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**SIXTH ANNUAL REPORT  
ON THE STRUCTURAL FUNDS**

**1994**

(presented by the Commission)

This report has been prepared by the Directorate General for Regional Policies and Cohesion (DG XVI), in collaboration with the Directorates General for Employment, Industrial Relations and Social Affairs (DG V), for Agriculture (DG VI), for Fisheries (DG XIV), and for Budget (DG XIX), with the contributions of the Directorates General for Competition (DG IV), for Transports (DG VII), for Environment, Nuclear Safety and Civil Protection (DG XI), for Science, Research and Development (DG XII), for Internal Market and Financial Services (DG XV), for Financial Control (DG XX) and for Enterprise, Trade, Tourism and Social Economy (DG XXIII).

NOTE TO THE READER

Throughout the Report, except where otherwise stated, amounts shown are expressed in 1994 prices.

## TABLE OF CONTENTS

SUMMARY .....	1
A. THE NEW BACKGROUND TO THE WORK OF THE STRUCTURAL FUNDS .....	1
B. THE STRUCTURE OF THE REPORT .....	2
C. THE MAIN ELEMENTS OF THE REPORT .....	3
CHAPTER I IMPLEMENTATION OF THE NEW PROGRAMMING PERIOD .....	7
A. THE CONTINUATION AND STRENGTHENING OF THE PRINCIPLES OF THE REFORM.....	9
B. PROGRAMMING BY OBJECTIVE .....	10
1. Objective 1 .....	10
1.1. General presentation of the programmes.....	10
1.2. Country-by-country survey .....	20
2. Objective 2 .....	37
2.1. General overview of programmes .....	37
2.2. Country-by-country survey .....	43
3. Objectives 3 and 4.....	57
3.1. General presentation of the programmes.....	57
3.2. Presentation by country .....	60
4. Objective 5(a) .....	71
4.1 Objective 5(a) for agriculture .....	71
4.2. Adjustment of fisheries structures.....	76
5. Objective 5(b) .....	78
5.1 General presentation of programming.....	78
5.2. Presentation by country .....	81
5.3. Implementation in 1994 .....	89



C. OTHER ASSISTANCE.....	90
1. Community Initiatives .....	90
1.1. The new generation of Community Initiatives.....	91
1.2 Implementation in 1994 .....	94
1.3. An initiative for reconciliation in Northern Ireland .....	94
2. Innovative measures .....	95
2.1. Article 10 of the ERDF Regulation.....	95
2.2. Article 6 of the ESF Regulation .....	97
2.3. Article 8 of the EAGGF Regulation.....	97
2.4. Article 4 of the FIFG Regulation .....	97
3. Technical assistance.....	98
 CHAPTER II BUDGET PROGRAMMING AND IMPLEMENTATION, CHECKS, COORDINATION OF THE VARIOUS FINANCIAL INSTRUMENTS, COMPLEMENTARITY WITH OTHER COMMUNITY POLICIES.....	101
A. BUDGET PROGRAMMING AND IMPLEMENTATION .....	103
1. Budget programming 1994-1999.....	103
1.1. Conclusions of the Edinburgh European Council .....	103
1.2 Implementation of the Edinburgh conclusions and breakdown of expenditure by Objective .....	104
1.3. Breakdown of expenditure by type .....	104
1.4. Breakdown of appropriations by Member State.....	105
2. Budget implementation in 1994 of 1994-1996/99 programming .....	105
B. CHECKS CARRIED OUT IN 1994.....	108
1. Checks carried out by the Commission's Structural Funds departments.....	109
2. Inspections carried out by Financial Control.....	111

C. COORDINATION WITH THE VARIOUS FINANCIAL INSTRUMENTS .....	112
1. The Cohesion Fund.....	112
2. The EIB.....	113
3. The ECSC .....	114
4. The European Investment Fund.....	115
5. The Financial Mechanism of the European Economic Area .....	115
D. COMPLEMENTARITY WITH THE OTHER COMMUNITY POLICIES.....	116
1. Compliance with the competition rules .....	116
2. The transparency of public procurement .....	116
3. Greater environmental awareness.....	117
4. A practical contribution to social policy.....	118
5. The contribution to completing the trans-European networks.....	119
6. Support for the common agricultural policy .....	120
7. Integration of the common fisheries policy .....	120
8. The importance of small firms and tourism.....	121
9. The technological dimension of cohesion .....	121
CHAPTER III ENLARGEMENT AND ITS IMPACT ON THE STRUCTURAL POLICIES.....	123
A. NEGOTIATIONS ON THE STRUCTURAL ASPECTS OF ENLARGEMENT, AND THE ISSUES INVOLVED .....	125
B. THE NEW OBJECTIVE 6 .....	126
C. FUNDING AND BUDGET RESOURCES .....	127

CHAPTER IV INTER-INSTITUTIONAL DIALOGUE, DIALOGUE WITH THE SOCIAL PARTNERS, INFORMATION AND COMMUNICATION.....	129
A. INTER-INSTITUTIONAL DIALOGUE .....	131
1. Dialogue with the European Parliament and the Economic and Social Committee .....	131
2. Relations with the Committee of the Regions .....	132
3. Informal Councils of Ministers.....	132
4. Committee opinions.....	132
B. DIALOGUE WITH THE SOCIAL PARTNERS.....	134
1. Preparation of programmes: some progress.....	134
2. Implementation of assistance: a variety of situations .....	135
3. Consultation at European level: a well-established practice.....	136
C. INFORMATION AND COMMUNICATION.....	137
1. Commission Decision of 31 May 1994 .....	137
2. Information and communication.....	137
CHAPTER V FINALIZATION OF THE PERIOD 1989-93 .....	139
A. FINALIZATION IN 1994 OF PREVIOUS COMMITMENTS .....	141
1. Implementation under the various Objectives .....	141
1.1. Objective 1 .....	141
1.2. Objective 2 .....	143
1.3. Objectives 3 and 4 .....	144
1.4. Objective 5(a).....	145
1.5. Objective 5(b).....	146
2. Budgetary implementation.....	146

B. FURTHER REVIEW OF THE 1989-1993 PERIOD .....	147
1. Reviewing the Objectives .....	147
1.1. Objective 1 .....	147
1.2. Objective 2 .....	156
1.3. Objectives 3 and 4 .....	160
1.4. Objective 5(b).....	162
2. Community Initiatives .....	163
3. Ex post evaluation of additionality (1989-93) .....	164
4. The Fifth Periodic Report on the Social and Economic Situation and Development of the Regions of the Community .....	164

ANNEXES

ACRONYMS and ABBREVIATIONS

## INDEX OF TABLES

Table 1:	Programming of the Structural Funds 1994-1996/99 .....	10
Table 2:	Per capita financial allocation - Objective 1, 1994-1999.....	11
Table 3:	Prior appraisal - CSF and GNP (1994-99).....	12
Table 4:	Prior appraisal - CSF and economic growth 1994-99.....	13
Table 5:	Prior appraisal - CSF and gross fixed capital formation 1994-99 .....	14
Table 6:	Prior appraisal - CSF and employment.....	14
Table 7:	Prior appraisal - CSF and structural change 1994-99 .....	15
Table 8:	Prior appraisal - Community contributions and imports in 1999 .....	15
Table 9:	Objective 1 - breakdown by priority and country of the CSFs/SPDs 1994-99 .....	17
Table 10:	Objective 1 - breakdown by Fund and by region of the CSFs/SPDs 1994-99 .....	20
Table 11:	Objective 2 - Indicative breakdown of appropriations by Member State 1994-96 .....	38
Table 12:	Per capita financial allocation - Objective 2, 1994-1996.....	38
Table 13:	Objective 2 - breakdown by priority and by country of the CSFs/SPDs 1994-96 .....	41
Table 14:	Objective 2 - breakdown by Fund and by region of the CSFs/SPDs 1994-96 .....	43
Table 15:	Objectives 3 and 4 - indicative breakdown of appropriations by Member State 1994-99.....	57

Table 16:	Objectives 3 and 4 - breakdown by Member State of the CSFs/SPDs 1994-96/99.....	60
Table 17:	Objective 5(a) agriculture (non-Objective 1 regions) - indicative breakdown of appropriations by Member State 1994-99 .....	72
Table 18:	Objective 5(a) fisheries - priorities in SPDs, 1994-99.....	76
Table 19:	Objective 5(a): fisheries - breakdown of FIG financing by Member State and form of assistance 1994-99 .....	77
Table 20:	Per capita financial allocation - Objective 5(b), 1994-99 .....	78
Table 21:	Objective 5(b) - Indicative breakdown of appropriations by Member States.....	79
Table 22:	Objective 5(b) - Breakdown of the SPDs by Fund and by region of 1994-1999 .....	81
Table 23:	Objective 5(b) SPDs adopted in 1994.....	89
Table 24:	Community Initiatives - indicative breakdown of 1994-99 appropriations .....	91
Table 25:	Article 10 ERDF - indicative breakdown of appropriations among priorities.....	95
Table 26:	Technical assistance under Article 7 of the ERDF Regulation - commitments in 1994 .....	99
Table 27:	Financial perspectives 1993-99 - commitment appropriations.....	103
Table 28:	Breakdown of appropriations by Objective, 1994-99.....	104
Table 29:	Breakdown of expenditures by type, 1994-99 .....	104
Table 30:	Structural Fund programming 1994-96/99 - breakdown of appropriations by Member State.....	105
Table 31:	Origin and implementation of commitment appropriations in 1994 .....	105

Table 32:	Implementation of 1994-99 appropriations in 1994 .....	106
Table 33:	Implementation of appropriations in 1994 by budget item.....	107
Table 34:	Commitments in 1994 and 1994-1999 period .....	108
Table 35:	Payments in 1994.....	108
Table 36:	EIB - financing for regional development .....	114
Table 37:	EIB - breakdown by sector of financing for regional development in 1994 .....	114
Table 38:	New Member States - population covered by Objectives 1 and 6.....	126
Table 39:	New Member States - per capita financial allocation .....	127
Table 40:	New Member States - breakdown of appropriations by Member State 1995-99 .....	127
Table 41:	Payments for 1989-1993 in 1994.....	146
Table 42:	Appropriations released at 31 December 1995.....	146
Table 43:	Commitments still to be settled at 31 December 1994 .....	147
Table 44:	Implementation of appropriations carried over and reconstituted appropriations at the beginning of 1994 .....	147
Table 45:	GNP 1989-93 - Annual growth rate of GNP .....	148
Table 46:	Unemployment in Objective 1 regions, 1989-93.....	155

## SUMMARY

### A. THE NEW BACKGROUND TO THE WORK OF THE STRUCTURAL FUNDS

#### The new institutional background

The implementation of the Structural Funds in 1994 was heavily influenced by the events of the previous two years. Since 1 November 1993, the Treaty on European Union has provided both a frame of reference and support for economic and social cohesion. The Treaty stresses its importance as one of the main goals of the Union and promotes its achievement through the establishment of the Cohesion Fund, the development of trans-European infrastructure networks in transport, telecommunications and energy, the requirement that all Community policies further environmental protection and the setting up of the Committee of the Regions. Furthermore, against the background of the economic recession gripping the whole Community at the time, the Commission's White Paper on "Growth, Competitiveness and Employment" encouraged the introduction of an action plan to reduce unemployment by working on a number of factors which would contribute to long-term development: making employment systems more effective, developing the employment potential of small firms, promoting competitive research, implementing the priority trans-European projects, expanding the potential of the information society and promoting sustainable development which would respect the environment. Initially, the Edinburgh European Council had laid down the financial perspectives for the Community budget up to 1999, thereby providing the financial resources for economic and social cohesion over the medium term. Subsequently, 1994 saw preparations for the accession of the three new Member States, Austria, Finland and Sweden, and the inclusion in the Act of Accession of specific provisions on both the financial arrangements for and assistance from the Structural Funds.

#### The revision of the regulations on the Structural Funds

All the regulations on the Structural Funds were revised in July 1993<sup>1</sup> to take account of the new situation and the end of the first programming period (1989-93). The main innovation was that, in accordance with the conclusions of the Edinburgh European Council, the resources of the Structural Funds allocated to the four Member States eligible for assistance from the Cohesion Fund (Greece, Spain, Ireland and Portugal) would double in real terms between 1992 and 1999 and that total funding for the Structural Funds over the period 1994-99 would amount to ECU 141 471 million (at 1992 prices). Of this amount, ECU 96 346 million would go to Objective 1, which by 1999 would therefore receive almost 70% of the Structural Funds as a whole. A new instrument was also introduced with the entry into operation in 1994 of the FIFG to provide support for the restructuring of the fisheries sector.

The start of this new programming period in 1994 involved satisfying two requirements: the greatest possible integration of all structural assistance into the general strategy for combatting unemployment and stimulating growth in the most disadvantaged areas and the application of regulations strengthened in their principles and objectives.

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<sup>1</sup> See previous Report.



## **B. THE STRUCTURE OF THE REPORT**

### **Compliance with the new legal basis**

This report, which is the first to deal with the new programming period for the Structural Funds, is compiled pursuant to Article 16 of Regulation (EEC) No 2052/88 as amended and the detailed provisions of Article 31 of Regulation (EEC) No 4253/88 as amended. Article 31 introduces fresh requirements which the report endeavours to satisfy. The greater attention to be paid to appraisal, monitoring and evaluation is reflected in a number of ways: both summary and detailed information is given here about the prior appraisal of assistance under the various Objectives, the initial results of the *ex post* evaluation of programming for 1989-93 given in the previous report is expanded on and more space is devoted to the assessment of the compatibility of structural assistance with the other Community policies. Assistance is described in greater detail to provide the annual breakdown by Member State required by Article 31 as amended. Where possible, these details cover all data, including both forecasts and the implementation of appropriations. Unlike 1993, when a large number of major projects received Community assistance and a summary of *ex post* evaluation could be included in the report for that year, no decisions on major projects were taken in 1994. There is therefore no section in this report dealing with major projects for productive investment. Thirdly, the Report not only mentions, as required by Article 31, the opinions of the European Parliament and the Committees which assist the Commission in the implementation of the Structural Funds, but devotes considerable attention to the whole dialogue on structural assistance which has grown up between the Commission and the other Community institutions. Like the previous report, this report goes beyond the legislative requirements to cover certain matters which the Commission considers important, such as the dialogue with the social partners both at Community level and with regard to the implementation of assistance in the Member States and the regions and the development of information and communication work concerning the Structural Funds.

### **Content of the report**

Chapter I deals with implementation of the new programming period for each of the Objectives and other forms of assistance, particularly the Community Initiatives. In each case, a general presentation covers the priorities selected and the way in which the revised regulations have been implemented and is followed by a country-by-country review summarizing the strategies adopted, the financial contributions and the work on implementation begun in 1994.

Chapter II looks at the budgetary implementation of the Structural Funds in 1994 in the light of the programming planned for 1994-99 and the efforts made by the Commission departments responsible for the Funds to monitor their correct utilization. The chapter also goes into greater detail than previously about coordination between the Structural Funds and the other Community financial instruments and includes a general overview of complementarity between the Structural Funds and the various Community policies.

Chapter III is devoted to the structural aspects of the enlargement of the Community to include three new Member States, looking at the structural policy aspects of the accession negotiations and describing the financial and legislative adjustments required by accession.

Chapter IV describes an aspect concerning the Structural Funds which is becoming increasingly important and which the Commission considers essential, the dialogue with the other institutions and the social partners and the promotion of information on the work of the Structural Funds.

Chapter V concludes the report by referring back to the previous report, describing the achievements of the 1989-93 programming period both in terms of the continuation and termination of the programmes in 1994 and the continuing *ex post* evaluation of each of the Objectives.

## **C. THE MAIN ELEMENTS OF THE REPORT**

### **Implementation of appropriations in 1994**

The rate of implementation of appropriations in 1994 is a function of the adoption of the new programmes. While in general this occurred rather late, over the Objectives as a whole 90% of the appropriations available were committed and 75% paid. Only the appropriations for the Community Initiatives were held up, mainly as a result of the delay in deciding on the breakdown of appropriations by Member State, which took place between July and December 1994 so that only 12% of the available appropriations were committed.

In total, of the ECU 21 322 million available in 1994 for the new programming period, ECU 19 245 million was committed. The breakdown by Objective was as follows: Objective 1 - ECU 12 776 million (66.4% of the total committed), Objective 2 - ECU 2 057 million (10.7% of the total committed), Objective 3 - ECU 1 789 million (9.3% of the total committed), Objective 4 - ECU 269 million (1.4% of the total committed), Objective 5(a) - ECU 1 227 million (6.6% of the total committed) and Objective 5(b) - ECU 609 million (3.2% of the total committed). Commitments for the other forms of assistance totalled ECU 472 million (4.2%), ECU 230 million for the Community Initiatives and ECU 242 million for innovative measures.

As regards the various Structural Funds, in 1994 commitments from the ERDF totalled ECU 9 737 million (50.5% of total commitments), those from the ESF ECU 5 781 million (30%), those from the EAGGF ECU 3 310 million (17.4%) and those from the FIFG ECU 145 million (2.1%).

### **Concentration**

Resources are more concentrated in this new programming period. Between 1984 and 1994 the share of the Community budget allocated to the Structural Funds (including the Cohesion Fund) rose from 12% to 30% and should reach about 35% by 1999. Objective 1 alone will account for almost 70% of total funding for the Structural Funds (73% if the Cohesion Fund is included). Appropriations from the Structural Funds and the Cohesion Fund going to the four Member States eligible for Cohesion Fund assistance will double in real terms between 1992 and 1999 and the other regions eligible under Objective 1 will also receive an increased share of resources, up from 19% at the beginning to just over 23% at the end of the period. Objective 2 is expected to receive ECU 15 000 million, or 11% of the total allocation to the Structural Funds for the period 1994-99. This means that over the period to 1999 almost 80% of the resources of the Structural Funds will be concentrated on regions whose development is lagging behind and areas undergoing industrial conversion.

Geographical concentration, on the other hand, is less marked than previously, with the percentage of the Community population covered by the Structural Funds rising from 43% in 1989-93 to 52%. However, it should be noted that decisions to increase the rate of cover had to be taken against a very difficult economic background and that half of this increase was the result of the inclusion of the new German Länder (of the extra 21.9 million people covered, 16.4 million, or 75%, live in the new Länder). The population covered by Objective 1 has risen from 70 million to 91 million, or from 21.7% to 26.65% of the population of the Community. The percentage covered by Objective 2 remains at 16.8% as it was between 1989 and 1993 although the number has risen from 54 million in 1990 to 58 million in 1994-96. The Objective 5(b) areas now contain 8% of the population of the Community (29 million people), as against 5% in 1989.

## **Programming**

The new rules provide for the submission of single programming documents (SPDs), which has enabled the arrangements for programming to be simplified. Taking the Objectives as a whole, programmes will be implemented through almost 170 SPDs as compared with only 14 CSFs. The six Member States wholly or in large part eligible under Objective 1 and receiving substantial amounts of funding opted for CSFs. In the cases of Objectives 2, 3 and 4 the reason for this choice was that a decentralized structure for implementation through regional operational programmes ensured greater effectiveness or was imposed by the institutional structure of the Member States.

In general, the preparation of programmes was done more effectively. New programmes were drawn up through partnership on the basis of plans put forward by the Member States. While adoption of these programmes by the Commission took a little longer than the six months provided for in the rules, the large volume of appropriations deployed and the very large number of programming documents (17 for Objective 1, 64 for Objective 2, 9 for Objective 3, 8 for Objective 4, 15 for Objective 5(a) fisheries and 73 for Objective 5(b)) meant that extra time was needed to meet the quality requirements set out in the new regulations, particularly those stipulating the precise quantification of objectives, prior appraisal of the expected impact, environmental information and compliance with the principle of additionality. It should also be noted that the attempt at greater precision in the priorities of the CSFs meant that for many, although not all, Objectives and Member States a large number of operational programmes could already be approved before the end of 1994. Although many SPDs for Objectives 2, 4 and 5(b) were not adopted until December 1994, the impact on the launch of operations should be mitigated by the fact that there is no need to prepare and approve operational programmes and by the provisions permitting retroactive expenditure (expenditure for 1994 declared to the Commission by 1 April 1995 is eligible).

## **Additionality**

The regulatory provisions designed to ensure compliance with the principle of additionality have been strengthened. All programming documents apart from those for Objective 2 in France, Italy and Luxembourg contain an initial prior appraisal of additionality and precise procedures to monitor the transparency of financial flows to the eligible regions. However, securing information on national public expenditure planned for the whole of the period has proved one of the most difficult problems to resolve in discussions with the Member States. While the results obtained represent an improvement on the previous period, the weak point of this initial assessment is still the very uncertain nature of the estimates put forward by the Member States. In the case of Objective 2, verification has been complicated by the large number of widely scattered areas and by the administrative organization of each such area, which has meant that in certain cases the Commission, when adopting the SPD, included a clause holding back payments until it received the financial information it required to make a prior appraisal of additionality. This information should be sent to the Commission as soon as possible and stringent monitoring of the public expenditure concerned in the Member States will be required. It also proved difficult to verify compliance with the principle of additionality in the Objective 5(b) areas, since their boundaries do not always correspond to those of administrative districts.

## **Partnership**

The principle of partnership in implementation of the Structural Funds applies at a number of levels. During preparation of the regional development plans there are intensive contacts between the Commission and the Member States which are of great help in improving the overall quality of the plans, particularly with regard to quantifying disparities in development. The aim of these discussions is two-fold: to secure information which is missing, for example more precise indicators of performance and impact, and to bring as closely

into line as possible the various priorities for assistance so as to give the Funds greater impact and take account of the Community dimension.

A number of Member States have remained reluctant to commit themselves to a full and open partnership with the regions, despite the experience and expertise secured during the previous programming period. The details of the process of partnership with the regions, whether through association or consultation, during preparation of the plans have varied from one Member State to another and the regional partners have contributed to preparation of the CSFs in only a few cases. On the other hand, Monitoring Committees at regional level are now an accepted fact whose advantages have been recognized by certain Member States for the first time. In any case, the greater effort being made at regional level to discuss, negotiate and agree programmes with the partners in eligible regions has been restricted mainly to the public and administrative authorities. This leaves scope for further improvements to partnership, since some Member States have resisted the Commission's efforts to include the social partners in the regional partnerships. The results secured vary widely from one Member State to another.

### **Assessment and monitoring**

Improved assessment and monitoring of assistance is one of the main requirements of the revised regulations since it will increase the effectiveness and efficiency of assistance and make the best use of resources, which is in the interests of all the partners. Considerable progress has been made in the prior appraisal of programmes. Plans and CSFs or SPDs are systematically appraised by the Commission with the help of independent external assessors. In the case of Objective 1, some progress has been made in the quantified analysis of development disparities and the documents contain an estimate of the expected macro-economic impact of assistance. Furthermore, in most cases, negotiations have resulted in the selection of indicators of results to provide a basis for monitoring and interim and *ex post* evaluation. The results for Objective 2 are less satisfactory. Most of the plans as originally submitted were deficient as regards the fixing and quantification of objectives and this was complicated by the geographical dispersion of the areas and the lack of standardized statistical data. However, in some cases, it proved possible to agree quantified indicators with the regional partners for inclusion in the programmes. In the cases of Objectives 3 and 4, work on appraisal enabled the programming process to be improved with both qualitative and quantitative goals set out in greater detail. A large number of the programmes under Objective 5(b) were subjected to prior appraisal, which demonstrated the need to increase the coherence of the goals of these programmes and, still more important, to improve the definition of indicators. Both these tasks will continue to require attention from the Monitoring Committees.

The Monitoring Committees themselves have a more important role to play and their work will be facilitated by more precise indicators and quantified objectives. Furthermore, within the limits laid down by the regulations and subject to the approval of the Commission and the Member State concerned, they may adjust the procedures for financial assistance where necessary. They have direct responsibility for compliance with Community legislation, particularly as far as public contracts and information and publicity are concerned. All assistance and programming documents contain standard clauses on these tasks.

As required by the regulations, *ex post* evaluation of the period 1989-93 was continued and stepped up in 1994. The results set out in this report are less tentative than in the previous report but some of the assessment work had not been completed when it was prepared. Work was delayed by the lack of data sent to the Commission, either because of delays in the submission of final reports or because some programmes were not completed until the end of 1994 and others continued until June 1995.

