areas and the natural or cultural environment.

In Objective 5(b) areas

An analysis by country reveals three sorts of situation.

In France, a major effort is being made on local development, accounting for probably more than 20% of the SPDs, i.e. some ECU 190 million.

In Spain and Italy, there appears to be a better decentralization of measures to support local development in quantitative terms, and local development operations account for around 15% of the SPDs or an envelope of ECU 78 million.

In the Benelux countries, Denmark, Germany and the United Kingdom, the information so far available is not sufficient to yield a detailed picture of the local development aspects, but the impression is that they are inadequately covered.