## Impact and complementarity of other policies

The effectiveness of assistance from the Structural Funds depends first and foremost on the instruments used and in this respect integration between the Funds has been improved. In the case of the ESF, there are closer links between measures for training and the development of human resources and the other priorities of the CSFs and SPDs. ESF measures are now very often integrated into development priorities which favour the modernization of industrial and service firms, conversion to advanced technology, the development of tourism and local and rural development. Objectives 1 and 5(b) demonstrate clear improvements in this regard while Objective 2 shows some improvement overall. Similarly, the ERDF will be providing greater assistance for investments in education and training facilities. There has also been greater coordination with the other Community financial instruments. This is particularly true of the Cohesion Fund, where substantial efforts have been made to improve coordination as regards both programming and the eligibility of projects. The lending instruments too, the EIB and the ECSC, have been more closely associated with the preparation of programming documents and continue to give priority to the development of the most disadvantaged regions (the EIB made loans totalling ECU 12 billion to the Objective 1 and 2 regions and the ECSC made loans totalling ECU 276 million).

The priorities selected for the new period concern mainly the quest for competitiveness and the fight against unemployment. A vast range of measures and programmes has been adopted to support employment and all assistance adopts a double approach of maintaining and extending the economic base of regions through assistance for investment (47% of appropriations under Objective 1 and 45% under Objective 2) and preventing unemployment through training and the retraining of those in employment (over ECU 42 000 million for all the Objectives: Objective 1 ECU 27 200 million, or 29% of the appropriations for that Objective; Objective 2 ECU 1 692 million, or 24%; Objectives 3 and 4 ECU 11 800 million; Objective 5(b) ECU 910 million, or 15%). Increasing competitiveness in regions and firms also involves the stimulation of small firms and of research and development, sectors which are receiving more help from all forms of assistance both in rural or industrial areas and in those whose development is lagging behind (small businesses receive 10% of the appropriations under Objective 1 and 17% of those under Objective 2; R&TD receives 4% of appropriations under Objective 1, 10% of those under Objective 2 and 1% of those under Objective 5(b)). Assistance from the Structural Funds also plays a full part in stimulating the growth which is the goal of the trans-European networks (to which between 5% and 8% of appropriations under the CSFs are allocated).

More checks have also been carried out to ensure that Structural Fund assistance complies with other Community obligations and policies. Following revision of the regulations, particular attention has been devoted to the protection of the environment and compliance with the rules governing public procurement and competition. The new programming documents contain precise stipulations on these three areas since experience has shown that a great deal still remains to be done to transpose Community directives into national law and to inform those responsible for their implementation at national and regional level. The protection and improvement of the environment will enjoy resources substantially greater than in the previous period (Objective 1 over ECU 8 000 million, or 9% of the appropriations for that Objective; Objective 2 almost ECU 400 million, or 6%; Objective 5(b) about ECU 735 million, or 12%) while the preventative approach was favoured right from the stage of plan preparation in the Member States.

**CHAPTER I**

**IMPLEMENTATION OF THE NEW PROGRAMMING PERIOD**

## A. THE CONTINUATION AND STRENGTHENING OF THE PRINCIPLES OF THE REFORM

The July 1993 revision of the regulations governing the Structural Funds confirmed and strengthened the basic principles of the 1988 reform while seeking to make Community structural assistance more effective. The most important innovations were:

- *the adaptation of the priority Objectives* of the Structural Funds to take account of current economic changes and the *fundamental revision of the ESF*, to define policy guidelines and adopt a strategic approach. This concerns principally the new Objectives 3 and 4 (people excluded from the labour market and the adjustment of workers to industrial changes and to changes in production systems). Objective 5 has also been revised to pay greater attention to protecting the rural environment and to respond to the need for restructuring in the *fisheries sector*. This was done by including appropriate new criteria for Objectives 2, 5(a) and 5(b);
- changes to the procedure for *drawing up lists of areas eligible under Objectives 2 and 5(b)*. The criteria for eligibility were expanded to reflect the growing complexity of the problems of regional conversion and development and the decision-making process gives greater weight to the partnership approach;
- *simplification of programming procedures*, thanks to the possibility of using single programming documents (SPDs). This means that both the priorities for Community assistance and the specific measures to which the Commission will give financial support may be approved in a single document;
- the broadening of *partnership*, specifically to include the economic and social partners, and its strengthening, with due regard to the institutional rules and practices of each Member State;
- more stringent *prior appraisal, monitoring and ex post evaluation* of structural measures. This includes for example the requirement to submit in future a more quantified analysis of development gaps and to give more details of the goals of the regional strategies. Special attention is devoted to measuring the impact on employment, indicating the priority given to the fight against unemployment;
- a more effective guarantee of compliance with the *principle of additionality*. The regulations clarify this principle and set out criteria for monitoring compliance (for all the areas eligible under an Objective, the Member State must maintain its public structural expenditure at least at the same level as during the previous programming period);
- greater attention to *respect for the environment*: the principle of "sustainable development" is introduced into implementation of Community structural policies and fully integrated into the programming process;
- *promotion of equal opportunities* for men and women, which becomes an aim common to all the Structural Funds;
- *greater involvement of the European Parliament* with implementation of the Community structural policies. This is reflected in the regulations and more especially in the code of conduct agreed between Parliament and the Commission.

## B. PROGRAMMING BY OBJECTIVE

On the basis of experience acquired during the previous period, the Commission followed certain criteria in drawing up programming documents: the new regulatory provisions, the quality and relevance of the proposed strategies and measures and the introduction of innovations. Overall, although the Commission's expectations were not fully met, the quality of the documents submitted by the Member States was considerably higher than during the previous period. This was partly the result of intensive preparatory work by the Commission and the Member States, whose plans the Commission systematically submitted to independent experts, principally to quantify development disparities. It should also be noted that, since the 1989-93 programming period was not yet completed, both the positive and negative lessons of that period could be taken into account only to a limited extent. *Ex post* evaluation studies of the results obtained may nevertheless prove of use to the Monitoring Committees throughout the period of implementation of the new programmes.

Table 1: Programming of the Structural Funds 1994-1996/99 (ECU million)

	OBJECTIVE 1 1994-99					OBJECTIVE 2 1994-96			OBJ. 3 & 4 1994-99		OBJECTIVE 5(a) 1994-99			OBJECTIVE 5(b) 1994-99				TOTAL
	ERDF	ESF	EAGGF	FIGG	Total	ERDF	ESF	Total	ESF	Total	EAGGF	FIGG	Total	ERDF	ESF	EAGGF	Total	
	Belgium	56,9	56,7	47,0	0,4	730,0	30,0	30,0	60,0	465,0	465,0	70,0	24,5	94,5	40,5	13,0	23,5	
Denmark	-	-	-	-	-	44,2	71,8	56,0	3010	3010	27,0	139,8	266,9	216	10,8	216	54,0	677,9
Germany	6 820,0	4 092,0	2 644,5	83,5	13 640,0	53,6	219,3	732,9	1942,0	1942,0	1068,0	74,5	1 142,5	474,3	230,8	521,9	1 227,0	16 684,4
Greece	9 489,5	2 560,5	1 800,0	30,0	13 980,0	-	-	-	-	-	-	-	-	-	-	-	-	13 980,0
Spain	5 944,2	6 047,0	3 319,8	995,0	26 300,0	870,1	260,0	1 100,1	1843,0	1843,0	326,0	19,6	445,6	160,9	88,7	41,5	664,1	30 382,8
France	1 04,9	525,5	431,4	38,2	2 890,0	1452,7	30,6	1763,3	3 203,0	3 203,0	1742,0	169,9	1931,9	938,2	292,8	1007,0	2 238,0	11 326,2
Ireland	2 562,0	1 953,0	1 058,0	47,0	5 620,0	-	-	-	-	-	-	-	-	-	-	-	-	5 620,0
Italy	8 860,0	2 739,0	2 228,0	233,0	14 880,0	542,3	117	684,0	175,0	175,0	680,0	134,4	814,4	369,1	122,2	409,7	901,0	16 974,4
Luxembourg	-	-	-	-	-	6,0	10	7,0	23,0	23,0	39,0	1,1	40,1	3,0	0,8	2,2	6,0	76,1
Netherlands	80,0	40,0	215	8,5	150,0	206,0	94,0	300,0	1079,0	1079,0	116,0	46,6	164,6	61,8	17,6	50,6	150,0	1 843,6
Portugal	8 723,9	3 148,7	1 894,2	21,2	13 980,0	-	-	-	-	-	-	-	-	-	-	-	-	13 980,0
United Kingd	1 332,0	747,2	245,9	34,9	2 360,0	1 806,9	535,2	2 342,1	3 377,0	3 377,0	361,0	88,7	449,7	532,6	133,7	160,7	87,0	9 145,8
<b>TOTAL</b>	<b>56 322,4</b>	<b>22 019,6</b>	<b>13 684,3</b>	<b>1 783,7</b>	<b>92 810,0</b>	<b>5 371,8</b>	<b>1 603,6</b>	<b>6 975,4</b>	<b>13 948,0</b>	<b>13 948,0</b>	<b>4 631,0</b>	<b>819,2</b>	<b>5 450,2</b>	<b>2 622,0</b>	<b>910,4</b>	<b>2 601,7</b>	<b>6 124,1</b>	<b>126 317,7</b>

### 1. Objective 1

#### 1.1. General presentation of the programmes

During the 1993 revision of the regulations, the list of regions eligible under Objective 1 was substantially amended: the new German Länder were included and some areas were reclassified and brought under the Objective. These comprise Hainaut in Belgium, Flevoland in the Netherlands, certain districts in northern France, Merseyside and the Highlands and Islands in the United Kingdom and Cantabria in Spain. This brings the percentage of the Community covered by Objective 1 to 45.5% of its area (as compared with 38% in the first period) and 26.6% of its population (21.7%).

The financial concentration of the Structural Funds on Objective 1 is being continued during the period 1994-99, since it will absorb 68% of appropriations under the Structural Funds and the four Member States eligible under the Cohesion Fund (Greece, Spain, Ireland and Portugal) will have the resources they receive from Structural Funds and the Cohesion Fund doubled between 1992 and 1999. The extent of this concentration is demonstrated by the financial allocation per person living in an Objective 1 region which, for 1994-99 as a whole, is 4.7 times greater than the figure for the Objective 5(b) areas and 9.1 times greater than that for the Objective 2 areas. The financial allocation per person also demonstrates concentration on those Member States which are eligible under the Cohesion Fund, where the figure is between ECU 1.130



and ECU 1.604 per person, as compared with an average of ECU 1.028 for the Objective 1 regions as a whole.

*Table 2: Per capita financial allocation - Objective 1, 1994-1999*

COUNTRY	Objective 1 population		Obj. 1 allocation	Allocation/head
	'000	% nat. pop.	ECU million 1994	Ecu 1994
Belgium	1.279	12,7%	730,0	571
Germany	15.960	19,7%	13.640,0	855
Greece	10.209	100,0%	13.980,0	1.369
Spain	23.269	59,4%	26.300,0	1.130
France	2.546	4,4%	2.190,0	860
Ireland	3.503	100,0%	5.620,0	1.604
Italy	21.134	36,4%	14.860,0	703
Netherlands	217	1,4%	150,0	691
Portugal	9.868	100,0%	13.980,0	1.417
United Kingd	3.310	5,7%	2.360,0	713
TOTAL EC	91.295	26,2%	93.810,0	1.028

*Assessment of the macro-economic aspect of assistance*

As it did for 1989-93, the Commission has undertaken an analysis of the input-output type designed to assess the economic impact of Community assistance under the new CSFs for 1994-99 on basic economic variables such as growth, employment and foreign trade. A further aim was to assess how these various factors affect development and structural change in the Objective 1 regions, apart from those in Belgium, France and the Netherlands. The lynch-pin of the analysis was a series of harmonized input-output tables for 1995 and projections for 1994-99 based on harmonized national accounts and the Commission's macro-economic forecasts compiled in 1993.

**Background to the evaluation** The indicative financing plans in the Objective 1 CSFs for the seven countries in question (Germany, Greece, Ireland, Italy, Portugal, Spain and the United Kingdom (Northern Ireland)) contain a total of ECU 208 700 million for the beneficiary regions. The total Community contribution amounts to ECU 89 600 million (42.9%) to be met from the Structural Funds and the Member States concerned will contribute ECU 49 300 million (23.6%) from the public sector and ECU 69 800 million (33.4%) from the private sector. The concentration of resources on Objective 1 is intended as a response to the need to increase the macro-economic impact of Community assistance in the four countries which are eligible for assistance from the Cohesion Fund. The impact of the contributions from the Structural Funds on the GNP of those countries over the period 1994-99 will be comparatively high: 3.2% for Portugal, 3.4% for Greece, 2.1% for Ireland and 2.2% for Spain (Objective 1). In the other Objective 1 regions, it amounts to 1.3% for the new German Länder and 1.1% for the Mezzogiorno and Northern Ireland.

**Table 3: Prior appraisal - CSF and GNP (1994-99. ECU million)**

	CSF	Structural Funds	CSF (% of GNP)	Structural Funds (% of GNP)
Portugal	26 678.0	13 980.0	6.1	3.2
Greece	29 721.0	13 980.0	7.1	3.4
Ireland	10 387.0	5 620.0	3.8	2.1
Spain (Obj. 1)	48 905.0	26 300.0	4.0	2.2
Italy (Obj. 1)	32 469.0	14 860.0	2.3	1.1
United Kingdom (Obj. 1)	2 657.0	1 233.0	2.4	1.1
Germany (Obj. 1)	57 906.0	13 640.0	5.5	1.3
<b>EUR 7 (Obj. 1)</b>	<b>208 723.0</b>	<b>89 613.0</b>	<b>4.2</b>	<b>1.8</b>

CSF and GNP expressed in 1994 prices

Since the CSF is intended to strengthen the productive structure of the regions concerned, this assistance might be expected to have a significant impact on both demand and supply. On the demand side, structural assistance has the direct effect of increasing regional income, as a result, for example, of investment requiring the construction of buildings or the purchase of capital goods. There are also indirect and induced short-term effects arising from the knock-on effects of increased final demand and the utilization of the extra resources made available in consequence. This mechanism may also have significant consequences for the economies of non-beneficiary regions through the high responsiveness of imports to the investment induced by Community assistance. Over the medium and long term the impact of this assistance on supply will be decisive in helping development catch up through the creation of new productive capacity, better skills for the labour force, the completion of a network of infrastructure which improves access to the more outlying regions and greater potential for research and innovation. These will bring about a lasting improvement in the economic performance of the region's productive apparatus and of the various sectors, both in terms of activity and of effectiveness and competitiveness. These effects will have far-reaching consequences for the development of these economies and will help improve real economic convergence, which is the ultimate aim of the Community's structural policy.

The quantitative assessment undertaken by the Commission has estimated the overall economic impacts of the CSFs on the basis of macro-economic variables which are comparable between countries and within which the specific effects of Community contributions can be identified. The categories of assistance in the CSFs have been converted into macro-economic variables such as gross fixed capital formation (construction, civil engineering, transport equipment, machinery, etc.) or primary inputs (salaries, transfers, subsidies, etc.). The main questions which this assessment sought to answer are: what share of the growth expected to take place in 1994-99 can be attributed to the CSFs in general and to the Community contributions in particular? How do the CSFs and the Community contributions influence the macro-economic variables and productive structure of the Objective 1 regions? More specifically, what proportion of the Community contributions is converted into final demand and into production in the beneficiary regions and to what extent is this reflected in increased imports? How can the impact of the assistance in the CSFs on employment be assessed? How many jobs depend on implementation of this assistance and, more particularly, on direct financial transfers from the Structural Funds?

***The results of the prior appraisal:*** It should be remembered that the analysis is based on the CSFs which have been approved and published and the rates of Community contribution negotiated in the CSFs. The results for growth, investment, structural change and external trade are estimates obtained by means of the input-output tables.

***Economic growth:*** The criteria for regarding the efforts the Community is making through its structural policies as successful include a rate of growth in the regions concerned above the Community average and a

redirection of their economic structures towards more innovative and competitive sectors. Of the regions or countries eligible under Objective 1, Ireland, Portugal and Spain should achieve a growth rate above the Community average, with a differential estimated at 1.9% for 1994-99. Estimates suggest that Community grants will have the biggest impact in Greece (25%), Portugal (17.2%) and Spain (Objective 1) (16.7%) while their effect will be smaller in southern Italy (12.5%), Ireland (9.8%) and still less in the new Länder (5%). Without these massive transfers from the Community, none of the Objective 1 regions except Ireland would achieve a growth rate above the Community average. If the CSFs were abolished and not replaced by any other source of finance, growth rates in these regions would fall by an average of 0.7%. Apart from Ireland, all the regions would slip back to a considerable extent and this would amount to a virtual recession in Greece.

*Table 4: Prior appraisal - CSF and economic growth 1994-99 (percentage)*

	Estimated growth with CSF	Estimated growth without Structural Funds contribution	Estimated growth without CSF	Contribution of Structural Funds to estimated growth
Portugal	2.9	2.4	1.9	17.2
Greece	2.0	1.5	0.9	25.0
Ireland	4.1	3.7	3.4	9.8
Spain (Obj. 1)	2.4	2.0	1.7	16.7
Italy (Obj. 1)	1.6	1.4	1.2	12.5
United Kingdom (Obj. 1)	2.0	1.8	1.6	10.0
Germany (Obj. 1)	2.0	1.9	1.4	5.0
EUR 7 (Obj.1)	2.2	1.9	1.5	13.6
EUR-12	1.9	-	-	-

Source: Jorg Beutel. The economic impacts of Community Support Frameworks for the Objective 1 regions 1994-1999. April 1995

**Investment:** Although the estimates obtained relate only to the demand-side effects which can be attributed to the CSFs, the shares in those effects taken by induced capital formation provide an indication of their contribution to the growth potential of the regions concerned. Over the period in question, production capacity will be related first and foremost to the increase in the capital stock, which in turn depends on the correct implementation of the investment projects planned. In all the regions, the estimated growth in investment highlights the importance of Community transfers in gross fixed capital formation, despite the critical nature of the situation in 1993. In fact, the investment induced by these transfers constitutes a relatively substantial proportion of total investment in Greece (11.9%), Portugal (8.3%) and Ireland (7.1%). In terms of national expenditure on investment, participation rates reach 27% in Greece, 17% in Portugal and 14% in Ireland. Because of their national contributions, southern Italy and the new Länder appear less dependent on Community finance.

*Table 5: Prior appraisal - CSF and gross fixed capital formation 1994-99 (percentage)*

	Estimated annual growth in GFCF with CSF	Proportion of GFCF dependent on CSF	Proportion of GFCF dependent on Structural Funds
Portugal	6.7	16.9	8.3
Greece	9.9	27.0	11.9
Ireland	9.9	14.4	7.1
Spain (Obj. 1)	5.1	12.5	6.4
Italy (Obj. 1)	3.6	10.9	4.7
United Kingdom (Obj. 1)	4.3	12.6	5.5
Germany (Obj. 1)	5.6	8.1	1.7
EUR 7 (Obj.1)	5.7	11.8	4.7

Source: Beutel (1995)

**Employment:** In view of the volume of resources deployed through the CSFs and the Structural Funds, implementation of the planned assistance ought to have a substantial impact on employment. It is estimated that in 1999 about 1.3 million jobs, about 4.4% of the labour force in the Objective 1 regions, will stem from implementation of the measures planned and 600 000 will be the direct result of the Structural Funds. The contribution to employment made by the CSFs should be seen not only in terms of jobs created but also in terms of the maintenance of jobs in regions which are often marked by very high levels of unemployment. These figures are, however, indicative and should be interpreted with the utmost care. Firstly, they relate to jobs created or maintained through the increase in final demand generated by assistance from the CSFs (estimates supplied show the number of jobs that could be lost if the transfers under the CSFs were reduced and no alternative source of finance found). Secondly, the figures are national, that is, they apply to the whole of Italy, Spain and the United Kingdom. The justification for this is that it is not just the Objective 1 regions which benefit from job creation - the benefits extend to a greater or lesser degree to the rest of the country (it is estimated, for example, that in the case of the Mezzogiorno at least 30% of the impact on employment is felt in non-Objective 1 regions). Finally, labour productivity and other supply-side factors should be taken into account to arrive at a more accurate assessment of the impact on employment and here estimates would be comparatively low given the marginal propensity to import of the beneficiary regions.

*Table 6: Prior appraisal - CSF and employment (thousand people)*

	Labour force in 1999	Labour force dependent on subsidies from the Structural Funds	% of the total labour force
Portugal	3 546	112	3.2
Greece	3 896	141	3.6
Ireland	1 134	23	2.1
Spain (Obj. 1)	6 917	139	2.0
Italy (Obj. 1)	6 765	78	1.2
United Kingdom (Obj. 1)	565	6	1.0
Germany (Obj. 1)	5 533	48	0.9
EUR 7 (Obj. 1)	28 356	547	1.9

Source: Beutel (1995)

**Structural change:** The selective nature of assistance under the CSFs stimulates changes in the productive structure of the regions whose development is lagging behind. Some industries will become "development poles" and the merchant services sector will receive an enormous boost from transfers under the CSFs. This is a gradual process. In terms of share of GNP, agriculture will decline while industry and merchant services will tend to increase. Normally, assistance under the CSFs, and in particular from the Structural Funds, has a

positive impact on the industrial base in as much as the assistance includes a high level of capital goods. In Greece and Portugal, 10.3% of activity in the building and construction sector will depend on Community subsidies in 1999, in Spain (Objective 1) 5.2%, in Ireland 9.2%, in Northern Ireland 3.6%, in southern Italy 4.4% and in the new Länder 2.2%.

*Table 7: Prior appraisal - CSF and structural change 1994-99 (ECU million)*

	GNP 1994	GNP 1999	Share of GNP in 1994 (%)	Share of GNP in 1999 (%)
<b>Agriculture</b>	37 543	33 404	5.2	4.2
<b>Energy</b>	40 852	43 630	5.7	5.5
<b>Industry</b>	136 716	151 630	19.1	19.0
<b>Building and construction</b>	65 002	76 872	9.1	9.6
<b>Private services</b>	294 237	342 391	41.0	42.8
<b>Public services</b>	142 526	152 217	19.9	19.0
<b>EUR 7 (Obj.1)</b>	<b>716 876</b>	<b>800 144</b>	<b>100.0</b>	<b>100.0</b>

Source: Beutel (1995)

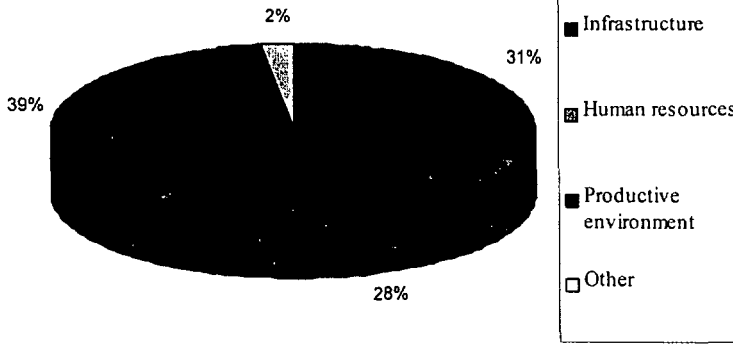
*Foreign trade:* The Objective 1 regions may be described as open economies, small in scale and with a comparatively narrow industrial base unable to produce at local level the bulk of the capital goods required to meet the priorities of the CSF, so that these have to be imported from the more industrialized regions of the Community or even from elsewhere. As a result, Community subsidies are converted only partially into production within the beneficiary regions themselves. Estimates suggest that production losses consequent on the increase in imports occasioned by the CSFs do not constitute an insurmountable problem. On average, 83% of Community contributions are converted into production within the Objective 1 regions. In the case of small economies, such as those of Greece, Portugal and Ireland, which have close connections with the rest of Europe, a large part of Community contributions may be expected to benefit the more developed regions directly. Estimates for Italy and Spain do not concern only the Objective 1 regions but apply to the country as a whole. In the case of Spain, only 7% of Community contributions will flow outside the country while in Germany, by contrast, the new Länder will have a high propensity to import throughout the period in question, so substantially worsening their trade balance. Overall, it is estimated that 16% of Community contributions will tend to flow from the Objective 1 regions to other Member States in the form of induced imports while the share going to non-member countries will amount to 9%.

*Table 8: Prior appraisal - Community contributions and imports in 1999 (percentage)*

	Induced increase in regional GNP	Induced imports from within the EU	Induced imports from non-member countries
Portugal	82.6	24.9	5.4
Greece	77.5	18.8	16.0
Ireland	89.1	23.8	5.7
Spain (Obj. 1)	89.3	6.6	6.2
Italy (Obj. 1)	89.9	6.4	7.7
United Kingdom (Obj. 1)	89.9	9.5	5.8
Germany (Obj. 1)	63.2	29.4	12.4
<b>EUR 7 (Obj. 1)</b>	<b>82.5</b>	<b>15.9</b>	<b>8.8</b>

Source: Beutel (1995)

### *The priorities selected for programming*



*Work on bringing basic infrastructure up to standard* in the areas of transport, energy, telecommunications and the environment will be pursued vigorously although this will account for a smaller share of the new CSFs than previously (31% as compared with 34%). This is because measures concerned with training and employment and those directly linked to productive activities (e.g. aid to investment) account for a larger proportion.

*The weight given to education and training* is substantial compared with 1989-93. This priority is included in all the CSFs and considerable resources are devoted to it (almost 29% of the total funding in the CSFs as compared with almost 28% during the previous period) although the contribution from the ESF to the CSFs as a whole has fallen slightly, from 27.5% to 23.5%. In some cases, the "human resources" section of the CSF is substantially larger than during the previous period (new Länder and Ireland) or than the proposals in the development plan (Spain). The ESF has become the specialist in this field by financing vocational training measures and aid for employment. The quality of training, greater competitiveness and increased employment opportunities have been stressed. In the least developed regions, attention has been concentrated on improving the quality of and access to training as well as on improving teaching and training systems. For example, the ESF is part-financing measures to develop the quality and content of curricula and the training of teachers and other staff. It is also supporting measures to establish links between training centres, institutes of higher education and firms as well as financing training organized in the public and higher education systems where such training has a clear link with the labour market, new technologies or economic development. The measures part-financed by the ESF account for 82% of the total effort in the field of human resources. For the rest, the ERDF will contribute to the investments required to improve educational facilities, particularly in the technical and vocational sectors, and will also contribute to basic education in some areas where there are still gaps. Particularly in Greece, Ireland and Northern Ireland, the Commission has tried to link training measures more closely with other development priorities in the CSFs, such as the modernization of industrial and service firms.

*Local and rural development* is also a major priority for assistance. Measures in this field, including Objective 5(a), account for over 16% of the Structural Funds taken as a whole, twice as much as during the previous period. The Commission has made considerable efforts to direct assistance for local development towards the promotion of initiatives by those on the spot and the supply of services to firms and it has tried to make its partners aware of the importance of covering new fields of action and developing new sources of employment (marketing of local products, development of tourist resources, support for the transfer of technology, promotion of craft industries, establishment of development agencies, urban renewal, locally based jobs). In the case of rural development, which should be based on local potential and meet the specific concerns of local inhabitants while respecting the special features and traditions of each area, the 1993 regulations have enabled the EAGGF Guidance Section to expand its activities into new fields, such as

improving the rural habitat and villages, a policy on the quality and promotion of products, support for applied research and financial engineering measures. The expansion of economic activity from rural areas to other sectors, whether or not connected with agriculture, is a pre-condition for the creation of new jobs and so for checking the flight from the land. The three Funds will contribute ECU 15 billion to rural development, of which 91% (ECU 13 600 million) will come from the EAGGF Guidance Section for measures the bulk of which come under Objective 5(a). On average, this corresponds to 16% of the total appropriations for Objective 1.

Some priorities for assistance increase the integration of assistance from the Structural Funds with other Community policies and priorities. This is particularly true of *environmental protection*, whose importance can be judged from the fact that all the CSFs include the protection and improvement of the environment as a priority and from the amounts of money devoted to it: over ECU 8 billion (9% of the appropriations for Objective 1) for 1994-99. This is also true of the contributions from the Structural Funds for the *trans-European networks* (between ECU 4.8 billion and ECU 7.7 billion for 1994-99) and *support for research and technological development* by firms (ECU 3.8 billion).<sup>1</sup> *The adjustment of fisheries structures* has been separated from assistance to agriculture and recognized as an independent area, to be dealt with through the FIGG.

Table 9: Objective 1 - breakdown by priority and country of the CSFs/SPDs 1994-99 (round figures, ECU million)

	B	D	GR	E	F	IRL	I	NL	P	UK	TOTAL	%
Infrastructure	138,0	1106,0	6408,0	10628,0	610,0	1109,0	4420,0	36,0	4146,0	671,0	29273,0	31,2%
Transport	34,0	0,0	4002,0	6100,0	262,0	888,0	1742,0	31,0	1872,0	314,0	15244,0	16,2%
Telecommunications	12,0	0,0	252,0	418,0	1,0	37,0	418,0	0,0	276,0	20,0	1435,0	1,5%
Energy	0,0	0,0	864,0	624,0	8,0	70,0	312,0	0,0	426,0	190,0	2495,0	2,7%
Environment and water	92,0	1106,0	624,0	3034,0	323,0	74,0	1867,0	5,0	1056,0	146,0	8326,0	8,9%
Health	0,0	0,0	666,0	452,0	15,0	39,0	81,0	0,0	516,0	0,0	1770,0	1,9%
Human resources	254,0	4261,0	3444,0	7462,0	595,0	2469,0	3184,0	40,0	4110,0	895,0	26713,0	28,5%
Education	21,0	0,0	1878,0	623,0	86,0	1007,0	0,0	28,0	1404,0	0,0	5048,0	5,4%
Training	139,0	3648,0	1236,0	5974,0	465,0	1094,0	2209,0	0,0	2334,0	791,0	17890,0	19,1%
Research and development	93,0	613,0	330,0	865,0	43,0	368,0	975,0	11,0	372,0	104,0	3775,0	4,0%
Productive environment	335,0	7973,0	3882,0	8023,0	748,0	1831,0	7168,0	56,0	4992,0	713,0	35721,0	38,1%
Industries and services	252,0	4748,0	1008,0	3019,0	215,0	559,0	3708,0	22,0	2226,0	331,0	16088,0	17,1%
Agriculture and rural development	50,0	3141,0	2040,0	3422,0	387,0	853,0	2341,0	22,0	1908,0	242,0	14406,0	15,4%
Fisheries	0,0	83,0	144,0	1033,0	47,0	64,0	257,0	8,0	240,0	37,0	1915,0	2,0%
Tourism	32,0	0,0	690,0	550,0	99,0	355,0	862,0	5,0	618,0	103,0	3313,0	3,5%
Other	4,0	300,0	246,0	187,0	238,0	211,0	88,0	18,0	732,0	82,0	2104,0	2,2%
<b>TOTAL</b>	<b>730,0</b>	<b>13640,0</b>	<b>13980,0</b>	<b>26300,0</b>	<b>2190,0</b>	<b>5620,0</b>	<b>14860,0</b>	<b>150,0</b>	<b>13980,0</b>	<b>2360,0</b>	<b>93810,0</b>	<b>100,0%</b>

### Implementation of the new regulatory provisions

**Simplification of programming procedures:** The traditional approach using CSFs has been retained for the six Member States entirely or largely covered by Objective 1 but the other 11 smaller regions receiving lower amounts of funding are being dealt with through SPDs. Where CSFs cover a number of eligible regions, a greater effort has been made to identify the impact on each region of multiregional measures. Furthermore, the number of instances of assistance (operational programmes and global grants) will be much smaller than during the previous period (160 as compared with 513).

<sup>1</sup> See Chapter II.D.

***Improved prior appraisal, monitoring and evaluation:*** Considerable progress has been made in analysing disparities and shortfalls in development (the "cohesion gaps") in the major areas of assistance. During the negotiations, these analyses provided a frame of reference for the main strategic choices. All the plans and CSFs were subjected to systematic appraisal by the Commission which, with the help of independent external assessors, looked at the plans from three points of view: their relevance to the proposed strategy, the consistency of the socio-economic analysis with the aims and allocation of appropriations, and the quantification of goals and impact expected. Accordingly, the documents, except for those concerning small areas, include an estimate of the macro-economic impact expected from the measures. Definite progress has been made in the quantification of objectives, which is generally fairly systematic as far as the physical impact of the measures to be part-financed is concerned but more limited when it comes to socio-economic impact (which is normally limited to the effect on employment). However, it should be noted that, in most cases, the negotiations have resulted in the identification, if not the quantification, of indicators of results which will provide a basis for the forthcoming work on monitoring and interim and *ex post* evaluation. The prior appraisal of measures concerning agriculture and rural development was subjected to a special assessment and incorporated in that for the CSFs. Work on Ireland, Northern Ireland, Portugal, Greece, Spain and the new Länder was carried out during 1993 and the final reports were received during 1994. Work will be completed during 1995. The task of identifying appropriate indicators was facilitated when in March 1994 the Commission made available to the Member States a data base on the statistical indicators to quantify regional disparities.

There is also provision to ensure the effective implementation and monitoring of assistance. Special efforts may be noted in the CSFs for Greece (improved procedures for public works and the administrative and management capacity for running the programmes) and Italy (improved monitoring system, training for national and regional civil servants responsible for monitoring). Each programming document also includes common provisions which define in detail the arrangements for monitoring and evaluation to be introduced at various stages of implementation. Particular care will have to be devoted to checking that this is actually done, since it is the only way of ensuring that the results achieved actually match up to those expected.

***An initial appraisal of compliance with additionality:*** Prior appraisal of additionality for Objective 1 was carried out during negotiation of the programming documents and, unlike in 1989, it was completed for all Member States by the time these documents were adopted. This initial appraisal was based on financial tables comparing the total development effort during the previous period with that planned for the new period, the precise arrangements for monitoring and a description of the administrative procedures which would guarantee the transparency of financial flows to the eligible regions. Securing this information was, however, one of the most difficult aspects of the discussions with the Member States, although the results obtained were better than in the previous period, when, despite repeated requests, the Commission did not receive the information required from certain Member States (France in the case of the overseas departments, Italy and the United Kingdom). In all the Member States except Germany, compliance with additionality meant an increase in eligible public expenditure measured at constant prices and net of all Community contributions between the two reference periods of 1989-93 and 1994-99. Germany benefited from the derogation from the rule in Article 9(2) of the Coordination Regulation laying down that annual expenditure must be maintained at least at the same level as in the previous programming period because of the unusual level of eligible public expenditure in the new Länder between 1991 and 1993. However, the quality of the estimates submitted by the Member States was uncertain. Some of those for 1994-99 appear vague because of the difficulties experienced by the Member States in making multiannual budget forecasts. Since the Member States are not required to achieve their forecasts, they need subsequently to be confirmed or gradually replaced by more accurate estimates. This will require rigorous monitoring of the public expenditure in question in accordance with the detailed arrangements in the programming documents.



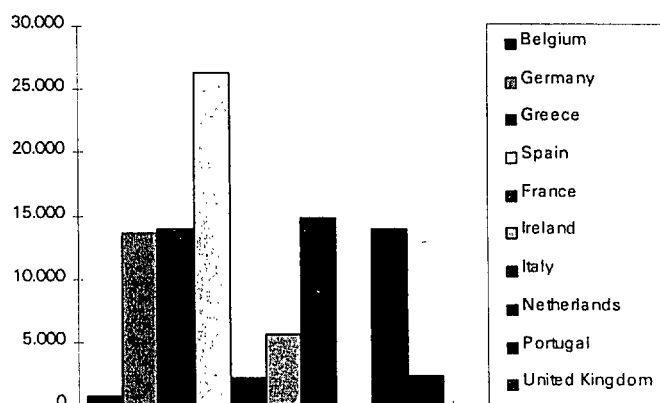
***A consolidated and enlarged partnership:*** Partnership at regional level saw consolidation of experience acquired in the past but a number of Member States remain reluctant to enter into a full and open partnership with the regions. During preparation of the development plans, arrangements for this partnership, whether through association or consultation, varied from one Member State to another, depending on their institutional structures. In Belgium, Greece, Spain, France, Italy and the Netherlands, the regional elements of the plans were prepared, to varying degrees, by the regions concerned, which made their views known when the regional priorities were integrated into the overall strategies of the plans. In Ireland, definition of the development strategy took account of the recommendations of the "*Sub-regional Review Committees*" and preparation of the development plan gave rise to wide-ranging consultations at national and sub-regional level. In Portugal, the regional strategic guidelines were defined on the basis of preparatory discussions, particularly with the governments of the autonomous regions of the Azores and Madeira, and with the economic and social partners at national level, and the development plan was discussed in the Economic and Social Committee and in Parliament. Sometimes, as in Germany and the United Kingdom, the regional partners played a larger part in preparation of the CSFs. The most concrete result is in the CSF for the new Länder, which for the first time contains provision for regional measures to be financed outside the framework of the federal regional policy. The existence of Monitoring Committees at regional level is now an accepted fact and these provide an excellent forum for a genuine three-way partnership. Even in those Member States where regionalization is least advanced, the pragmatic approach of these Committees continues to ensure the gradual participation of those active at regional, or even local, level in the monitoring of assistance.

There has been some progress, albeit hesitant, on the association of the economic and social partners but implementation of this new regulatory provision varies widely from one Member State to another. In some cases, the economic and social partners were asked to contribute to preparation of the programme (Ireland and the Netherlands) or were consulted on the content of the plans through working parties (Greece and France). In other cases, such as Spain and Portugal, they gave their opinions through the Economic and Social Council. However, their participation in Monitoring Committees remains the exception, although there is clear provision for it in the SPDs for Hainaut (Belgium) and Flevoland (Netherlands). Elsewhere, e.g. in Greece, Italy and Portugal, the principle is more or less clearly admitted but the details and nature of such participation have yet to be worked out.

## 1.2. Country-by-country survey

Table 10: Objective 1 - breakdown by Fund and by region of the CSFs/SPDs 1994-99

	FEDER	FSE	FEOGA	IFOP	Total		FEDER	FSE	FEOGA	IFOP	Total
Belgium	515,9	166,7	47,0	0,4	730,0	France	1.194,0	525,5	431,4	38,2	2.189,1
Hainaut	515,9	166,7	47,0	0,4	730,0	Corsica	147,4	31,0	64,0	7,5	249,9
Germany	6.820,0	4.092,0	2.644,5	83,5	13.640,0	Guadeloupe	159,8	104,3	74,5	6,2	344,8
Mecklenburg-Western Pomerania	824,0	383,4	622,0	0,0	1.829,4	French Guiana	92,2	35,8	27,4	9,5	164,9
Brandenburg	1.075,0	496,3	597,5	0,0	2.168,8	Martinique	166,3	89,0	67,0	7,5	329,8
Saxony	2.014,0	874,9	477,6	0,0	3.366,5	Réunion	320,2	183,0	149,0	7,5	659,7
Saxony-Anhalt	1.264,0	550,0	553,5	0,0	2.367,5	Avesnes-Douai-Valenciennes	308,1	82,4	49,5	0,0	440,0
Thuringia	1.127,0	489,7	386,3	0,0	2.003,0	Ireland	2.562,0	1.953,0	1.058,0	47,0	5.620,0
East Berlin	516,0	221,1	7,6	0,0	744,7	Italy	9.660,0	2.739,0	2.228,0	233,0	14.860,0
Multi-regional	0,0	1.076,6	0,0	83,5	1.160,1	Abruzzi	107,0	43,5	83,9	0,0	234,4
Greece	9.489,5	2.560,5	1.800,0	130,0	13.980,0	Basilicata	243,0	141,2	214,8	0,0	599,0
Spain	15.944,2	6.047,0	3.313,8	995,0	26.300,0	Calabria	456,0	174,3	241,0	0,0	871,3
Andalusia	1.692,0	325,5	403,7	0,0	2.421,2	Campania	890,0	328,4	323,5	0,0	1.541,9
Asturias	234,0	30,8	92,8	0,0	357,6	Molise	124,0	48,0	120,0	0,0	292,0
Canary Islands	390,0	182,9	86,7	0,0	659,6	Apulia	612,0	285,0	326,4	0,0	1.223,4
Cantabria	105,0	9,0	62,0	0,0	176,0	Sardinia	415,0	219,5	332,6	0,0	967,1
Castile-La-Mancha	416,0	35,1	314,7	0,0	765,8	Sicily	778,0	427,4	351,8	0,0	1.557,2
Castile-Leon	600,0	128,4	436,0	0,0	1.164,4	Multi-regional	6.035,0	1.071,7	234,0	233,0	7.573,7
Ceuta	20,0	0,0	0,0	0,0	20,0	Netherlands	80,0	40,0	21,5	8,5	150,0
Valencia	607,0	309,9	123,1	0,0	1.040,0	Flevoland	80,0	40,0	21,5	8,5	150,0
Extremadura	382,0	165,6	183,7	0,0	731,3	Portugal	8.723,9	3.148,7	1.894,2	213,2	13.980,0
Galicia	727,0	179,0	318,9	0,0	1.224,9	United Kingdom	1.331,8	747,2	245,9	34,9	2.359,8
Melilla	18,0	0,0	0,0	0,0	18,0	Highlands & Islands	180,0	55,2	56,0	19,8	311,0
Murcia	197,0	44,6	58,5	0,0	300,1	Merseyside	475,0	338,0	3,0	0,0	816,0
Multi-regional	10.556,2	4.636,3	1.233,8	995,0	17.421,3	Northern Ireland	676,8	354,0	186,9	15,1	1.232,8
						TOTAL	56.321,3	22.019,6	13.684,3	1.783,7	93.808,9
						Share by Fund (%)	60,0%	23,5%	14,6%	1,9%	100,0%

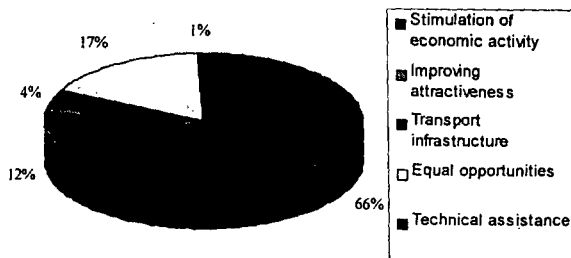


### Belgium

Hainaut, the only region of Belgium covered by Objective 1, is eligible for the first time. Its economic situation is difficult, as can be seen from its per capita GDP of 77% of the Community average in 1992, a growth rate running at only two thirds of the Community level and an unemployment rate of 13.2%, four points higher than the Community average. Its population is 1.3 million and it accounts for 12.4% of the territory of Belgium. The Walloon authorities opted for an SPD, which was approved by the Commission on 14 June 1994. It provides for Community grants totalling ECU 730 million between 1994 and 1999 towards a total cost of ECU 2 411 million.

ECU million

Priorities	Total	ERDF	ESF	EAGGF	FIGG
Stimulation of economic activity	480,1	388,9	45,5	45,3	0,4
Improving attractiveness	90,6	85,9	3,0	1,7	-
Transport infrastructure	30,9	30,9	-	-	-
Equal opportunities	124,6	7,6	117,0	-	-
Technical assistance	3,8	2,6	1,2	-	-
Total	730,0	515,9	166,7	47,0	0,4
%	100,0%	70,7%	22,8%	6,4%	0,1%



Following discussions with the Commission, the development strategy was adjusted to favour research and development at the expense of basic infrastructure. The stimulation of economic activity will require modernization of the economic fabric, promotion of the region's locally-generated development, improved capacity for research and development and an environment which will encourage firms to locate there. Since Hainaut still bears the marks of a past which concentrated heavily on industry, the main challenges are making the area more attractive, providing high-quality living conditions and preserving the environment. An employment policy deliberately seeking to promote the development of an economy which is both competitive and cohesive is essential (there are three priorities to secure this aim: the retraining of workers to cope with changes in production systems, the improvement of education and training systems and better employment opportunities).

This assistance is expected to increase growth by an annual rate of 0.5% more than the Community average, create at least 5 000 jobs, increase private investment by 4.8% and increase jobs in tourism by 5%. In the initial assessment of additionality, the Belgian authorities expressed their willingness to maintain the annual level of eligible expenditure at ECU 926 million, 12.7% more in real terms than during the period 1989-93.

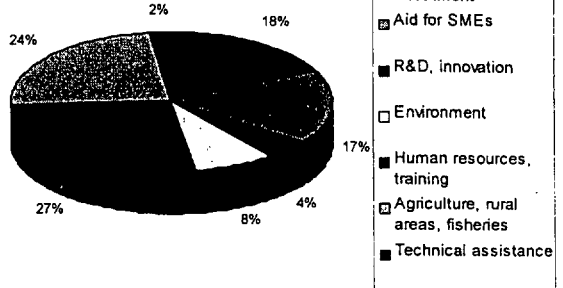
## Germany

Because of the process of conversion to a market economy, the new Länder are continuing to undergo substantial economic and social changes evidenced by restructuring measures. The high rate of unemployment (averaging 15.1% in July 1994) is the most obvious symptom of this process. The area eligible under Objective 1 of the Structural Funds accounts for 30% of the territory of Germany (108 218 sq. km.) and 20% of its population (16 million inhabitants). Following negotiations between the federal government, the Land governments and the Commission, the CSF was adopted by the Commission on 29 July 1994. It provides for appropriations from the Structural Funds totalling ECU 13 640 million (14.5% of the total for Objective 1) towards investment totalling ECU 58 billion.

The main aim of assistance from the Structural Funds is to rebuild the economies of the new Länder through rapid economic growth. This process can result in stable and lasting jobs only if it is based on competitive firms with high labour productivity. This will be achieved by improving the basic general conditions of the economy while gradually rebuilding the economy of eastern Germany and also paying due attention to the fragile environmental situation. The CSF provides for the creation and maintenance of 700 000 jobs.

ECU million

Priorities	Total	ERDF	ESF	EAGGF	FIFG
Productive investment	2.430,6	2.375,2	55,4	-	-
Aid for SMEs	2.317,9	2.064,7	253,2	-	-
R&D, innovation	613,1	485,0	128,1	-	-
Environment	1.105,7	805,7	300,0	-	-
Human resources, training	3.648,2	584,1	3.064,1	-	-
Agriculture, rural areas, fisheries	3.224,3	425,3	107,3	2.608,2	83,5
Technical assistance	300,2	80,0	183,9	36,3	-
<b>Total</b>	<b>13.640,0</b>	<b>6.820,0</b>	<b>4.092,0</b>	<b>2.644,5</b>	<b>83,5</b>
<b>%</b>	<b>100,0%</b>	<b>50,0%</b>	<b>30,0%</b>	<b>19,4%</b>	<b>0,6%</b>



During the period 1994-99, unlike the previous period when ERDF finance was provided exclusively through the "Joint programme on the improvement of regional economic structures",<sup>2</sup> some of the measures to be part-financed by the ERDF will receive finance outside the national objective. During the initial phase (1994-95) this will apply to eastern Berlin and Saxony (measures for research and development and the protection of the environment) and from 1995 or 1996 all the Länder will be able to commit ERDF appropriations outside the national objective provided that they comply with the goals of the CSF. The appropriations from the Structural Funds will be topped up by some ECU 10 billion from the budgets of the national government, the Länder and the municipalities and ECU 34 billion from the private sector.

**Productive investment and technological development at the service of economic conversion:**

The regional programmes in the new Länder will support primarily:

- productive investment and investment in business service infrastructure to stimulate in particular the establishment of firms or subsidiaries, the conversion of existing firms, facilities in industrial parks and the provision of premises and services for technology and innovation centres;
- research and technological development through investments in research departments and industrial laboratories and in consultancies and R&TD firms, through support for cooperation measures and the modernization of techniques of information and communication.

The Commission adopted the OPs to implement the CSF on 5 and 28 August and 6 September 1994. It should be noted that assistance from the Funds is grouped in integrated multifund programmes, each of which has a main thrust but also embraces the contributions of the other Funds. Hence, while the bulk of assistance in the economic development programme for each Land is provided by the ERDF, measures may be topped up by the ESF. Similarly, with the exception of eastern Berlin,<sup>3</sup> all rural development measures are concentrated in one multifund programme per Land so that synergy within the EAGGF (between measures under Objective 5(a) and regional measures) and between the Funds can make the best possible use of locally generated potential. Similarly, the programmes to develop the labour market are primarily the concern of the ESF but include ERDF measures to finance investment in training.

<sup>2</sup> "Gemeinschaftsaufgabe zur Verbesserung der regionalen Wirtschaftsstruktur."

<sup>3</sup> Where all assistance from the Structural Funds is brought together in a single integrated OP.

ECU million					
<i>Regional OPs:</i>	<i>Total cost</i>	<i>Structural Funds</i>	<i>Multiregional OPs:</i>	<i>Total cost</i>	<i>Structural Funds</i>
<b>Eastern Berlin</b>	2 667.6	743.1	Training for the labour force	2 360.5	1 076.7
<b>Brandenburg</b>			Fisheries	197.2	83.5
OP Economic development	6 141.4	964.8			
OP Labour market	881.1	471.9			
OP Rural development	2 417.8	729.9			
<b>Mecklenburg-Western Pomerania</b>					
OP Economic development	5 021.3	785.1			
OP Labour market	808.6	362.2			
OP Rural development	1 880.7	676.6			
<b>Saxony</b>					
OP Economic development	8 908.0	2 081.2			
OP Labour market	948.2	659.8			
OP Rural development	1 679.4	621.5			
<b>Saxony-Anhalt</b>					
OP Economic development	9 488.6	1 190.8			
OP Labour market	974.2	590.6			
OP Rural development	2 058.9	583.5			
<b>Thuringia</b>					
OP Economic development	8 240.4	1 021.8			
OP Labour market	778.5	457.9			
OP Rural development	2 432.9	521.0			
<b>TOTAL Structural Funds</b>			<b>13 621.9</b>		

Implementation of the CSF and the OPs is coordinated and supervised by a trans-regional Monitoring Committee whose horizontal work is prepared by meetings with the economic and social partners. For each Land, the Monitoring Committee establishes a sub-committee which, within the limits of its responsibilities, deals with implementation of Structural Fund assistance at Land level. The constitutive meeting of the trans-regional Monitoring Committee was held in Dresden on 10 November 1994.

## Greece

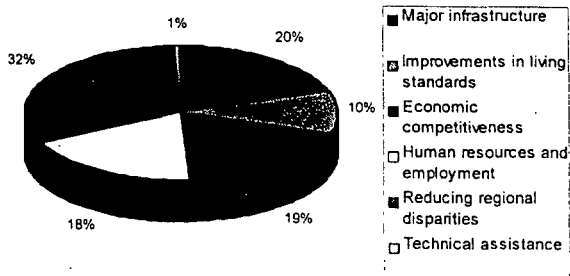
The Commission adopted the CSF for Greece for the period 1994-99 on 13 July 1994. Under it, the Community will contribute ECU 13 980 million (14.9% of the total for Objective 1) towards investment totalling ECU 29 700 million. This new CSF is based on experience acquired from the previous one, which showed that increasing the number of measures does not always generate a corresponding improvement in quality (absorption of a large volume of funding does not guarantee high-quality results) and that mechanisms for implementation are an essential pre-condition for application of the strategies followed. To this end, the CSF includes support for the establishment of mechanisms for implementation in the public sector, such as specific agencies for the implementation of major projects and an agreement on the reform of the public works system in Greece.

The CSF sets out an ambitious strategy for development. Discussions between the Commission and the Greek authorities resulted in this being redirected towards measures to stimulate economic development: substitution of the private sector for the public sector, greater resources for research and development, industrial policy, major projects and telecommunications. This strategy is based on:

- the deployment of private capital for investment in major transport and energy infrastructure projects (particularly those forming part of the trans-European networks);
- the redefinition of industrial strategy to reverse the trend of under-investment in this sector. The new and very ambitious industrial strategy acknowledges that international competitiveness and the organization

- of the sector along these lines are the best ways of creating and maintaining jobs which will be permanent over the long term;
- the development of human resources, particularly in education and basic training, through the introduction of mechanisms to improve the quality of training and education measures and the continuation of an active policy to promote employment;
  - a more ambitious policy on the environment and health to improve the general quality of life;
  - greater decentralization of responsibilities for programming and implementation in order to develop the regions' locally generated potential.

Priorities	ECU million				
	Total	ERDF	ESF	EAGGF	FIFG
Major infrastructure	2.737,1	2.699,5	37,6	-	-
Improvements in living standards	1.456,8	1.436,8	20,0	-	-
Economic competitiveness	2.684,3	1.210,2	75,1	1.269,0	130,0
Human resources and employment	2.556,3	377,0	2.179,3	-	-
Reducing regional disparities	4.474,4	3.707,4	236,0	531,0	-
Technical assistance	71,1	58,6	12,5	-	-
<b>Total</b>	<b>13.980,0</b>	<b>9.489,5</b>	<b>2.560,5</b>	<b>1.800,0</b>	<b>130,0</b>
%	100,0%	67,9%	18,3%	12,9%	0,9%



Overall, 49.4% of resources will go to basic infrastructure, 21.1% to human resources and 29% to infrastructure for the development of productive investment. The agricultural aspect of the CSF concentrates on improved competitiveness, the modernization of agricultural structures and rural development. The main innovations of the CSF include, first and foremost, the commitment by the Greek authorities to seek private sector partners for motorway works, followed by the application of a new industrial policy (encouragement of foreign investment and assistance for firms operating on an international scale) and the introduction of a system for the certification of training establishments and instructors and an increase in the resources devoted to education (particularly secondary technical and vocational education).

Transfers occasioned by the CSF should average 2.7% of GDP. It should therefore have a substantial impact on the Greek economy since current estimates suggest that the CSF will generate additional growth in GDP of at least 1% per year, of which about 0.5% would be the result of the Structural Funds alone. This means that, thanks to the Funds, at the end of the period Greek GDP will be 3% higher than it would have been without these transfers. The Structural Funds will also provide about 10.5% of gross fixed-capital formation over the period. It is estimated that the CSF will maintain or create at least 55 000 jobs in the private sector. Because of the large number of workers in the self-employed sector in Greece, where it is difficult to measure growth, this figure could exceed 120 000 jobs. As for additionality, the Greek authorities have undertaken to maintain eligible public expenditure at an annual level of ECU 5 314 million, an increase in real terms of 4.6% over 1989-93.

#### **Regional and sectoral assistance in Greece:**

*The programme for Crete* (total cost: ECU 435.3 million; ERDF contribution: ECU 256.7 million; ESF: ECU 15 million; EAGGF Guidance-Section: ECU 40.6 million). The main measures are assistance for research and for the use of results in the productive sector, improving the economic and social infrastructure, development of the cultural and natural heritage, improving the quality of life and urban development and rural and local development and the development of human resources.

*The "protection of the environment" programme* (total cost: ECU 514.7 million; ERDF contribution: ECU 376.7 million). This involves the establishment of monitoring systems in conjunction with the European Environment Agency, the development of environmental monitoring systems for agriculture and industry (particularly public works), support for measures to ensure compliance with Community directives (particularly those on waste water, toxic waste, water quality, etc.) and support for the improvement of national regional development instruments, town planning and forestry and environmental protection (including a national land register study).

Of the 31 OPs covered by the CSF, 28 were approved in 1994; those on Technical Assistance, Tourism and Culture and Communications have still to be adopted.

ECU million					
<i>Regional OPs:</i>	<i>Total cost</i>	<i>Structural Funds</i>	<i>Multiregional OPs:</i>	<i>Total cost</i>	<i>Structural Funds</i>
Attica	938.4	685.7	Research & technology	579.0	316.2
Peloponnese	440.2	286.0	Railways	490.1	294.1
Western Greece	501.6	301.5	Health and prevention	339.0	226.4
Continental Greece	623.0	371.8	Roads-Ports-Airports	3 182.4	1 327.4
Thessaly	560.9	375.8	Fisheries - Aquaculture	311.7	150.0
Epirus	346.9	236.5	Industry and services	2 808.9	720.0
Crete	435.3	312.3	Energy	946.3	352.1
Northern Aegean	327.9	210.2	Urban development	1 566.0	783.0
Southern Aegean	380.0	224.1	(underground railway)		
Ionian Islands	228.1	170.7	Natural gas	825.4	354.6
Macedonia-Thrace	689.0	494.3	Environment	514.7	376.7
Western Macedonia	308.1	219.4	Continuing training	1 283.0	756.0
Central Macedonia	816.9	588.5	Social exclusion	328.0	246.0
			Education and basic training	1 847.6	1 385.7
			Modernization of the civil service	305.4	168.6
			Agriculture	2 769.6	1 234.0
<b>TOTAL Structural Funds</b>			<b>13 167.6</b>		

## Spain

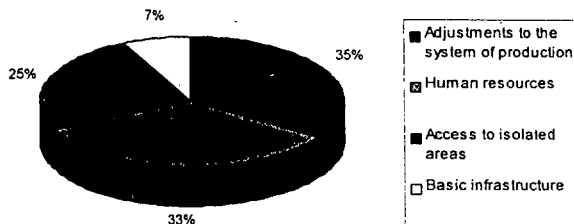
The CSF for Spain for 1994-99 was approved by the Commission on 29 June 1994 and includes ECU 26 300 million in Community appropriations (28% of the resources allocated to Objective 1) towards total investment of ECU 48 900 million. The Autonomous Community of Cantabria is included for the first time on account of its low per capita GDP. Because of the institutional structure of Spain, the CSF comprises a multiregional sub-CSF (to be implemented at national level) and twelve regional sub-CSFs, to be implemented by the Autonomous Communities concerned.

In general, the CSF builds on experience gained during implementation of the previous CSF. During discussions between the Commission and Spain, development options were directed towards giving priority to expanding productive activities (industry, small businesses, services, research) and a clearer regional breakdown of expenditure. However, the unwillingness of the Spanish authorities to adopt an approach which integrates the three Structural Funds (multifund programmes) is to be regretted. The main features of the strategy followed by the CSF are:

- pride of place to the improvement and adjustment of the productive system. Particular stress is laid on research and development and the adjustment of the industrial fabric, areas which are vital for the future and where Spain is lagging behind. Appropriations for agriculture and rural development come mainly from Objective 5(a) (ECU 1 220 million) and measures for rural infrastructure, the environment and forestry and the diversification and development of agricultural products (ECU 1 865 million). Fisheries will receive ECU 995 million through the FIG, mainly for adjustment of the fishing effort and modernization and renewal of the fleet;
- considerable attention is also paid to improving skills and raising living conditions. In liaison with the development and improvement of the structure of production, these are essential to the fight against unemployment;

- the share of assistance allocated to improving access has been considerably reduced in the light of the substantial improvements achieved during the previous period and the priority given to this aspect in the CSF for 1989-93;
- in view of continuing, although less urgent, needs, expenditure on basic infrastructure (water and energy) will continue at the same level as in the previous period in relative terms (although it will double in absolute terms).

Priorities	ECU million				
	Total	ERDF	ESF	EAGGF	FIFG
Adjustments to the system of production	9.075,4	4 340,4	426,2	3 313,8	995,0
Human resources	8.779,8	3 159,0	5.620,8	-	-
Access to isolated areas	6.517,6	6 517,6	-	-	-
Basic infrastructure	1.927,2	1.927,2	-	-	-
<b>Total</b>	<b>26.300,0</b>	<b>15.944,2</b>	<b>6.047,0</b>	<b>3.313,8</b>	<b>995,0</b>
%	100,0%	60,6%	23,0%	12,6%	3,8%



Compared with the previous CSF, the main innovations include, as regards evaluation, the definition of more than 90 technical and economic indicators for monitoring the various items of assistance under the CSF (which are the fruit of intensive work by the Commission and the Spanish authorities), the introduction of single Monitoring Committees to cover all operations in an individual area and the adjustment of part-financing rates to take account of the economic situation of the region in question.

The initial estimate in the CSF suggests that Community assistance should generate extra growth in GDP of 0.4% per year (0.7% if national matching funds are included) and that GDP in the eligible regions of Spain should be 2.5% higher than it would have been without Community assistance. It is expected that 210 000 jobs per year will be created or maintained.

**Providing Andalusia with modern communications infrastructure:**

The integration and territorial organisation of Andalusia is the priority of the operational programme for that region (total cost: ECU 2 496 million; ERDF contribution: ECU 1 538 million). The measures include:

- *road infrastructure*, to link the region with the national and European network and improve internal connections (construction of the "Mediterraneo" and "Ruta de la Plata" motorways, upgrading of five main roads, improved access to Huelva, Córdoba, Algeciras and Puerto de Santa María);
- *rail infrastructure*: modernization of rail infrastructure (communications and signalling equipment and electrification), renovation or construction of stations, improved urban transport networks in Seville, Cádiz and Málaga);
- *ports*: maintenance and construction of infrastructure for fisheries and water sports, dredging at Algeciras, Tarifa, Bahía de Cádiz, Huelva
- *airports*: investments in terminals and infrastructure - mainly runways (Seville, Málaga and Jerez);
- *telecommunications infrastructure*: dissemination of advanced telecommunications services and technologies (digitalization of lines, fibre optics, mechanization of the postal services).

The bulk of assistance under the CSF (OPs and global grants) was approved at the end of 1994.



ECU million

<i>Regional OPs:</i>	<i>Total cost</i>	<i>Structural Funds</i>	<i>Multiregional OPs:</i>	<i>Total cost</i>	<i>Structural Funds</i>
Andalusia (1)	6 567.6	2 983.9	Regional assistance	3 125.9	387.0
Asturias (1)	1 672.3	809.2	Scientific infrastructure	479.4	342.2
Canary Islands (1)	1 549.0	694.7	Local	812.5	580.6
Cantabria regional (2)	158.6	105.0	Local environment	828.6	580.6
Cantabria multiregional (3)	647.3	343.0	Competitiveness GG	300.8	210.6
Castile-León (1)	5 209.8	1 612.6	Industrial technology GG	482.5	150.2
Castile-La Mancha (1)	2 454.8	936.6	Fisheries	2 158.0	995.0
Extremadura (1)	2 091.6	1 011.9	Ministries	52.9	39.7
Galicia (1)	3 196.2	1 544.5	Autonomous bodies	416.6	312.4
Murcia (1)	954.0	487.3	INEM	3 426.3	2 569.7
Valencia (1)	4 379.0	1 207.9	Ministries of Education and science	1 935.8	1 451.8
Ceuta (2)	70.9	47.4	FORCEM	350.0	262.5
Melilla (2)	82.4	42.1			
Doñana Phase 2 (2)	225.5	146.6			
Murcia global grant (4)	562.3	79.2			
<b>TOTAL Structural Funds</b>			<b>19 934.2</b>		

(1) Three monofund OPs (ERDF, ESF, EAGGF)

(2) One ERDF OP

(3) Two monofund OPs (ERDF, EAGGF)

(4) ERDF global grant

## France

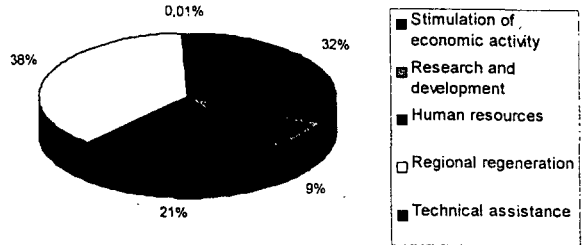
The French regions eligible under Objective 1 are those eligible in the previous period (Corsica, Guadeloupe, French Guiana, Martinique and Réunion) plus for the first time, on account of their low GDP, the districts of Avesnes-Douai-Valenciennes in Nord/Pas-de-Calais. This brings the total area covered to 16.8% of that of France and the population to 2.46 million people (4.3% of the total). Programming and implementation of assistance from the Structural Funds is in all cases by means of an SPD, all of which were approved by the Commission on 29 July 1994. In France, the Community will contribute a total of almost ECU 2 190 million to programmes costing a total of ECU 6 235 million (ECU 679.4 million in Corsica, ECU 794.2 million Guadeloupe, ECU 304.4 million in French Guiana, ECU 622.5 million in Martinique, ECU 1 267 million in Réunion and ECU 2 567 million in Nord/Pas-de Calais.

Overall, the main priorities decided through the partnership are: support for and revival of economic activity through direct assistance to industrial firms and tourism (about 30% of total assistance from the Structural Funds and 25%-30% of that from the ERDF); protection and improvement of the environment, principally through the development of resources of tourist interest (20% of ERDF assistance in Corsica and the overseas departments); measures in urban areas, particularly those with problems (Nord/Pas-de-Calais); continuing construction of major infrastructure projects to improve access from outside (overseas departments) and internal road networks (development of public transport in urban areas of Réunion and Martinique); expansion of research and development to make firms more competitive; improved vocational and technological training, including facilities for vocational training centres; development of rural areas and support for agriculture, mainly through Objective 5(a) measures and measures to diversify and exploit production.

**Avesnes-Douai-Valenciennes**

ECU million

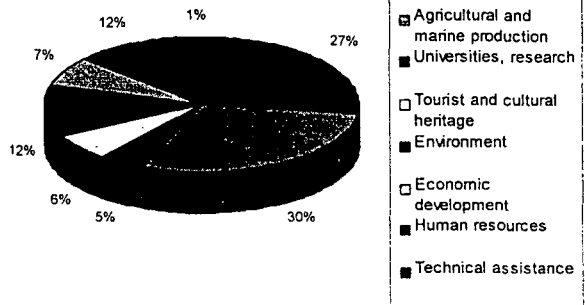
Priorities	Total	ERDF	ESF	EAGGF
Stimulation of economic activity	141,8	100,8	22,3	18,7
Research and development	38,6	34,1	4,5	-
Human resources	92,5	43,9	48,6	-
Regional regeneration	165,1	128,4	6,1	30,6
Technical assistance	2,0	0,9	0,9	0,2
<b>Total</b>	<b>440,0</b>	<b>308,1</b>	<b>82,4</b>	<b>49,5</b>
%	100,0%	70,0%	18,7%	11,3%



**Corsica**

ECU million

Priorities	Total	ERDF	ESF	EAGGF	FIG
Reducing isolation	67,9	67,9	-	-	-
Agricultural and marine production	72,4	1,5	-	63,4	7,5
Universities, research	12,5	12,5	-	-	-
Tourist and cultural heritage	15,0	15,0	-	-	-
Environment	30,7	30,7	-	-	-
Economic development	18,3	18,3	-	-	-
Human resources	31,0	0,6	30,4	-	-
Technical assistance	2,1	0,9	0,6	0,6	-
<b>Total</b>	<b>249,9</b>	<b>147,4</b>	<b>31,0</b>	<b>64,0</b>	<b>7,5</b>
%	100,0%	59,0%	12,4%	25,6%	3,0%



**Overseas departments:**

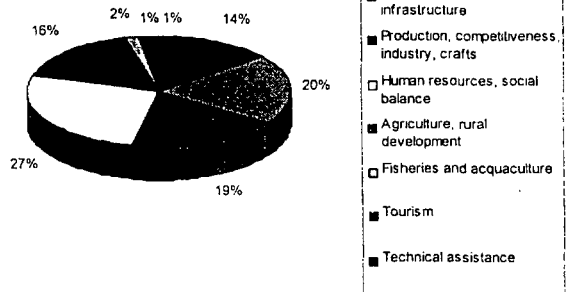
ECU million

Priorities	1	2	3	4	Total
Access, spatial balance	78,4	33,0	44,2	59,0	214,6
Environment and infrastructure	39,6	37,3	50,5	178,5	305,9
Production, competitiveness, industry, crafts	149,2	19,8	30,7	80,0	279,7
Human resources, social balance	71,9	35,8	104,6	182,0	394,3
Agriculture, rural development	-	27,4	67,0	148,3	242,7
Fisheries and aquaculture	-	9,5	7,5	7,5	24,5
Tourism	-	0,7	20,4	-	21,1
Technical assistance	5,7	1,4	4,9	4,4	16,4
<b>Total</b>	<b>344,8</b>	<b>164,9</b>	<b>329,8</b>	<b>659,7</b>	<b>1.499,1</b>

1. Guadeloupe
2. French Guiana
3. Martinique
4. Réunion

ECU million

Priorities	Total	ERDF	ESF	EAGGF	FIG
Access, spatial balance	214,6	202,7	1,8	10,1	-
Environment and infrastructure	305,9	291,1	-	14,8	-
Production, competitiveness, industry, crafts	279,7	178,6	46,3	48,7	6,1
Human resources, social balance	394,3	35,1	359,2	-	-
Agriculture, rural development	242,7	-	-	242,7	-
Fisheries and aquaculture	24,5	-	-	-	24,5
Tourism	21,1	21,1	-	-	-
Technical assistance	16,4	9,8	4,8	1,7	0,1
<b>Total</b>	<b>1.499,2</b>	<b>738,4</b>	<b>412,1</b>	<b>318,0</b>	<b>30,7</b>
%	100,0%	49,3%	27,5%	21,2%	2,0%

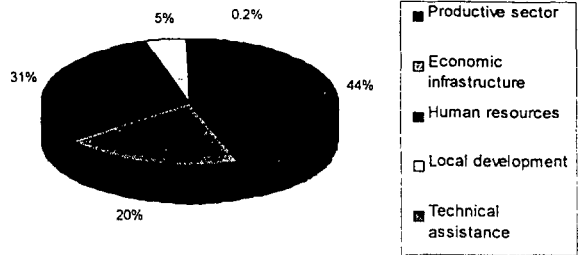


The goals of these programmes include the creation of 22 000 jobs in the Avesnes-Douai-Valenciennes area and 5 000 in Corsica, a 2.7% increase in GDP in Corsica and larger numbers of tourists in French Guiana. The SPD for Nord/Pas-de-Calais should account for 2% of GDP and 12% of gross fixed capital formation.

## Ireland

The CSF for Ireland was approved by the Commission on 13 July 1994. Under it, the Community will contribute ECU 5 620 million for the period 1994-99 (5.9% of the total for Objective 1) towards total costs of ECU 10 400 million. Most of the priorities and measures in the CSF represent the continuation and extension of the first CSF. They are of five types: development of the productive sector to increase overall productive capacity and support key sectors with high growth potential; support for economic infrastructure to raise competitiveness; the development of human resources to improve the knowledge and skills of workers in line with the needs of the economy and to integrate these who are marginalized and disadvantaged; local urban and rural development to expand the potential of local initiatives and support for agriculture and forestry to develop rural areas. During discussions between the Commission and the Irish authorities certain changes of emphasis were introduced: the share of job-creating activities was increased, more appropriations were allocated to locally generated industrial development (local development, tourism and fisheries) and there was a rebalancing to favour training and basic education rather than continuing training.

Priorities	ECU million				
	Total	ERDF	ESF	EAGGF	FIG
Productive sector	2 508,0	1 099,0	324,0	1 038,0	47,0
Economic infrastructure	1 113,0	1 113,0	-	-	-
Human resources	1 732,0	160,0	1 572,0	-	-
Local development	257,0	180,0	57,0	20,0	-
Technical assistance	10,0	10,0	-	-	-
<b>Total</b>	<b>5 620,0</b>	<b>2 562,0</b>	<b>1 953,0</b>	<b>1 058,0</b>	<b>47,0</b>
%	100,0%	45,6%	34,8%	18,8%	0,8%



Compared with the previous period, this CSF also includes a number of important innovations. In the industrial sector, considerable efforts will be made to develop the food sector through integrated support from the three Funds. Assistance to the main railway network will be stepped up considerably and assistance to urban transport will be provided for the first time through assistance to Dublin. Other new measures include steps to make the energy network more effective and to develop renewable and alternative sources of energy. With regard to human resources, innovative measures will be taken to prevent early school-leaving, to improve the management of small firms and to promote equal opportunities, on-the-job training, the training and employment of high-level research workers in industry and the effective reintegration of the long-term unemployed. A large-scale operational programme is planned for the local development of urban and rural areas covering firms, employment and urban renewal. Assistance to local firms and employment, which was limited in the first CSF, has now been upgraded to the status of a major programme.

**Developing infrastructure for energy and communications:**

This new priority in the CSF has finance totalling ECU 315 million, of which ECU 108 million will come from the ERDF.

**Energy** (total cost: ECU 234 million): assistance from the ERDF will concentrate on activities which are not immediately profitable but which have substantial macro-economic benefits, such as construction of a peat-fired power station, energy saving measures, energy networks in rural areas and a combined heat and power (CHP) network.

**Posts and telecommunications** (total cost: ECU 81 million): the ERDF will support the building of three new post offices and the installation of automatic sorting systems in the least populated areas and investments in telecommunications switches, fibre optic cables and mobile phones.

During 1994 the following operational programmes were approved:

OP	ECU million	
	Total cost	Structural Funds
Industry	2 843.7	1 028.9
Agriculture, rural development	1 767.0	914.8
Tourism	805.9	456.2
Transport	1 406.2	888.0
Economic infrastructure	319.6	108.0
Environmental services	125.6	78.0
Human resources	3 932.6	1 732.0
Local development	420.1	257.0
Fisheries	177.0	78.0
<b>TOTAL Structural Funds 5 540.9</b>		

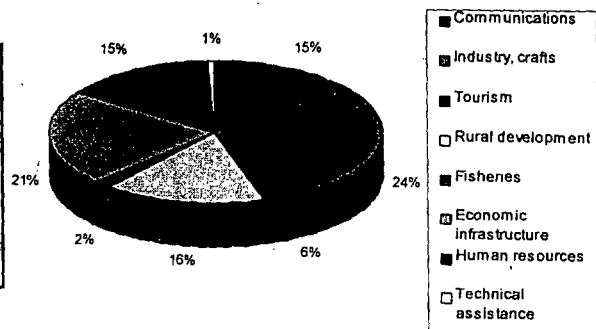
## Italy

The Commission adopted the CSF for the Objective 1 regions of Italy<sup>4</sup> on 29 July 1994. The Community will provide grants worth ECU 14 860 million (15.8% of the total for Objective 1) towards expenditure totalling ECU 32 440 million. Of the assistance from the Structural Funds, 49% will go to regional programmes and 51% to centrally managed multiregional programmes.

The strategy for assistance seeks to expand and strengthen the productive base and improve basic infrastructure, the shortcomings of which in the Mezzogiorno constitute major handicaps for firms. The strategic objectives are therefore firstly to develop productive activity and productivity and improve the economic climate, particularly with regard to infrastructure, and then follow a policy on employment and human resources designed to maintain and expand employment and finally improve living conditions for the population.

<sup>4</sup> Abruzzi is eligible for 1994-96 only.

Priorities	ECU million				
	Total	ERDF	ESF	EAGGF	FIFG
Communications	2.159,6	2.159,6	-	-	-
Industry, crafts	3.707,5	3.557,2	150,3	-	-
Tourism	962,1	774,6	87,5	-	-
Rural development	2.340,7	55,0	57,7	2.228,0	-
Fisheries	257,4	-	24,4	-	233,0
Economic infrastructure	3.235,9	2.992,5	243,4	-	-
Human resources	2.209,1	61,4	2.147,7	-	-
Technical assistance	87,7	59,7	28,0	-	-
<b>Total</b>	<b>14.860,0</b>	<b>9.660,0</b>	<b>2.739,0</b>	<b>2.228,0</b>	<b>233,0</b>
%	100,0%	65,0%	18,4%	15,0%	1,6%



ERDF assistance for productive activity and research accounts for about 47% of total assistance. Assistance to infrastructure includes communications (22% for roads, motorways, railways and telecommunications), water resources (12%), the environment (7%), development of the natural and artistic heritage (6%) and energy (3%). The EAGGF will provide ECU 2 228 million to develop agricultural resources and rural areas, principally through the diversification and exploitation of agricultural products (ECU 744.5 million), measures under Objective 5(a) (ECU 594.94 million), support for rural development (ECU 436.5 million) and assistance for the development of agricultural services (ECU 309.8 million). The ECU 233 million from the FIFG will be concentrated on measures to adjust fishing effort, the modernization of vessels and the development of aquaculture.

**Precise objectives for developing employment and training:**

Human resources will receive investment totalling ECU 3 167 million, of which ECU 2 147 million will come from the ESF and ECU 61 440 000 from the ERDF. These funds will be used for:

- basic instruction and training to improve access to and the level of post-school vocational training and to expand short-cycle university vocational training;
- integration into working life of the unemployed (long-term, under 25, women, disadvantaged groups);
- continuing training for workers with the stress on the needs of local firms;
- administration and structures for training and employment, mainly through the training of instructors and administrative staff;
- training facilities.

Quantified objectives have been defined: the proportion of students in technical and vocational institutes who have followed a training programme financed by the ESF should increase from 2.9% in 1992 to 15% in 1999, the proportion of civil servants who have received continuing training should increase from 0.1% to 2.5% and the number of instructors having received training should increase from 7% to 20%.

There are a number of significant shifts in emphasis from the previous CSF. In the first place, resources for training and employment and those relating to productive activities will increase from about 64% in the previous CSF to 67% in this one. Resources for research and development have doubled, from 3.3% to 6.6%, and appropriations for the environment have also been increased substantially, accounting for 5% of the CSF. At the same time, resources for basic infrastructure have been reduced while particular stress has been placed on renewable sources of energy. Some interesting innovations have been made, including health infrastructure measures as the scope of the ERDF has been expanded, the concentration of infrastructure operations on the trans-European networks and special attention to local development in the major urban centres of Naples, Bari, Palermo and Catania. There is also a significant degree of integration between the Structural Funds, since 40% of the appropriations in the CSF concern joint financing from several Funds and the number of programmes has been considerably reduced. At the same time, in the light of the experience of the previous CSF, measures have been included to improve the general conditions for the implementation of assistance, mainly through improvements to monitoring and evaluation procedures and to the administrative structures with responsibility for the implementation of assistance.

The figures provided by the Italian authorities suggest that the contribution of the Structural Funds should account for about 1.1% of GDP in the Mezzogiorno (annual average over the period) and 12.5% of total public expenditure planned for that period. An initial assessment of additionality also shows that the Italian authorities intend to maintain the average annual level of eligible public expenditure at ECU 17 330 million, 16% more than the estimated figure for the previous programming period.

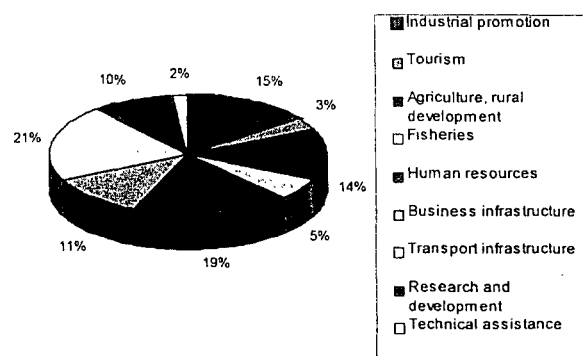
As regards implementation of the CSF in 1994, 17 OPs, six regional programmes and eleven multiregional programmes were approved.

ECU million					
<i>Regional OPs:</i>	<i>Total cost</i>	<i>Structural Funds</i>	<i>Multiregional OPs:</i>	<i>Total cost</i>	<i>Structural Funds</i>
Calabria	1 308.0	580.3	Rail transport	1 756.6	701.0
Basilicata	742.9	368.4	Telecommunications	1 076.0	376.7
Sardinia	2 103.0	967.0	Research and development	1 341.6	784.0
Molise	521.0	292.0	"Law 44" Committee	54.0	38.0
Abruzzi	58.0	43.5	"Emergency" Employment	524.0	355.7
Campania	471.7	328.4	Training for migrant workers	29.5	20.0
			Training for instructors	271.4	184.0
			National Ministry of Education	315.7	254.0
			Innovative measures and technical assistance (ESF)	112.1	76.0
			Fisheries	500.6	233.0
<b>TOTAL Structural Funds 5 602.0</b>					

## Netherlands

The Flevoland region of the Netherlands became eligible under Objective 1 for the 1994-99 programming period because its GDP is close to the threshold of 75% of the Community average. It occupies 3.4% of the area of the Netherlands (1 412 sq km) and contains 1.8% of its population (255 000 inhabitants). Programming for 1994-99, in the form of an SPD, was adopted on 29 June 1994 and provides for a Community contribution of ECU 150 million towards expenditure totalling ECU 958.7 million.

<i>Priorities</i>	ECU million				
	<i>Total</i>	<i>ERDF</i>	<i>ESF</i>	<i>EAGGF</i>	<i>FIFG</i>
Industrial promotion	22,0	11,9	10,1	-	-
Tourism	5,2	4,3	0,9	-	-
Agriculture, rural development	21,2	-	-	21,2	-
Fisheries	8,2	-	-	-	8,2
Human resources	28,0	0,9	27,1	-	-
Business infrastructure	17,0	16,5	0,5	-	-
Transport infrastructure	31,4	31,0	0,4	-	-
Research and development	14,4	14,4	-	-	-
Technical assistance	2,6	1,0	1,0	0,3	0,3
<b>Total</b>	<b>150,0</b>	<b>80,0</b>	<b>40,0</b>	<b>21,5</b>	<b>8,5</b>
<b>%</b>	<b>100,0%</b>	<b>53,3%</b>	<b>26,7%</b>	<b>14,3%</b>	<b>5,7%</b>



The main aim of the strategy in the SPD is to develop the region's potential without undermining the quality of the natural environment. It therefore seeks to improve employment prospects and living standards, make

local firms more competitive, promote regional investment, improve economic and social cohesion and protect and develop the environment.

**A more dynamic and diversified agricultural sector:**

Flevoland is a mainly rural region where agriculture will continue to occupy an important place but reform of the CAP will require adjustments to production which concentrates on potatoes, cereals and beet. The aim is to improve development structures and promote initiatives in favour of new agricultural activities such as pilot projects for non-food production (e.g. diesel from plants) and the processing of primary agricultural products (dried flowers and aromatic herbs).

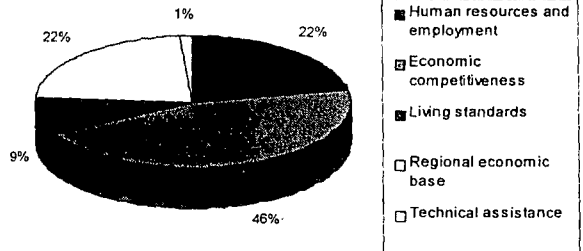
At the same time, development of the natural environment will be promoted through support for investment in environmental protection and the establishment of a river- and land-based ecosystem along the Knardijk. An attempt will be made to concentrate and extend agricultural research activities by supporting the establishment of research activities based elsewhere, by promoting new research activities and by developing cooperation between research institutes.

The SPD includes a number of quantified objectives such as raising per capita GDP to 85% of the Community average, creating jobs at an annual rate three percentage points higher than the Dutch average (15 000 new jobs), increasing gross value added per capita by 2% per year compared with the national average and reducing unemployment to a level lower than the national average. As regards additionality, the Flevoland authorities have undertaken to maintain eligible public expenditure at ECU 164.4 million, an increase in real terms of 31% over the previous period.

**Portugal**

The CSF for Portugal was adopted on 28 February 1994. It includes total Community assistance of ECU 13 980 million (14.9% of the total for Objective 1) towards total investment of ECU 29 700 million. The development strategy is based on the achievements and experience of the previous CSF and has the following main objectives: to provide the infrastructure which is still needed for the modernization of the industrial sector while reducing labour-intensive activities and promoting those using large inputs of capital and scientific knowledge; speeding up growth by adjusting the structure of the economy and employment; promoting improvements in the quality of life and changes which will make the economy competitive, supporting agriculture by increasing the competitiveness of holdings and diversifying activities in rural areas and assisting the restructuring of the fisheries sector. Following prior appraisal of the CSF, discussions between the Commission and the Member State resulted in support for the strategy of continuing the modernization of industry and changed the thrust of investment by reducing the share taken by infrastructure and increasing that allocated to training measures in the education and vocational training sector.

Priorities	ECU million				
	Total	ERDF	ESF	EAGGF	FIFG
Human resources and employment	3 059,6	918,0	2 141,6	-	-
Economic competitiveness	6 306,2	4 073,2	414,0	1 637,0	182,0
Living standards	1 264,0	936,0	328,0	-	-
Regional economic base	3 144,3	2 661,8	194,1	257,2	31,2
Technical assistance	205,9	134,9	71,0	-	-
<b>Total</b>	<b>13 980,0</b>	<b>8 723,9</b>	<b>3 148,7</b>	<b>1 894,2</b>	<b>213,2</b>
%	100,0%	62,4%	22,5%	13,5%	1,5%



The new CSF contains substantial improvements and changes of emphasis compared with the previous period. In the first place, a transparent approach has been adopted, as can be seen from the fixing of quantified objectives in key areas such as tourism, the environment, transport and the development of the regions and human resources. Clear financial priority has been given to education and the environment,

where estimates suggest that the public expenditure required to implement the Community directives will be covered almost entirely by the resources of the Structural Funds and the Cohesion Fund. Research policy is directed towards the transfer of technology with a sharp reduction in expenditure on infrastructure. Funding is concentrated on improving the quality of research and encouraging research in the private sector, particularly industry. It also proved possible to establish an integrated approach to urban renewal.

**Improving living standards and social cohesion:**

The "Environment and urban renewal" programme (total cost: ECU 833.7 million; ERDF contribution: ECU 559 million) is intended to improve management of water resources, reduce the deleterious effects of productive activity on the environment, raise living conditions in the main urban centres and preserve and develop the natural heritage.

The "Health and social integration" programme (total cost: ECU 940 million; Community contribution of ECU 705 million, comprising ECU 377 million from the ERDF and ECU 328 million from the ESF) will help improve health services and combat social exclusion through investment in medical infrastructure, training for medical and paramedical staff and support for the social integration of groups threatened with exclusion from the labour market.

The CSF is expected to raise GDP by 0.5% per year so that Portugal's GDP should be 3% higher than it would have been without assistance from the Structural Funds. It is estimated that 90 000 jobs will be created or maintained each year and that the CSF will raise gross fixed-capital formation by 10% per year. The CSF includes quantified objectives, such as raising from 35% to 40% the rate of access to higher education, increasing the ratio of exports to imports from 67% to 70% and improving the proportion of households with mains water supply from 77% in 1990 to 95% in 1999. The prior appraisal of additionality shows that the Portuguese authorities intend to maintain the average annual level of eligible public expenditure at ECU 4 658 million, 23% higher in real terms than in the previous period.

Sixteen operational items of assistance were decided on in 1994 on the basis of the four main strategic priorities:

Regional OPs:	Total cost	Structural Funds	Multiregional OPs:	ECU million	
				Total cost	Structural Funds
North	721.0	537.0	Bases for knowledge and innovation	2 257.0	1 675.0
Centre	490.5	362.0	Vocational training and employment	1 903.0	1 384.6
Lisbon-Tagus Valley	517.1	382.0	Infrastructure to support development	3 913.6	1 987.0
Alentejo	250.6	182.0	Modernization of the economic fabric	11 678.8	4 319.2
Algarve	101.9	76.0	Environment and urban renewal	833.7	559.0
Azores	857.6	788.4	Health and social integration	940.0	705.0
Madeira	665.2	369.3	Development of regional potential	1 231.8	595.0
			Technical assistance	135.6	101.7
			PRINEST (Statistical infrastructure)	40.0	30.0
<b>TOTAL Structural Funds</b>			<b>13 880.8</b>		

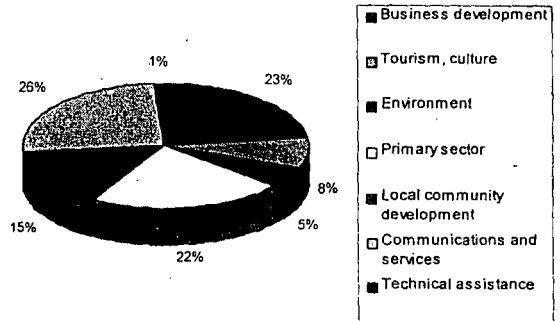
## United Kingdom

For the 1994-99 programming period, two new regions, Highlands and Islands and Merseyside, joined Northern Ireland, which was already eligible under Objective 1 for the period 1989-93. There is a separate programming document for each region. Total appropriations allocated to the United Kingdom under Objective 1 amount to ECU 1 330 million, with total investment amounting to ECU 5 650 million (Highlands and Islands ECU 1 000 million; Merseyside ECU 2 000 million; Northern Ireland ECU 2 650 million).



**The Highlands and Islands region** is an isolated area whose population of 368 000 is very thinly scattered (9 people per sq km) over both the mainland and 90 islands. The whole region is rural in character and was eligible under Objective 5(b) during the previous period. While the unemployment rate averages about 10%, in some parts, such as the Hebrides, it is twice this figure. The SPD was approved on 29 July 1994 and provides assistance from the Structural Funds totalling ECU 311 million towards a programme costing ECU 1 012 million. The main challenge is to increase productivity and competitiveness and mitigate the economic and social handicaps imposed by the region's remote location and this determines the strategic priorities of creating economic activity and jobs, increasing incomes and investing in human resources while preserving the existing quality of the environment and guaranteeing economic development which is sustainable in ecological terms. This concern is demonstrated by a number of measures designed to improve the effectiveness of agricultural structures and forestry management and to put fresh life into communities and villages which have been affected by economic and social decline or environmental protection.

Priorities	ECU million				
	Total	ERDF	ESF	EAGGF	FIFG
Business development	72,1	54,3	17,8	-	-
Tourism, culture	24,2	22,0	2,2	-	-
Environment	16,3	7,6	1,6	7,1	-
Primary sector	68,7	-	-	48,9	19,8
Local community development	46,9	13,9	33,0	-	-
Communications and services	79,7	79,7	-	-	-
Technical assistance	3,1	2,5	0,6	-	-
<b>Total</b>	<b>311,0</b>	<b>180,0</b>	<b>55,2</b>	<b>56,0</b>	<b>19,8</b>
%	100,0%	57,9%	17,7%	18,0%	6,4%

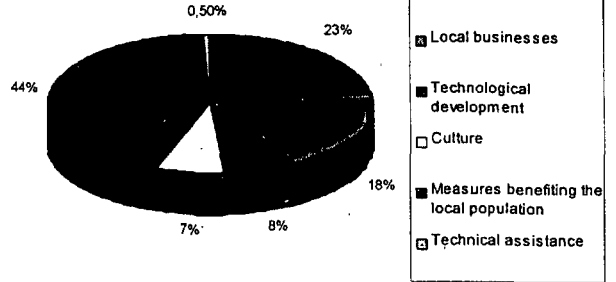


The SPD includes quantified objectives: raising per capita GDP from 2.5% to 4% and creating an extra 2 500 net jobs by 1999. Four Monitoring Committees met in 1994 and laid down rules for implementing the programme and the criteria for selecting projects as well as defining the geographical areas concerned. They also approved the first series of projects eligible for finance from the ERDF and the ESF.

**The region of Merseyside** (population 1.38 million) is one of the most densely populated areas of the United Kingdom and has been heavily hit by unemployment, with 40 000 people unemployed for more than 10 years, the majority of whom have never worked at all. The SPD for Merseyside approved on 29 July 1994 provides ECU 816 million in Community finance towards a total cost of ECU 2 000 million. The strategy of the programme consists of concentrating on the key parameters of the competitiveness of firms by stimulating a business-oriented outlook and promoting improved qualifications. Particular stress was laid on better measures for small firms, which will receive integrated assistance from the ERDF and the ESF. A special investment fund will provide small firms with access to capital. Greater attention will also be paid to research linked with science-based industries (ECU 42 million, of which the ESF will provide ECU 20 million) and new technologies and the introduction of measures to promote clean technologies and activities which consume less energy. Geographically, it is intended to concentrate the available funding on the most disadvantaged areas through a series of interdependent measures designed to provide education and training so that people can move from social exclusion to employment. Each of the 38 most disadvantaged areas (the "Pathways areas") will develop its own strategy using an innovative "bottom up" approach.

ECU million

Priorities	Total	ERDF	ESF	EAGGF
Large firms	186,0	178,0	8,0	-
Local businesses	149,0	106,0	40,0	3,0
Technological development	62,0	42,0	20,0	-
Culture	54,0	38,0	16,0	-
Measures benefiting the local population	361,0	109,0	252,0	-
Technical assistance	4,0	2,0	2,0	-
<b>Total</b>	<b>816,0</b>	<b>475,0</b>	<b>338,0</b>	<b>3,0</b>
%	100,0%	58,2%	41,4%	0,4%

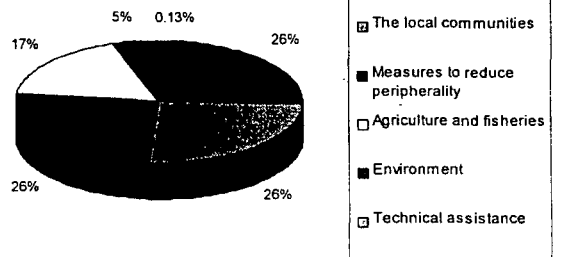


The integration of assistance from the ERDF and the ESF should be noted since the measures financed by the ESF form part of all the strategic priorities. There will also be a group responsible for monitoring the labour market which will advise the Monitoring Committee. The objectives are to raise the region's growth rate by 25% by 2000, increase private investment from ECU 1 200 million to ECU 1 800 million and create 25 000 net new jobs by 2000.

The SPD for *Northern Ireland* was adopted on 29 July 1994 and contains ECU 1 233 million in Community assistance towards a total cost of ECU 2 658 million. This is arranged around three strategic priorities: economic growth, internal cohesion and cohesion with the outside world. This strategy implies the part-financing of investment in infrastructure, training, rural areas and the productive sector.

ECU million

Priorities	Total	ERDF	ESF	EAGGF	FIFG
Economic development	315,1	199,3	115,8	-	-
The local communities	315,8	90,6	225,2	-	-
Measures to reduce peripherality	321,2	321,2	-	-	-
Agriculture and fisheries	215,0	-	13,0	186,9	15,1
Environment	64,1	64,1	-	-	-
Technical assistance	1,6	1,6	-	-	-
<b>Total</b>	<b>1,232,8</b>	<b>676,8</b>	<b>354,0</b>	<b>186,9</b>	<b>15,1</b>
%	100,0%	54,9%	28,7%	15,2%	1,2%



The SPD contains new measures, such as investment in collective projects, intended to help find solutions to the unprecedented problems caused by 25 years of civil disturbances in the region. A local development programme is intended to stimulate real moves in this direction through the 26 District Councils in Northern Ireland. For the first time in the United Kingdom, the SPD includes assistance for a seed capital and venture capital fund managed by the private sector. The expected impact includes the creation of 12 000 jobs and the raising of per capita GDP to 82% of the United Kingdom average. Exports should increase by 20%, expenditure on research and development reach the average level of the rest of the United Kingdom and income from and employment in tourism increase by 50%.

## **2. Objective 2**

### **2.1. General overview of programmes**

#### *List of eligible areas*

The revised regulations made two changes concerning the establishment of the list of areas eligible under Objective 2. The range of eligibility criteria was enlarged to reflect the growing complexity of regional issues and the need to include the problems of restructuring the fisheries sector, and partnership was introduced into the decision-making process, so enhancing the role of the Member States by enabling them to submit their proposed lists of eligible areas to the Commission at the beginning.

The difficult economic situation, with rising unemployment and growing competition from outside the Union, weighed heavily on the preparation of the list of eligible areas. The proposals made by the Member States in autumn 1993 covered 78 million people, 22.5% of the Community's population. The Commission, in accordance with the regulations governing the Structural Funds, sought to concentrate assistance and the final list of areas eligible for 1994-96, adopted on 21 January 1994<sup>5</sup> after receiving the unanimous approval of the advisory Committee on the Development and Conversion of Regions, covered 58.1 million people. This figure, 16.8% of the population of the Community, is similar to that for the previous period and, in view of the difficult economic situation, is reasonable and close to the guideline of 15% in the preamble to the regulation. Although extension of the eligibility criteria encouraged applications from the Member States which exceeded the funding available, this did not lead to as great a dispersion of Community assistance as might have been feared. However, geographically, the breakdown is a little more fragmented, which creates other problems, for example, for the verification of additionality.

#### *The financial contribution of the Structural Funds*

The programming documents adopted in 1994 cover the first three-year phase of the programming period (1994-96) during which the commitment appropriations available to the Objective 2 areas will total ECU 7 163 million. Deduction of the amount allocated to the Community Initiatives leaves ECU 6 977 million available for assistance under this Objective. Addition of the ECU 7 945 million planned for the second phase (1997-99) brings total resources for Objective 2 (ECU 15 000 million) to 11% of the appropriations for the Structural Funds over the period 1994-99.

The indicative breakdown by Member State of the Objective 2 commitment appropriations for 1994-96 was determined by a Commission Decision of 11 February 1994.<sup>6</sup>

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<sup>5</sup> OJ No L 81, 24.3.1994.

<sup>6</sup> Decision 94/176/EC, OJ No L 82, 25.3.1994.

**Table 11: Objective 2 - indicative breakdown of appropriations by Member State 1994-96 (ECU million):**

Member State	Amount
Belgium	160.0
Denmark	56.0
Germany	733.0
Greece	-
Spain	1 130.0
France	1 765.0
Ireland	-
Italy	684.0
Luxembourg	7.0
Netherlands	300.0
Portugal	-
United Kingdom	2 142.0
<b>Total</b>	<b>6 977.0</b>

This means that the Structural Fund resources for Objective 2 have increased considerably following the budget agreement in Edinburgh with the average annual per capita allocation planned for 1994-96 exceeding by 33% that for 1989-93.

**Table 12: Per capita financial allocation - Objective 2, 1994-1996**

COUNTRY	Objective 2 population		Obj. 2 allocation	Allocation/head
	'000	% nat. pop.	ECU million 1994	ECU 1994
<b>Belgium</b>	1.400	14,0%	160	113
<b>Denmark</b>	440	8,8%	56	128
<b>Germany</b>	7.000	8,8%	733	104
<b>Spain</b>	7.900	20,3%	1.130	142
<b>France</b>	14.600	25,9%	1.765	121
<b>Italy</b>	6.300	10,8%	684	108
<b>Luxembourg</b>	130	34,2%	7	53
<b>Netherlands</b>	2.600	17,3%	300	115
<b>United Kingdom</b>	17.700	31,0%	2.142	121
<b>TOTAL</b>	58.070	16,8%	6.977	120

### *The prior appraisal of assistance*

In general, prior appraisal of the documents submitted by the Member States had a positive impact on the quality of programmes while also providing useful information for the preparation of plans for the second phase of programming for Objective 2 (1997-99). As in the case of the regional development plans, this exercise was carried out in systematic fashion, with the help of a network of independent assessors, each of whom was responsible for assessing a group of regions. The groups were selected to provide uniformity, either on a national basis (France, United Kingdom, Italy), a trans-national basis (the Alpine Arc, the North Sea, the Atlantic Arc, the Mediterranean, the industrial heartlands) or a metropolitan basis (London, Berlin, Madrid). Although prior appraisal was carried out comparatively quickly (within about eight weeks), it made a useful contribution to a better definition of the goals, particularly in quantitative terms, by improving the internal coherence of assistance and by concentrating it more firmly than in the past on the aims of maintaining or creating jobs, most of these aims being quantified.

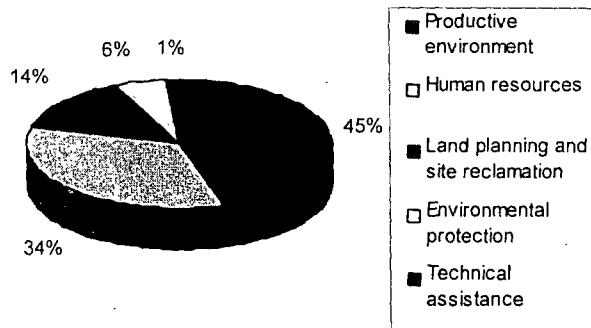
**Quality of the strategy:** The strategic approach in the CSFs or SPDs is generally based on a hierarchy of objectives, broken down into priorities and measures. The programme structure very largely continues that used previously. In some cases, the definition and targeting of objectives has been substantially improved,

used previously. In some cases, the definition and targeting of objectives has been substantially improved, particularly where goals are sectoral in nature. However, there can be no doubt that more remains to be done to adjust the programmes to changes in their socio-economic backgrounds and to the nature of the problems themselves. Today, the Objective 2 areas have made a greater or lesser degree of progress in the work of economic restructuring and so do not require as much support for the productive sector.

**Expected impact on employment:** In general terms, the CSFs or SPDs are concerned with jobs actually affected (created or safeguarded) by the implementation of programmes. Except in a very few cases, they do not refer to the number of net jobs to be created by the assistance planned. Taking the effect on employment as a yardstick, the number of jobs created at regional level per million ecus of Structural Fund support varies from 3 to 427. If certain non-significant figures are eliminated, there appear to be two intermediate groups of areas, where the average ratio is respectively 52 and 135 jobs created per million ecus of Community support. These differences reflect not merely the degree of effectiveness achieved but also the degree of confidence in the economic situation and a greater or lesser degree of rigour in the approach to assessing the impact on employment in these cases.

Despite these shortcomings, a general application of the average ratios generates two hypotheses concerning overall impact on employment. The lower ratio (52), which corresponds to the less optimistic regions which expect fewer than 100 jobs to be created per million ecus of Community support, suggests that the Structural Funds will create 359 000 jobs. The higher ratio (135), which corresponds to the regions which have greater confidence in the future and which expect between 100 and 241 jobs to be created by each million ecus of Community support, suggests that 937 000 jobs will be created. The considerable gap between these two hypotheses also demonstrates the problems encountered by regional administrations when they try to quantify the impact of the programmes on employment. While this suggests that these results should be used with the utmost care, most of the information in the SPDs should be made more detailed, particularly as regards monitoring, so that it can constitute a useful reference base for future use.

#### *The priorities selected for programming*



**Improving the productive environment<sup>7</sup>** is the priority selected by the new Objective 2 programming documents since productive activity is the factor which determines growth and employment. This priority accounts for 45% of total expenditure under Objective 2 for 1994-96, or ECU 3 151 million. Apart from Germany (33%) and Luxembourg (17%), the Member States are devoting between 40% and 52% of resources to one of the three fields which it embraces (industry and services, development of tourism and support infrastructure). A considerable effort is being made to promote development at local level, make firms more competitive and assist small firms, for which the measures planned include investment aid and

<sup>7</sup> Understood as the development of industry and services of all types, of small businesses, tourism and infrastructure to support economic activity.

assistance for the improvement of their environment (supply of shared services, greater provision of risk capital, market studies, staff training measures, etc.). Basic infrastructure is not financed as such unless it can be shown to create jobs directly or it gives access to areas with potential for economic development.

*Training*<sup>8</sup> is the second major priority. At ECU 2 383 million, expenditure in this field accounts for 34% of total expenditure under Objective 2. In view of the conversion needs of the areas in industrial decline, assistance is specifically directed towards employment with the aim of reducing the gap between the skills available and those required on local labour markets. The programmes therefore encourage analysis of needs for local labour at regional and sectoral level and operate in three ways: training based on job seeking (ECU 1 571 million), training infrastructure (ECU 119 million) and research and development (ECU 691 million). Assistance for training has been spread evenly between the needs of firms and those of workers excluded from the labour market. Some programmes also propose special measures to assist the worst affected and socially marginalized groups. All the programmes recognize the importance of research and development and priority is given to investment likely to make the productive sector, particularly small firms, more competitive. The concentration of a predetermined share of programme finance on areas marked by high long-term unemployment and low incomes is an innovation in the programmes for 1994-96 designed to enable the local population to organize itself in small groups to launch measures to improve their quality of life, which is a key factor in promoting equal opportunities for women and ethnic minorities.

*The improvement and restoration of industrial and urban sites* also attracts a substantial share of the appropriations under Objective 2, receiving ECU 956 million, or about 14% of total expenditure. These operations concern the renovation of run down industrial or urban areas (the clearing of sites, demolition or restoration of derelict industrial buildings and the conversion of sites). Industrial sites are concentrated in Germany (18% of the Objective 2 appropriations), the United Kingdom and France while urban problems are most common in Spain and France.

*Environmental protection*<sup>9</sup> is a priority receiving increasing assistance. It has been specifically allocated ECU 397 million, about 6% of total expenditure under Objective 2, but other expenditure, such as that on the restoration of industrial and urban sites, measures for environmentally friendly products and new technologies, the promotion of green tourism and preventative measures, will also have a positive impact on the environment.

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<sup>8</sup> The development of human resources in the broadest sense: training, assistance for job seeking, training centres and facilities, research and development.

<sup>9</sup> Promotion of clean technologies, recycling, alternative forms of energy, etc.

**Table 13: Objective 2 - breakdown by priority and by country of the CSFs/SPDs 1994-96 (round figures, ECU million)**

	B	DK	D	E	F	I	L	NL	UK	TOTAL	%
<b>Productive environment</b>	<b>76,0</b>	<b>23,0</b>	<b>245,0</b>	<b>592,0</b>	<b>710,0</b>	<b>335,0</b>	<b>1,0</b>	<b>131,0</b>	<b>1038,0</b>	<b>3052,0</b>	<b>45,2</b>
<i>Industry and services</i>	29,0	9,0	186,0	290,0	404,0	240,0	1,0	66,0	579,0	1766,0	25,9
- All types of industry and services	17,0	8,0	24,0	0,0	254,0	49,0	1,0	36,0	248,0	612,0	9,1
- SMEs	12,0	1,0	162,0	290,0	150,0	191,0	0,0	30,0	330,0	1153,0	16,7
Tourism	10,0	5,0	11,0	0,0	148,0	58,0	0,0	34,0	207,0	458,0	6,8
Support infrastructure	37,0	9,0	48,0	302,0	158,0	36,0	0,0	31,0	252,0	827,0	12,5
<b>Human resources</b>	<b>53,0</b>	<b>32,0</b>	<b>293,0</b>	<b>317,0</b>	<b>614,0</b>	<b>204,0</b>	<b>2,0</b>	<b>113,0</b>	<b>755,0</b>	<b>2298,0</b>	<b>34,1</b>
<i>Training, employment</i>	27,0	12,0	213,0	258,0	305,0	137,0	1,0	90,0	528,0	1532,0	22,5
<i>Training centres, facilities</i>	9,0	0,0	0,0	0,0	67,0	5,0	0,0	0,0	39,0	111,0	1,7
<i>Research and development</i>	17,0	20,0	79,0	59,0	242,0	63,0	1,0	23,0	188,0	655,0	9,9
<b>Land planning and site reclamation</b>	<b>19,0</b>	<b>0,0</b>	<b>132,0</b>	<b>174,0</b>	<b>313,0</b>	<b>86,0</b>	<b>2,0</b>	<b>41,0</b>	<b>189,0</b>	<b>937,0</b>	<b>13,7</b>
<i>Industrial sites</i>	16,0	0,0	119,0	0,0	154,0	77,0	2,0	41,0	189,0	582,0	8,6
<i>Urban areas</i>	3,0	0,0	13,0	174,0	159,0	9,0	0,0	0,0	0,0	355,0	5,1
<b>Environmental protection</b>	<b>8,0</b>	<b>0,0</b>	<b>52,0</b>	<b>40,0</b>	<b>103,0</b>	<b>48,0</b>	<b>2,0</b>	<b>5,0</b>	<b>138,0</b>	<b>388,0</b>	<b>5,7</b>
<b>Technical assistance</b>	<b>4,0</b>	<b>1,0</b>	<b>11,0</b>	<b>8,0</b>	<b>25,0</b>	<b>11,0</b>	<b>0,0</b>	<b>9,0</b>	<b>22,0</b>	<b>86,0</b>	<b>1,3</b>
<b>TOTAL</b>	<b>160,0</b>	<b>56,0</b>	<b>733,0</b>	<b>1131,0</b>	<b>1765,0</b>	<b>684,0</b>	<b>7,0</b>	<b>299,0</b>	<b>2142,0</b>	<b>6761,0</b>	<b>100,0</b>
	2,4%	0,8%	10,8%	16,7%	26,1%	10,1%	0,1%	4,4%	31,7%	100,0%	-

#### *Implementation of the new regulatory provisions*

**A regional partnership which is fertile but often limited to the political and administrative authorities.** A greater effort was made to negotiate the programmes with the regional partners concerned and that meant that programmes could be discussed individually. However, these discussions involved chiefly the public and administrative authorities and it was often difficult to include all those active at local level. The regional Monitoring Committees, in which regional and local interests participate, are now a generally accepted fact and certain Member States have recognized their advantages for the first time. However, there is still scope for improvements. Despite the Commission's efforts, a number of Member States have chosen not to include the social partners in the regional partnerships and the results are very patchy. The Commission will continue its attempts to give the social partners a larger role in implementing programmes.

**Additionality: a complex exercise.** The verification of additionality, which has to be done over the Objective 2 areas as a whole for a particular Member State, has proved very difficult, mainly because of the many, widely scattered areas concerned, the administrative organization of each of them and the real difficulties experienced by some Member States in providing the statistics required. Despite the Commission's fairly flexible attitude (estimates have been accepted frequently), some Member States have demonstrated a certain unwillingness to cooperate. Accordingly, in some cases (Belgium, France, Italy, Luxembourg) where the Commission was unable to complete prior appraisal of additionality before approving the SPD, it has proved necessary to include a clause holding back payment of the second advance until this can be done. The programming documents lay down certain rules and a timetable for the monitoring of additionality, whose substance is the same although the practical details vary. The aim is that, from 1995 on, there will be regular monitoring of the real trend of eligible public expenditure by the Member States in the regions. As regards financial channels, the Commission has also insisted on the need to ensure that Community finance reaches the regions eligible. Considerable improvements have been made

in this respect and most of the SPDs set out in detail the route to be followed by Community finance from the Commission to the final beneficiary.

***Programming: some simplification.*** In almost all cases, those responsible have opted for the SPD approach, which is particularly suitable for Objective 2, where geographical coverage or finance are on a smaller scale than under Objective 1. In the case of Spain, it was decided to retain the CSF approach, mainly because of the desire of the regions to be closely involved in the regional programmes. In practice, however, the practical advantages of simplification were largely offset by the difficulty which the Commission had in securing precise information about the measures planned information required in order to commit resources in a single decision. This was further complicated by the large number of programming documents, which meant that the Commission was unable to respect the indicative period of six months in the regulations (7½ months on average between receipt of the plans and adoption of the programming documents). However, the fact that there is no need to approve separate programming documents will save time and, since expenditure can be retroactive, the impact at local level should be limited.

***Prior appraisal, monitoring and evaluation, quantification of objectives: useful progress.*** Following their submission to the Commission, all the conversion plans and programmes were evaluated by independent experts.<sup>10</sup> Most of the programmes were inadequate as regards the fixing and quantification of objectives, a problem aggravated by the scattered nature of the areas and the lack of standardized statistics. However, quantified indicators to facilitate monitoring were later agreed with the regional partners and integrated into the programmes. An in-depth evaluation was subsequently carried out throughout the implementation of the programmes and a large amount of the basic work done to establish the present SPDs can also be used for the second phase of programming. It is intended to achieve an overall view of the existing Objective 2 areas and programmes, including an analysis of the strategies defined in the SPDs. This study will provide a solid basis for interim assessments and will be very useful when the list of Objective 2 regions and the programmes are reconsidered for the second phase of programming (1997-99).

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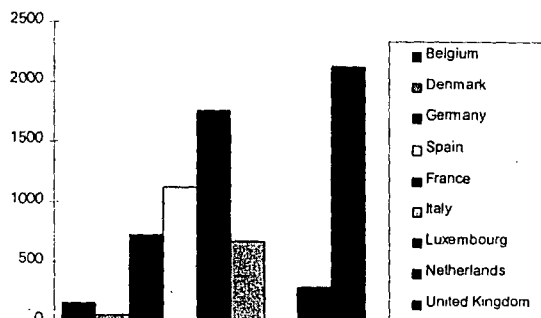
<sup>10</sup> See above "Prior appraisal."



## 2.2. Country-by-country survey

Table 14: Objective 2 - breakdown by Fund and by region of the CSFs/SPDs 1994-96

	ERDF	ESF	TOTAL	Total cost		ERDF	ESF	TOTAL	Total cost
Belgium	130,0	30,0	160,0	497,2	Italy	542,3	141,7	684,0	2.245,7
Aubange	0,9	0,4	1,3	3,2	Emilia-Romagna	9,6	2,4	12,0	39,4
Limboung	35,1	11,7	46,8	121,8	Friuli-Venezia Giulia	18,4	5,6	24,0	104,8
Meuse-Vesdre	75,3	13,2	88,5	314,2	Lazio	52,2	11,8	64,0	193,4
Turnhout	18,7	4,7	23,4	58,1	Liguria	67,5	28,5	96,0	274,7
Denmark	44,2	11,8	56,0	214,8	Lombardy	18,8	4,2	23,0	76,1
Lolland	7,0	2,5	9,5	29,5	Marche	17,9	3,1	21,0	57,0
Nord-Jutland	37,2	9,3	46,5	185,3	Piedmont	164,0	41,0	205,0	695,9
Germany	513,6	219,3	732,9	2.370,7	Tuscany	103,0	24,0	127,0	485,1
Bavaria	9,5	5,1	14,6	33,5	Umbria	27,5	7,5	35,0	80,1
Berlin (West)	102,1	56,2	158,3	384,5	Valle d'Aosta	5,8	0,2	6,0	15,4
Bremen	30,5	16,4	46,9	172,5	Veneto	57,6	13,4	71,0	223,7
Hesse	18,3	3,0	21,3	61,4	Luxembourg	6,0	1,0	7,0	20,7
Lower Saxony	29,8	12,7	42,5	126,4	Netherlands	206,0	94,0	300,0	670,6
North Rhine-Westphalia	263,8	97,6	361,4	1.298,8	Arnhem-Nijmegen	39,4	16,6	56,0	171,6
Rhineland-Palatinate	15,2	8,2	23,4	49,0	Groningen-Drenthe	48,5	27,5	76,0	252,7
Saarland	34,4	14,7	49,1	212,6	Twente	39,4	18,6	58,0	98,8
Schleswig-Holstein	10,0	5,4	15,4	32,0	Zuid Limburg	31,7	11,3	43,0	130,3
Spain	870,1	259,9	1.130,0	3.911,5	Zuidoost-Brabant	47,0	20,0	67,0	17,2
Aragon	49,4	14,8	64,2	199,3	United Kingdom	1.606,9	535,2	2.142,1	5.393,9
Balearic Islands	8,8	1,6	10,4	61,1	Eastern Scotland	96,8	24,2	121,0	292,4
Catalonia	402,2	107,9	510,1	1.994,0	East Midlands	59,3	19,8	79,1	218,2
Rioja	10,5	1,4	11,9	74,1	Gibraltar	4,1	0,9	5,0	11,5
Madrid	113,7	31,3	145,0	398,8	Greater London	55,5	18,5	74,0	814,5
Navarre	17,7	5,1	22,8	62,5	Industrial South Wales	141,0	47,0	188,0	526,4
Basque Country	267,8	58,1	325,9	1.034,4	North East England	231,0	77,0	308,0	723,7
Multi-regional	0,0	39,8	39,8	88,3	North West England	230,3	98,7	329,0	191,3
France	1.452,7	310,6	1.763,3	5.012,0	Plymouth	23,3	5,7	29,0	69,2
Alsace	16,1	3,5	19,6	46,0	Thanet	11,9	2,1	14,0	69,1
Aquitaine	91,5	15,6	107,1	379,2	West Cumbria and Furness	18,8	6,2	25,0	65,3
Auvergne	50,6	10,5	61,1	126,0	West Midlands	278,0	93,0	371,0	938,4
Lower Normandy	46,6	11,3	57,9	169,5	Western Scotland	222,9	63,1	286,0	660,3
Brittany	77,6	12,1	89,7	262,3	Yorkshire and Humberside	234,0	79,0	313,0	813,7
Burgundy	42,0	7,4	49,4	130,4					
Centre	20,5	3,7	24,2	108,4					
Champagne-Ardenne	62,1	15,4	77,5	211,3					
Franche-Comté	41,2	6,6	47,8	111,7					
Upper Normandy	112,1	33,9	146,0	396,9					
Languedoc-Roussillon	59,9	10,6	70,5	219,5					
Lorraine	102,9	24,5	127,4	282,7					
Midi-Pyrénées	34,6	8,0	42,6	151,3					
Nord-Pas-de-Calais	265,5	52,6	318,1	923,1					
Loire Region	109,6	26,3	135,9	321,7					
Picardy	98,8	23,6	122,4	429,2					
Poitou-Charentes	43,6	9,7	53,3	130,7					
Provence-Alpes-Côte d'Azur	95,7	17,4	113,1	295,7					
Rhône-Alpes	81,8	17,9	99,7	316,7					
					TOTAL	679,9	199,0	6.975,3	20.337,1
					Share by Fund (%)	77,0%	23,0%	100,0%	

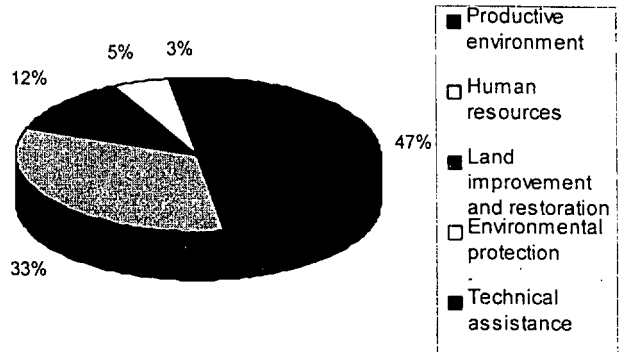


## Belgium

The areas of Belgium eligible under Objective 2 are Aubange (pop. 14 500), Liège (pop. 717 000), Limburg (pop. 458 000) and Turnhout (pop. 235 000). The total population is 1.4 million. The Funds will contribute a total of ECU 160 million through four SPDs adopted in December 1994 towards investment totalling ECU 497.2 million.

ECU million

<i>Breakdown by sector :</i>			
Productive environment		76,0	
Human resources		52,8	
Land improvement and restoration		18,8	
Environmental protection		8,1	
Technical assistance		4,1	
<i>Breakdown by Fund :</i>			
	ERDF	130,0	81,2%
	ESF	30,0	18,8%
	<b>Total</b>	<b>160,0</b>	<b>100,0%</b>



The main aim of the SPD for Aubange is to diversify the productive fabric through development stimulated from outside or arising from existing activities, the strengthening of links between all those involved in the economy (co- and sub-contracting, partnerships of various kinds, etc.) and promoting training and technological innovation. All the resources are concentrated on this goal through a single priority. The SPD for Liège will be primarily concerned with the manufacturing sector, which should draw in services. The strategy is to build on the strengths of the local engineering and food industries and enhance their development prospects by stimulating industrial investment (51% of resources), research and development and staff training (24%) and making the area more attractive (24%). The aim is to keep unemployment at its 1992 level (which entails the creation of about 1 300 to 2 000 jobs per year).

### *Making the Liège area attractive:*

The Meuse-Vesdre basin has been particularly hit by the series of closures and restructurings in the coal and steel industries. Accordingly, the creation of an environment which encourages the establishment and modernization of firms and the development of the merchant sector is a prime aim of the SPD for Liège (total cost: ECU 73.3 million; ERDF contribution: ECU 21.3 million. The measures planned are:

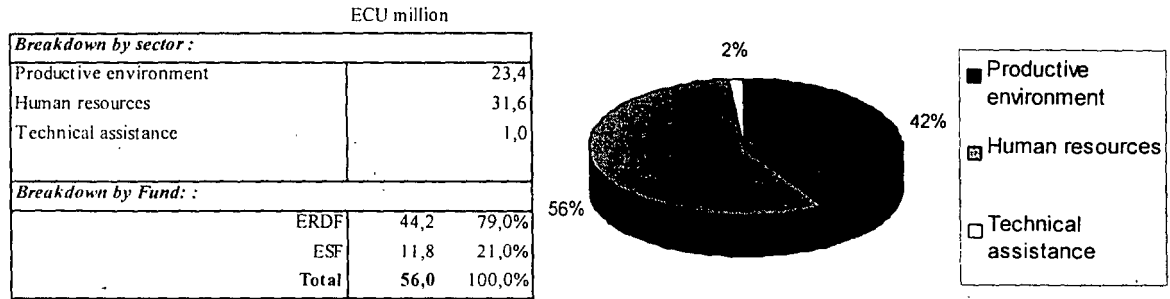
- *restoration of disused sites and derelict urban land*, entailing the restoration of 120 ha of derelict land and the renovation of 6 700 sq m of former industrial buildings and the association with these projects of the "Régies de Quartier", social integration firms which employ unemployed young people to restore their environment;
- *completion of the Liège-Bierset airport centre*, continuing finance from the previous period in order to link Liège with the European transport network and build on its specialization in freight transport;
- *developing tourist potential*, through development of the Meuse near to Liège and the conversion of disused industrial sites in tourist areas of cultural interest (industrial archaeology).

The strategy of the SPD for Limburg is to reduce the difference in the unemployment rate between Limburg and the rest of Flanders, increase the potential of the area's human resources, protect the environment and improve socio-economic cohesion. The strategic priorities are industrial development (43% of resources), assistance for small businesses (36%), the conversion of infrastructure and sites (17%) and technical assistance (4%), with the aim of creating 10 000 new jobs by the end of 1998. The strategic objectives of the SPD for Turnhout are developing the competitive capacity of local firms, making the region more attractive for outside investment, improving the quality of human resources and the protection and improvement of the environment. These are reflected in three priorities: the development of industry (43% of resources),

assistance for small firms and technological innovation (30%), the restoration of infrastructure and run-down sites (22%) and technical assistance (4%). The aim is to create 10 000 new jobs by the end of 1998.

## Denmark

The areas of Denmark eligible under Objective 2 are Lolland (pop. 67 000) and North Jutland (pop. 370 000). The total population is therefore 437 000 and the area covered is greater than in the previous programming period. Community grants will contribute ECU 56 million to total investment of ECU 214.8 million. Programmes for the two regions were approved in the form of SPDs in December 1994.

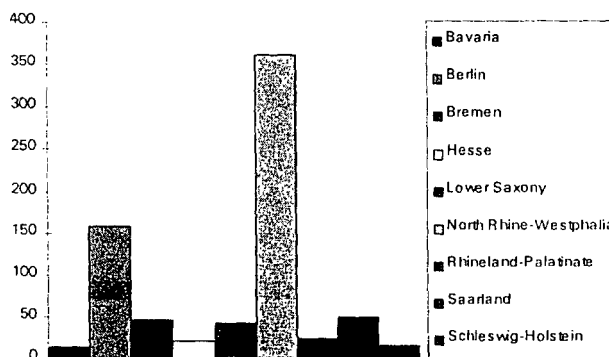


The strategy in Lolland is to develop the area's internal resources and strengthen contacts with national and international firms and R&D centres, so resources are concentrated in a single priority, the development of firms. It is expected that some 400 jobs will be created and 600 to 650 people trained with 40 small firms taking part in the training measures. The priorities of the SPD for North Jutland are the internationalization of firms (57.3% of resources), development of the services sector (23.7%) and tourism (17.7%) and technical assistance (1.3%). It is expected that 3 000 new jobs will be created and turnover in small businesses will increase by ECU 400 million.

## Germany

The areas of Germany eligible under Objective 2<sup>11</sup> will receive Community appropriations amounting to ECU 732.9 million (10.5% of the total for Objective 2), approved in the form of nine SPDs in December 1994. The Community is contributing 31% of the total investment of ECU 2 370 million, with the Land authorities providing 36% and the private sector 33%.

### Objective 2 in Germany - Breakdown by region (ECU million)

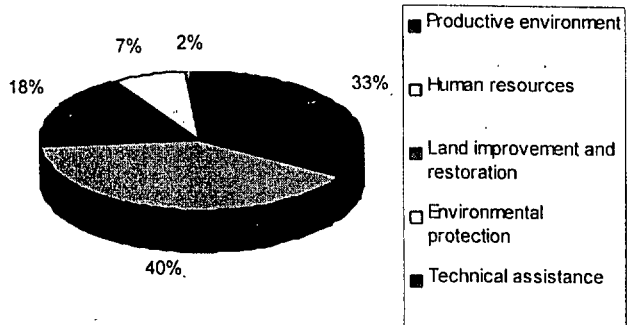


<sup>11</sup> Bavaria, western Berlin, Bremen, Hesse, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Saarland and Schleswig-Holstein.

These programmes are intended to increase productivity and promote R&D and the protection of the environment. Community assistance will concentrate on improving the employment situation, speeding up structural change and stimulating economic growth.

ECU million

Breakdown by sector :			
Productive environment		245,0	
Human resources		293,0	
Land improvement and restoration		132,0	
Environmental protection		52,0	
Technical assistance		11,0	
Breakdown by Fund: :			
	ERDF	513,6	70,0%
	ESF	219,3	30,0%
	<b>Total</b>	<b>732,9</b>	<b>100,0%</b>



Each Land has adopted its own development strategy and priorities for assistance. In **Bavaria**, the aim is to reduce dependence on traditional sectors and encourage economic diversification. The development priorities are the development of economic infrastructure, the exploitation of locally generated potential, infrastructure measures to protect the environment and support for measures to improve the labour market.

In **western Berlin**, the main aim is to check the process of de-industrialization, act as a catalyst for the eastern part of the city and its hinterland and establish conditions which will encourage the development of new economic activities by building on its long tradition in the field of science and technology and its renewed role as capital city. The priorities are therefore the establishment and extension of industrial sites and business and innovation centres for small firms, promotion of the industrial sector, measures to improve the environment, the promotion of technological potential and the promotion of establishments providing trans-regional services and small firms. The programme should create or maintain about 2 500 jobs.

The strategy in **Bremen** involves diversification, the strengthening of the tertiary sector and improvements to the factors governing the location of economic activity, including environmental protection. The priorities for achieving these aims are: improving the competitiveness of small firms, stimulating the services sector (particularly the transfer of technology) and tourism, cleaning up derelict industrial land and military bases, protecting the environment and restoring industrial and military sites and supporting measures to assist the labour market. The programme should create between 4 500 and 14 000 jobs.

**Hesse** has selected as its priorities the improvement of infrastructure to develop firms in the Land and attract new firms, support for business investment projects, assistance for environmental protection and support for measures to assist the labour market. The programme should result in the improvement of 80 ha of industrial land.

In **Lower Saxony** the development strategy is intended to remedy job losses due to industrial change and establish a stable and competitive economic structure. The development priorities selected are productive investment and investment in infrastructure, research and development, investment for the environment and measures to assist the labour market. The programme is expected to create about 10 000 jobs directly or indirectly.

The strategy in **North Rhine-Westphalia** dovetails with the restructuring of the coal and steel industries with assistance concentrated on four priorities, the diversification of economic structures, principally by encouraging small firms; the creation and development of economic infrastructure, primarily for small businesses, and the establishment of self-employed activities; the restoration of derelict industrial land and

the promotion of human resources. Implementation of the programme should result in the maintenance or creation of about 20 000 jobs.

The main aim in *Rhineland-Palatinate* is to diversify away from reliance on a single industry and, in particular, to reduce the region's heavy dependence on footwear. The priorities are the creation and fitting out of areas for industry and craft industries, the conversion of military sites for industrial use, the development of tourist infrastructure, the promotion of technological development and support for measures to assist the labour market. Industrial areas covering 180 ha should be improved.

The aim in *Saarland* is to promote industrial and service activities through three priorities: the improvement of production infrastructure (particularly the restoration of abandoned sites for fresh industrial use), the transfer of knowledge and technology and the promotion of human resources. Community assistance is expected to contribute directly to the maintenance of some 1 000 jobs and the availability of at least 50 ha of industrial land.

In *Schleswig-Holstein*, the priority for Kiel is to create stable high-grade jobs in industry and the services sector through investment in the restoration of industrial and military land, measures to promote growth and stable employment and vocational training. Together, these measures should create 3 200 jobs.

***Cleaning up shipyards in Kiel:***

The main aim of assistance in Schleswig-Holstein is to clean up the Hörn, where shipyards were located, at a total cost of ECU 18.2 million, to which the ERDF will contribute ECU 9.1 million.

The aim is to exploit the location of this area which is both central and close to the port by making it into an area for services and firms but with public areas and housing. Measures will deal with the conversion of the site, the construction of supply services and drainage, restoration of the waterfronts and construction of open areas.

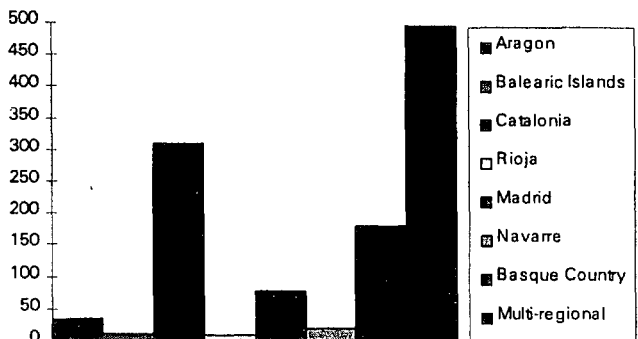
The arrangements for organizing the Monitoring Committees for implementation and management of the SPDs will have to be agreed through partnership in 1995. With regard to Article 4(1) of Regulation (EEC) No 2058/88 as amended, the involvement of the economic and social partners with the regional Monitoring Committees is being discussed by the Commission and the German authorities. A number of Länder have engaged in cooperation with the regional structures concerned with regional development and employment policy. North Rhine-Westphalia, for example, makes use of many of the results of discussions with economic and social partners when preparing its economic development priorities which are then reflected in the programmes and their implementation.

## Spain

The Spanish authorities chose the CSF approach for their Objective 2 areas<sup>12</sup> and this was approved on 30 December 1994. It provides for Community assistance of ECU 1 130 million (16.2% of the total for Objective 2) towards investment totalling ECU 3 823 million. It comprises a multiregional sub-CSF (to be implemented by the national authorities) and seven regional sub-CSFs, to be implemented by the Autonomous Communities.

<sup>12</sup> Located in the regions of Aragón, the Balearic Islands, the Basque Country, Catalonia, La Rioja, Madrid and Navarre.

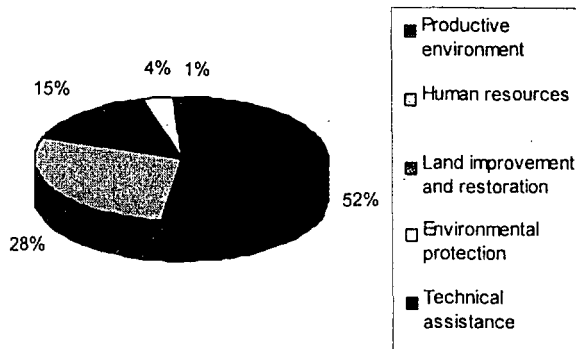
**Objective 2 in Spain - Breakdown by region (ECU million)**



In partnership with the national and local authorities, the strategic objectives of the CSF were shifted from the measures part-financed between 1989 and 1993 towards greater concentration on reducing unemployment and making firms more competitive. Nevertheless, basic transport and communications infrastructure and environmental facilities for local use continue to take the bulk of assistance in terms of expenditure. This approach, which is exceptional for Objective 2, takes account of the weaknesses in these two fields of the declining industrial areas of Spain as compared with the Union average.

ECU million

Breakdown by sector :			
Productive environment		592,0	
Human resources		317,0	
Land improvement and restoration		174,0	
Environmental protection		40,0	
Technical assistance		8,0	
Breakdown by Fund: :			
	ERDF	870,1	77,0%
	ESF	259,9	23,0%
	<b>Total</b>	<b>1130,0</b>	<b>100,0%</b>



The CSF contains six priorities to concentrate assistance on support for employment and the competitiveness of firms (37.6% of resources), environmental protection in the areas most closely associated with productive activities (3.5%), support for research, technology and innovation (9.8%), the development of transport in association with economic activity (26.7%), local and urban activity (21.5%) and technical assistance (0.6%).

Besides concentrating assistance on these six priorities, partnership with the Spanish authorities permitted better integration among the Funds, since the ESF's contribution was spread over four priorities in the CSF as opposed to only one in the conversion plan, and the regional OPs include ERDF and ESF measures in a single item of assistance per region. In addition, on the basis of the proposals in the plan, Community assistance to support employment and competitiveness was considerably increased at the expense of the share taken by basic infrastructure. In terms of the total ERDF contribution, the share taken by employment and firms rose from 24% to 33.3% while that for transport fell from 45.3% to 34.7%. The new priority for local and urban development restricts to 20% a series of measures which include infrastructure for the treatment of domestic water and waste and suburban railway lines.

**Urban development in Spain:**

The new "Local and urban development" priority will support investment in infrastructure which will encourage the establishment of firms, offer training opportunities and provide social facilities and improve living conditions in the most disadvantaged urban areas.

The ERDF will support the construction of and facilities for vocational training centres and employment agencies, the renovation of buildings for use for social or economic purposes, the restoration of run-down urban areas (including open spaces, and, exceptionally and until 1996 only, the construction of basic infrastructure which will help protect the environment and which would normally fall within the scope of the public authorities (waste-water treatment, flood prevention, protection of coasts and rivers, urban transport);

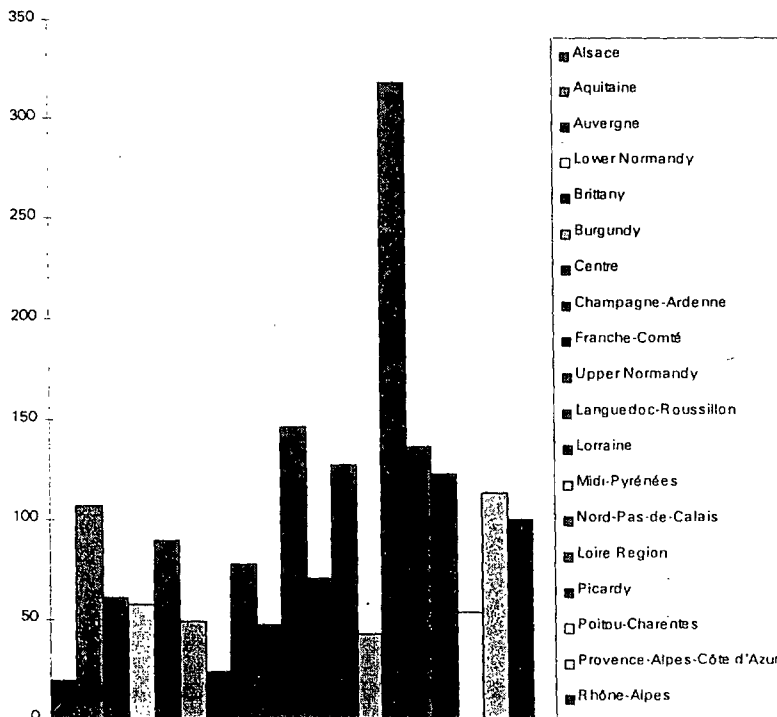
The ESF will part-finance measures to support employment (mainly training of workers) or develop training systems (e.g. establishment of employment-training structures, training of instructors).

The CSF will be implemented through eight OPs: seven (one for each Autonomous Community) will receive assistance from the ERDF and the ESF while the multiregional one, which contains measures for which the national authorities are responsible, will receive assistance from the ESF. The Spanish authorities sent revised versions of these programmes to the Commission in mid-December 1994.

**France**

In France some fifty employment areas in 19 of the 22 metropolitan regions are eligible under Objective 2. Programming, in the form of an SPD for these 19 regions<sup>13</sup>, was adopted in December 1994. It provides for a total of ECU 1 763 million (25.2% of the resources for Objective 2) towards investment amounting to ECU 5 000 million.

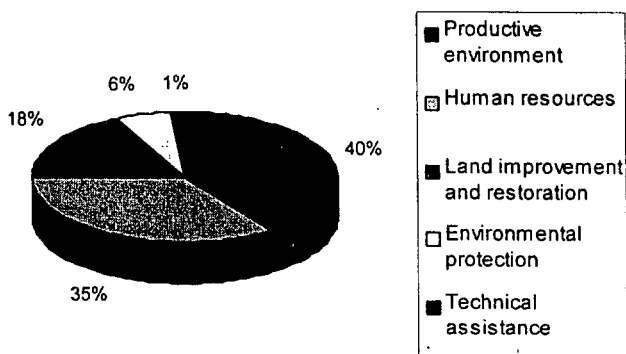
*Objectif 2 in France - Breakdown by region (ECU million)*



<sup>13</sup> Alsace, Aquitaine, Auvergne, Brittany, Burgundy, Centre, Champagne-Ardenne, Franche-Comté, Languedoc-Roussillon, Loire Region, Lorraine, Lower Normandy, Midi-Pyrénées, Nord/Pas-de-Calais, Picardy, Poitou-Charentes, Provence-Alpes-Côte d'Azur, Rhône-Alpes and Upper Normandy.

The general guidelines, agreed through partnership with the national and regional authorities, make the impact on local employment the main aim of assistance from the Structural Funds. This is intended both to adjust the structure of local labour markets by raising skill levels and to encourage the creation of new jobs and more competitive firms. The programmes are also characterized by the search for innovative measures, particularly in the areas of training, technological research, the environment and local development (including urban areas), primarily through measures to combat social exclusion through integration into economic activity. An attempt has been made to integrate the work of the Funds and measures concerning human resources and training will be closely linked to those financed by the ERDF.

ECU million			
<b>Breakdown by sector :</b>			
Productive environment		710,0	
Human resources		614,0	
Land improvement and restoration		313,0	
Environmental protection		103,0	
Technical assistance		25,0	
<b>Breakdown by Fund :</b>			
	ERDF	1452,7	82,3%
	ESF	310,6	17,7%
	<b>Total</b>	<b>1763,3</b>	<b>100,0%</b>



The strategic objectives are incorporated in a number of development priorities:

- the stimulation of economic activity, including the adjustment of existing economic and industrial potential. This priority is common to all the SPDs;
- the diversification of economic activities, e.g. in Aquitaine and the Loire Region;
- improving the environment and making the region more attractive, e.g. in Nord/Pas-de-Calais and Midi-Pyrénées;
- strengthening the fabric of firms and competitiveness and support for regional companies, e.g. in the Centre and Lower Normandy regions;
- training and research in firms, including the transfer of technologies, e.g. in Auvergne and Poitou-Charentes;
- human resources, e.g. in Franche-Comté and Burgundy;
- the modernization of tourist facilities, e.g. in Provence-Alpes-Côte d'Azur and Lorraine;
- the improvement of port facilities in coastal areas (Brittany and Upper Normandy).

**Improving training and research to benefit firms in Auvergne:**

Three types of measures costing a total of ECU 31 million, of which the ERDF will contribute ECU 30.3 million and the ESF ECU 700 000, are planned to improve links between small firms and industries and centres for technological research:

- improving the training facilities available to firms by supporting investment in training centres where infrastructure and materials adapted to technological change can be used for teaching purposes;
- the development of centres for final research, by supporting units with direct links with the local economic fabric, and with small firms and industries in particular;
- raising awareness within the research and science sector by encouraging educational establishments to participate in technological development measures for firms and promoting cooperation between educational establishments and firms and the research and development work of these firms where this is carried out in liaison with local firms.

The main aim is to double in two years the number of employees in small firms and industries supervised by engineering schools and to increase by 10% the number of research contracts between universities and firms.

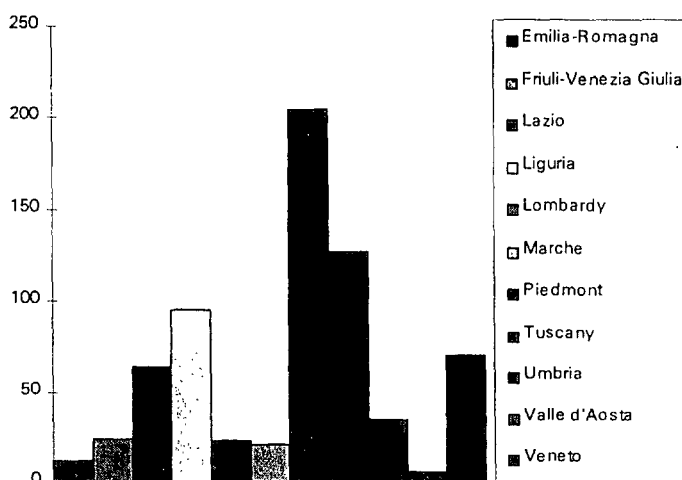


This is expected to have a substantial impact on employment. In the northern and eastern regions, where the stress is on the diversification of economic activities, this is put at 31 000 jobs in Nord/Pas-de-Calais, 21 500 in Lorraine, 2 000 in Franche Comté and 1 000 in Alsace. In the western regions, where the main concern is training in firms and the conversion or modernization of port facilities, it is expected that 2 000 jobs will be created in Lower Normandy and 10 000 in Brittany. In the south, where the priority is strengthening the fabric of companies, it is estimated that the number of jobs created or safeguarded will be 5 000 in Midi-Pyrénées, 8 500 in Languedoc-Roussillon and 12 900 in Provence-Alpes-Côte d'Azur.

## Italy

The new phase of programming for Objective 2 includes a total contribution from the Structural Funds of ECU 684 million (9.8% of the total for Objective 2) to investment worth ECU 2 245 million in 11 regions of northern and central Italy.<sup>14</sup> The population covered totals 6.3 million people, 67% more than in the previous programming period. Two regions (Emilia-Romagna and Friuli-Venezia Giulia) are eligible under Objective 2 for the first time while in others (Lombardy, Veneto, Marche and Lazio) the eligible areas are either completely different or considerably greater than previously. It should be noted that a number of major cities affected by industrial decline (Turin, Genoa, Venice and Trieste) have also been included. The amount of Community assistance varies from ECU 6 million for the Valle d'Aosta to ECU 205 million for Piedmont, which once again accounts for the largest share of the population covered (about 30% of the total).

*Objectif 2 in Italy - Breakdown by region (ECU million)*

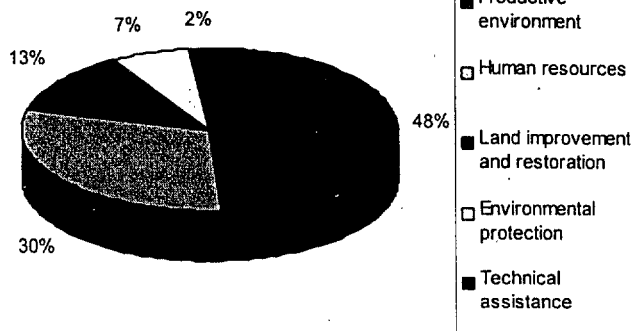


In general, the priorities for the SPDs, all of which were adopted in December 1994, are: strengthening existing small businesses (35% of resources), the diversification and establishment of new small businesses (8%), the development of tourism (7.8%), environmental protection (14.7%), support for technological innovation (11%), local development (13.9%), the development of human resources (8%) and technical assistance (1.6%).

<sup>14</sup> Emilia-Romagna, Friuli-Venezia Giulia, Lazio, Liguria, Lombardy, Marche, Piedmont, Tuscany, Umbria, Valle d'Aosta and Veneto.

ECU million

<b>Breakdown by sector :</b>	
Productive environment	334,7
Human resources	204,3
Land improvement and restoration	86,0
Environmental protection	48,4
Technical assistance	10,6
<b>Breakdown by Fund :</b>	
ERDF	542,3 79,0%
ESF	141,7 21,0%
<b>Total</b>	<b>684,0 100,0%</b>



A number of improvements and innovations have been introduced in partnership with the Italian authorities. In the first place, assistance from the Funds will be better integrated, since most of the priorities include measures part-financed by the ERDF and the ESF. The ESF will also play a larger role than originally planned, both in financial terms (it now accounts for 21% of total assistance) and in terms of the quality of its measures. Secondly, stress is placed on measures concerned with new sources of employment such as assistance for access to new technologies for small firms to promote both R&D work and transfers of technology (science and technology parks, innovative services for small firms, specific training measures, establishment of consortia of generators and potential users of research and innovation in order to disseminate these ideas); environmental protection, with particular emphasis on monitoring systems, environmental infrastructure, the restoration of abandoned areas, the granting of assistance for programmes of investment in clean technologies and specific training measures. Local development will receive greater assistance through a range of measures including programmes providing assistance for investment and programmes for services, economic stimulation and innovative financial mechanisms.

***Developing and strengthening small industries in Tuscany:***

The vast majority of appropriations in Tuscany will go to the development of small industries, which comprise the economic base of the region (total cost: ECU 160.4 million, of which the ERDF will contribute ECU 36.6 million and the ESF ECU 10.7 million). All the measures are designed to modernize the existing fabric:

- *investment assistance for small industries and craft firms*, for example, for the relocation of premises, the modernization or reorganization of production processes or the establishment of new productive activities;
- *financial services*, through the establishment of a venture-capital guarantee fund to support the establishment of firms, new investments or the introduction of new technologies;
- *business services*, principally to enable businesses to comply with Community standards on product quality, control of emissions and waste and safety at work and to provide assistance from experts in organization, marketing or strategy;
- *economic stimulation*, through information for and the training of businessmen on Community programmes and new knowledge relating to technological, financial or managerial innovation.

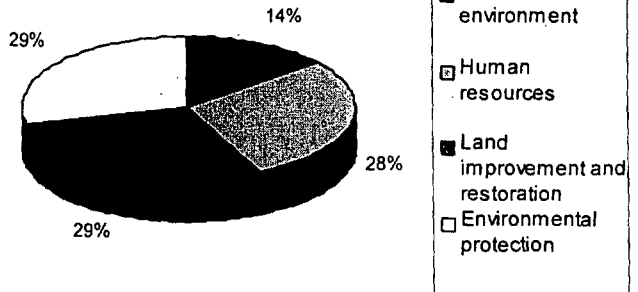
In most regions, implementation of the SPDs began immediately they had been approved. The innovations introduced in 1992-93 (calls for tenders for projects, application of selection criteria, etc.) were continued with greater vigour. New initiatives were taken with regard to the Monitoring Committees, principally to improve coordination of the monitoring system, ensure greater participation by the socio-economic partners, pursue a more vigorous policy on information and publicity and improve the information provided to the Monitoring Committees, including the annual progress reports.

## Luxembourg

The eligible areas of Luxembourg are the canton of Esch-sur-Alzette and the southern half of the canton of Capellen (a total of 133 280 people), both of which have been badly hit by a succession of crises in the steel industry and the process of restructuring which has gone on there. Programming for 1994-96 is in the form of an SPD, which was adopted in December 1994 and includes Community finance totalling ECU 7 million towards investment amounting to ECU 20.7 million.

ECU million

<i>Breakdown by sector :</i>		
Productive environment		1,0
Human resources		2,0
Land improvement and restoration		2,0
Environmental protection		2,0
<i>Breakdown by Fund: :</i>		
	ERDF	6,0
	ESF	1,0
	<b>Total</b>	<b>7,0</b>
		86,0%
		14,0%
		100,0%



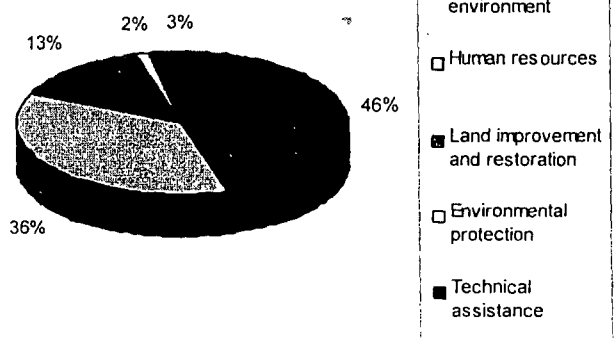
The strategy of the SPD, which continues along the lines of the previous period, is to strengthen efforts to promote diversification in order to prevent economic activities and jobs being concentrated only in the tertiary sector and in a single region (Luxembourg city). However, greater attention has been paid to reusing derelict land and former industrial buildings, environmental problems and the development of human resources. The priorities are support for the industrial sector (33.4% of resources), support for other sectors (33.1%), environmental protection (31.5%) and technical assistance (2%). It is expected that the programme will result in the establishment of 20 to 25 companies and between 300 and 400 jobs.

## Netherlands

The areas of the Netherlands eligible under Objective 2 comprise Zuidoost-Brabant (pop. 666 000), Arnhem-Nijmegen (pop. 470 000), Groningen-Drenthe (pop. 606 000), Twente (pop. 505 000) and Zuid-Limburg (pop. 389 000), a total population of 2 636 000. The Structural Funds will contribute ECU 300 million towards total investment of ECU 670 million. Programming takes the form of five SPDs, all of which were adopted in December 1994..

ECU million

<i>Breakdown by sector :</i>		
Productive environment		141,4
Human resources		112,8
Land improvement and restoration		41,5
Environmental protection		5,0
Technical assistance		9,2
<i>Breakdown by Fund: :</i>		
	ERDF	206,0
	ESF	94,0
	<b>Total</b>	<b>300,0</b>
		69,0%
		31,0%
		100,0%



Each of the SPDs is intended to stimulate growth, create jobs and raise living standards. Accordingly, the development priorities concentrate on improving the fabric of industry, and particularly small firms (Zuidoost-Brabant: 76% of resources; Arnhem-Nijmegen: 30%; Groningen-Drenthe: 80%; Twente: 60%;

Zuid-Limburg: 70%) and developing tourism (Zuidoost-Brabant: 21%; Arnhem-Nijmegen: 16%; Groningen-Drenthe: 17%; Twente: 8%; Zuid-Limburg: 4%). The Arnhem-Nijmegen SPD also includes a major project "EuroTradePort" and those for Twente and Zuid-Limburg include the development of the transport and distribution sectors (30% and 11% respectively). Technical assistance accounts for between 2% and 4% of the resources of each SPD. It is expected that 2 000 new jobs will be created (1 800 in industry and 200 in tourism) in the Arnhem-Nijmegen and Zuidoost-Brabant areas and 5 000 in the Groningen-Drenthe area. The aim in Twente is to reduce unemployment by 0.5% by 1998. In Zuid-Limburg, the goal is to increase by 10% the share of industrial production taken by small firms.

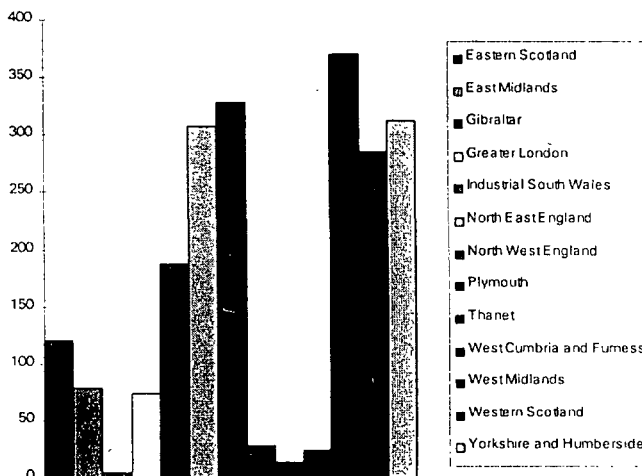
**"EuroTradePort" a major project in Arnhem-Nijmegen:**

The ETP project will absorb almost 53% of the total SPD for Arnhem-Nijmegen (ECU 90.4 million to which the ERDF will contribute ECU 20.7 million and the ESF ECU 7.1 million). The aim of the project is to develop distribution and transport in the region as well as commercial services. It will contribute to restoring industrial areas and strengthening firms in the transport, distribution and logistics sectors by supporting their efforts to seek out innovative measures (through distance operations, sub-contracting and quality-promotion programmes) while participating in national and European transport network development projects. Investment in human resources will take the form of training programmes and supplementary information for the labour market in the sectors covered by the ETP and training to enable certain targeted groups of the unemployed to fill vacant posts.

**United Kingdom**

Of the areas of the United Kingdom eligible under Objective 2,<sup>15</sup> four (East London and Lee Valley, Plymouth, Thanet and Gibraltar) are included for the first time. The total population of the eligible areas is 17.7 million, or about 31% of the total population of the United Kingdom. In 1994-96, these areas will receive assistance from the Structural Funds amounting to ECU 2 142 million, or 30.7% of the total for Objective 2. The programming provides for total costs amounting to ECU 5 393 million and is in the form of 13 SPDs, all of which were approved in December 1994.

*Objectif 2 in the United Kingdom - Breakdown by region (ECU million)*

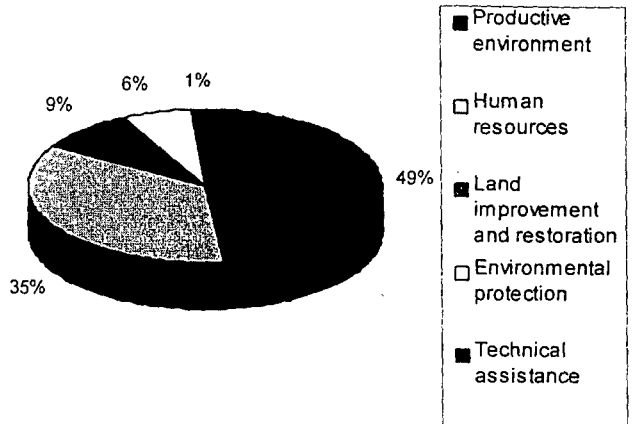


<sup>15</sup> Eastern Scotland, East Midlands, Gibraltar, East London and the Lee Valley, Industrial South Wales, North East England, Manchester-Lancashire-Cheshire, Plymouth, Thanet, West Cumbria and Furness, West Midlands and Yorkshire and Humberside.

The main strategic objectives of all these SPDs are first and foremost the stimulation of employment by matching supply to demand and raising the level of vocational skills followed by the introduction of innovative measures, particularly in training, R&D and the management of the environment, and economic development measures to be taken by local authorities and finally the full integration of human resources and economic development measures.

ECU million

<i>Breakdown by sector :</i>			
Productive environment		1038,0	
Human resources		755,0	
Land improvement and restoration		189,0	
Environmental protection		138,0	
Technical assistance		22,0	
<i>Breakdown by Fund: :</i>			
	ERDF	1606,9	75,0%
	ESF	535,2	25,0%
	<b>Total</b>	<b>2142,1</b>	<b>100,0%</b>



Priorities were defined on the basis of the needs and prospects of each area. They may be summarized as follows:

- community economic development ("regional economic and social cohesion") (18.3% of total resources): the measures are intended to reduce concentrations of people threatened with exclusion (principally young people, the long-term unemployed and other groups which are disadvantaged on the labour market) and help them participate in the economic life of their region;
- assistance to small firms and local development (15.7%): expanding the base of small firms is an objective of a number of programmes (e.g. those for West Cumbria and Furness, Yorkshire and Humberside and Plymouth). The SPDs for Yorkshire and Humberside and Plymouth forecast the establishment of 100 and 500 new firms respectively;
- building up knowledge-based activities and the development of advanced technologies (12.4%). Training for the labour force is the main goal of a number of SPDs. The Yorkshire and Humberside programme, for example, plans to train over 35 000 people and that for Gibraltar includes the creation of 400 jobs, including the replacement of jobs in defence and ship repair by jobs in other sectors;
- the development of firms in industries and services (12.1%). All the SPDs include the aim of increasing the competitiveness of firms, which includes encouragement to use new technologies;
- the diversification of activities to create an independent regional economic base (10.3%). The promotion of tourism and the cultural sector, the environment and the area's image form part of this goal which accounts for 19.2% of total resources;
- the encouragement of foreign investment, which is particularly important in the SPDs for North East England, Western Scotland and East London and Lee Valley.

***Developing firms and commerce in Eastern Scotland:***

The creation and expansion of firms and the creation and expansion of opportunities from which they can benefit is a major priority in the SPD for Eastern Scotland (total cost: ECU 106.6 million, to which the ERDF will contribute ECU 31.8 million and the ESF ECU 15 million). It includes three categories of measures:

- assistance for the creation and development of small firms, the supply of advisory services, encouragement to seek out new products and processes, shared support services, support for cooperation between or the merger of firms, incentives for commercial development or marketing;
- renovation of sites or buildings for the establishment of resource or training centres;
- training in small firms, in management, marketing, languages, export or design or in the training of instructors or advanced training.

The aim includes assisting 7 500 firms, training 18 500 people and building or renovating 150 000 sq m of premises for firms.

This new programming exercise contains four major innovative guidelines. The first is that, while hitherto private investment has received very little support, the private sector is now making a much larger contribution in order to increase the overall economic impact of the programme while maintaining national public expenditure at a level which complies with additionality. Secondly, the stress laid on community development is an essential part of the programmes; of the 13 SPDs, 11 contain measures specifically dealing with the development of local communities, particularly the most disadvantaged. Thirdly, sustainable development strategies are emphasized through a series of measures to promote clean technologies and activities which consume little energy. Finally, as far as partnership is concerned, to ensure that the interests of the local population are taken into account and to guarantee transparency, each programme includes a definition of the process and criteria for the selection of projects, which have been defined and approved through partnership at each level of action.

### 3. Objectives 3 and 4

#### 3.1. General presentation of the programmes

The year 1994 was very important because it witnessed application of the concepts introduced by the review of the regulations, which include major changes to the ESF. Firstly, the scope of Objective 3 was broadened: it took over the tasks previously done by Objectives 3 and 4, and the prevention of long-term unemployment and the vocational integration of young people were extended - without targeting specific categories - to cover all those threatened by exclusion from the labour market. This major expansion enables each Member State, as its particular circumstances require, to select those who are most threatened with exclusion. Secondly, a new Objective 4 was created to take account of the new tasks entrusted to the ESF by Article 123 of the Treaty, to facilitate the adaptation of workers to industrial changes and changes in production systems.

#### *The financial contribution of the Structural Funds*

To ensure that the funds allocated to Objectives 3 and 4 are used effectively, the Community assistance had to focus on the greatest needs and the most effective measures. The priorities for assistance were also to be identified in active partnership with the Member States and the funding resources for 1994-99 were to be allocated.

*Table 15: Objectives 3 and 4 - indicative breakdown of appropriations by Member State 1994-99*

Membre State	Obj. 3 +4	Obj. 3	Obj. 4
Belgium	465,0	396,0	69,0
Danmark	301,0	263,0	38,0
Germany	1.942,0	1.682,0	260,0
Spain	1.843,0	1.474,0	369,0
France	3.203,0	2.562,0	641,0
Italy	1.715,0	1.316,0	399,0
Luxemburg	23,0	21,0	2,0
Netherlands	1.079,0	923,0	156,0
United Kingdom	3.377,0	-	-
Total	13.948,0	8.637,0	1.934,0

#### *The priorities selected for programming*

*A more coherent and strategy-based approach to developing human resources and improving the labour market.* This is achieved by carefully selecting the measures to promote job creation and by concentrating the financial resources on them. It involves matching labour supply and demand better and linking training more closely to employment by concentrating funding on those training measures that meet the needs of business and result as far as possible in employment.

*Consideration of the recommendations in the White Paper on "Growth, competitiveness and employment"*, and of the three priorities assigned to the ESF in the White Paper on social policy, which are:

- to improve the quality of education and initial training and facilitate access by target groups to vocational training, in particular through the gradual development of the Youthstart Community Initiative<sup>16</sup> and improved research, science and technology operations. In this regard, almost all the Member States have

<sup>16</sup> See Chapter I.D. below.

chosen to support two years of initial training or longer, particularly when developing their systems of apprenticeships. The importance of Youthstart has also been recognized by the Member States, but to varying degrees: genuinely innovative measures with very real added-value have been introduced in Italy, Ireland, Portugal, Greece and the Netherlands. The other Member States have planned measures which, while adhering to the basic Youthstart concept, remain rather general in nature and are intended for all young people rather than the unqualified under-twenties in particular;

- to increase competitiveness and prevent unemployment by adapting the workforce to industrial changes through the systematic use of continuing training. In this context most of the CSFs or SPDs refer to training throughout life, but it is regrettable that little emphasis is placed on a more organized use of continuing training. Furthermore, the speed with which technological changes are anticipated varies from one Member State to another. Moreover, there is broad support for SMEs, especially in France and Germany, where much importance is clearly attached to the early adoption of new technology and the involvement of large firms;
- to better the job prospects of those threatened by long-term unemployment and exclusion by going beyond the current piecemeal, selective operations through the introduction of coordinated measures. The notion of a "pathway of reintegration" has thus been developed, bringing together training measures leading to qualifications and also social and behavioural training. In general, this is the priority most widely adopted by the Member States, although there are variations in approach. Some Member States (UK, Spain, Germany) target a very wide public, thereby allowing a broad swathe of the population to be classed among the socially excluded. Other Member States have chosen to specify the targeted beneficiaries more closely. In such cases those most concerned are the young unemployed who left school without any qualifications, the very long-term unemployed, certain immigrant minorities, the handicapped, certain categories of women, drug addicts, alcoholics, prisoners and former prisoners.

**Greater account of the principle of equal opportunities for men and women.** This principle is expressly provided for in the regulations governing the Structural Funds since their review in 1993 and is enunciated in Article 1 of the ESF Regulation. A general reference to this priority is therefore found in most of the CSFs and SPDs. In addition, specific measures for women have been selected, to varying degrees, by the majority of Member States under Objective 3 (Belgium, Germany, Spain, France, Italy, Luxembourg, United Kingdom) and under Objective 1 (Germany, Greece, Italy, Ireland, Portugal, United Kingdom). Overall, the specific measures aim both to remove claims on women's time, in particular by taking care of their dependents, and to increase their competitiveness and employability, especially by improving specific training systems, aid for business-creation, the dissemination of information and, in certain cases, school-based measures to encourage females into activities not traditionally associated with women. Specific modules for training instructors will play a decisive role in this change of behaviour.

#### *Implementation of the new regulatory provisions*

**Partnership: a key element.** The participation of the economic and social partners, non-governmental organizations (NGOs) and the public and private sectors is one of the key elements allowing the broadened scope and increased flexibility of the ESF to be exploited to the full. When negotiating the CSFs and drawing up the procedural rules for the Monitoring Committees, the Commission insisted that the social partners be involved<sup>17</sup>. The importance the Commission attached to expanding the local dimension during the entire negotiating phase, thereby enabling local experiences to be incorporated in the national strategies, should also be noted.

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<sup>17</sup> See Chapter IV.B "Dialogue with the social partners".



***Improved monitoring and assessment.*** In preparing the 1994-99 programmes for Objectives 3 and 4, greater attention was paid to the prior appraisal and quantification by the Member States of the anticipated impact of the aid measures. The Commission asked independent experts to carry out a prior appraisal of the Member States' proposals and it used their assessments in the negotiations with the Member States. The procedure helped to improve both the quality of the CSFs and SPDs and the definition of the objectives sought.

Work was also done on defining "Common Structural Fund guidelines for monitoring and interim evaluation". The experience gained in the first programming period (1989-93) showed that *ex post* evaluations are at times difficult to carry out and do not always produce satisfactory results. There are three main reasons for this: in the beginning the goals set by the CSFs/SPDs and OPs were not defined or identified in such a way that they could be subsequently verified; secondly, the relevant data and information were not available for analysing the results and impact of the assistance; lastly, the results of the *ex post* evaluations arrived too late to be used as an aid to programming (because the impact of the measures is only measurable after a certain lapse of time and the *ex post* evaluations can be started only when the measures have been completed). For this reason the horizontal parts of the CSFs and SPDs provide for interim assessment to supplement the prior appraisals and *ex post* evaluations, which cannot provide either the Member States or the Commission with a steady supply of information on the effectiveness and progress of the programmes.

Furthermore, the regulations as revised in 1993 provide for more decentralized management of the Structural Funds. Monitoring and interim evaluation must therefore now be done at the appropriate programming level. The increased responsibility given to the various people concerned means that they have to be more involved in the programming, management, monitoring and evaluation of the assistance. Monitoring and interim evaluation must be integrated as an essential component, thereby increasing the quality and effectiveness of the assistance. These are management tools that must be used by the Monitoring Committees to improve the quality of the programmes and steer them in another direction, if necessary. This makes the Monitoring Committees responsible for both monitoring and interim evaluation. The Member States and the Commission agree, within this partnership, on the procedures and methods to be applied to monitoring and interim evaluation with the Commission's guidelines acting as a point of reference for the 1994-99 period. As part of the partnership in the Monitoring Committees, the concrete ways and means to be developed will be discussed, on the basis of both the conditions pertaining at national and regional level and the existing rules and regulations.

The main aim is to allow all those involved in implementing the Structural Funds to adopt a common language and coherent approach to the monitoring and evaluation of assistance. The monitoring systems must be improved to meet the needs of interim evaluation. They must provide the information needed as a basis for the evaluations, which constitute the critical analysis of the data collected during monitoring in particular. The horizontal parts of the CSFs and SPDs usually stipulate that the interim evaluations are carried out by independent assessors, acting on behalf of the Monitoring Committees.

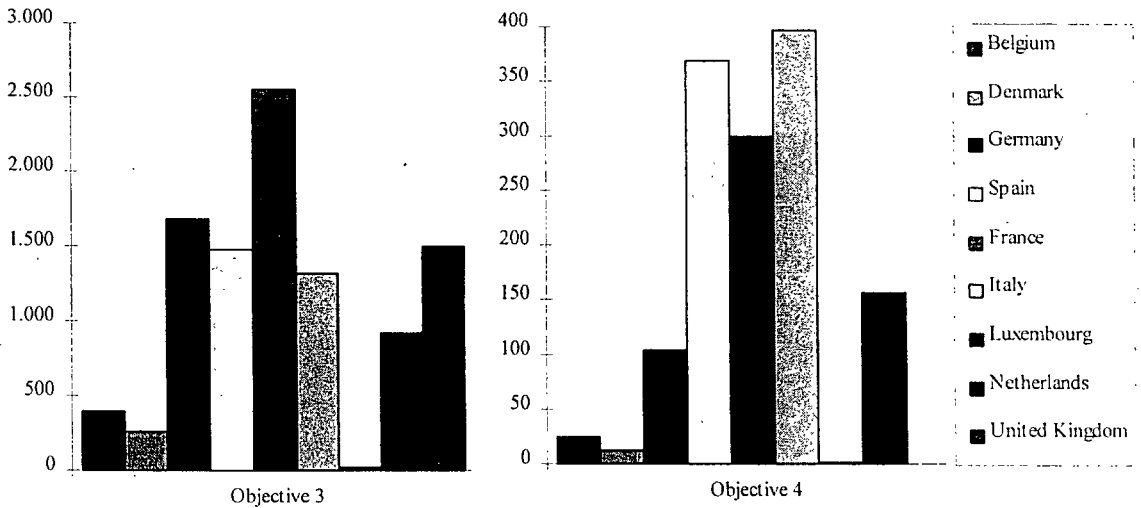
***The difficulties of evaluating the impact on employment.*** While it is possible to estimate the number of those who will take part in the various operations planned under Objectives 3 and 4 (11 million), it is not possible at present to assess the impact on employment. The transfer of funds programmed under the various CSFs and SPDs will obviously have an economic impact, and as a result an effect on employment. But these macro-economic effects ought not be confused with the specific effects aimed at in the various training and vocational reintegration programmes presented here and which are intended for highly specific, and very varied, categories of people. These programmes, which differ both in terms of the measures employed and the beneficiary groups because of the complex mechanisms governing the labour market, do not allow for a simple, direct prior appraisal of the overall effect on employment. The effectiveness of the

programmes in achieving the stated objectives must thus be evaluated, using appropriate methods, as part of the monitoring and interim evaluation process.

### 3.2. Presentation by country

Table 16: Objectives 3 and 4 - breakdown by Member State of the CSFs/SPDs 1994-96/99 (ECU million)

Member State	Total	Obj. 3	%	Obj. 4	%
Belgium	421,6	396,2	85,2%	25,4	14,7%
Denmark	276,0	263,0	87,4%	13,0	12,6%
Germany	1.786,5	1.682,0	86,6%	104,5	13,4%
Spain	1.843,0	1.474,4	80,0%	368,6	20,0%
France	2.861,6	2.562,0	80,0%	299,6	20,0%
Italy	1.714,9	1.316,2	76,7%	398,7	23,3%
Luxembourg	21,6	20,7	90,0%	0,9	10,0%
Netherlands	1.079,2	923,0	85,5%	156,2	14,5%
United Kingdom	1.501,0	1.501,0	100,0%	0,0	0,0%
<b>Total</b>	<b>11.505,4</b>	<b>10.138,5</b>	<b>85,4%</b>	<b>1.366,9</b>	<b>14,6%</b>



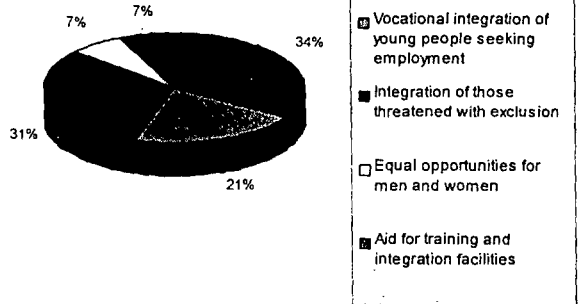
The nine Objective 3 CSFs or SPDs and the eight Objective 4 CSFs or SPDs were adopted by the end of 1994. In the case of Objective 3, the CSFs or SPDs were all adopted for the whole 1994-99 period, with the exception of the United Kingdom (1994-96). In the case of Objective 4, however, only the CSFs or SPDs for Spain, Italy and the Netherlands were approved for the entire 1994-99 period. Because of the newness of the Objective, the CSFs and SPDs for the other Member States were adopted only for a three year period (1994-96).

## Belgium

Total ESF assistance amounts to ECU 426 million for Objectives 3 and 4 in Belgium. Each CSF is implemented as five OPs, under the responsibility respectively of the Federal Ministry for Employment and Labour, the Flemish Community Government, the German Community Government, the government of the Region Brussels-Capital and, in the case of the fifth OP, under the joint responsibility of the Walloon Regional Government, the French Community Government and the French Community Council.

### Objective 3

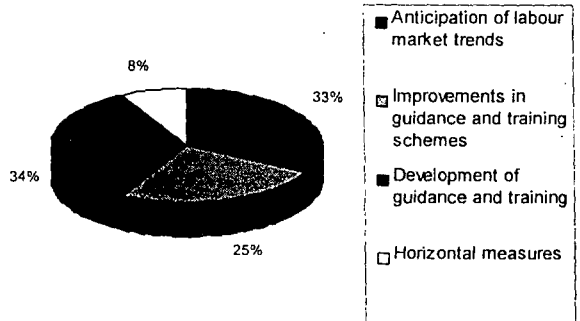
Priorities	ESF
Integration of the long-term unemployed	133.0
Vocational integration of young people seeking employment	84.8
Integration of those threatened with exclusion	124.6
Equal opportunities for men and women	26.4
Aid for training and integration facilities	27.4
<b>Total</b>	<b>396.2</b>



*The Objective 3 CSF*, approved on 4 November 1994, attaches great importance to the notion of "reintegration pathway" and its corollary, the partnership. This approach is based on defining a reintegration pathway appropriate to each unemployed person, the implementation of which requires close collaboration between the promoters and public authorities. Job-provision measures will be reserved primarily for the least favoured groups: the unskilled unemployed, the elderly unemployed, the very long-term unemployed, the handicapped and unskilled women. The five OPs were adopted in 1994 and contain commitments totalling ECU 64 360 000 for 1994.

### Objective 4

Priorities	ESF
Anticipation of labour market trends	8.3
Improvements in guidance and training schemes	6.4
Development of guidance and training	8.7
Horizontal measures	2.0
<b>Total</b>	<b>25.4</b>



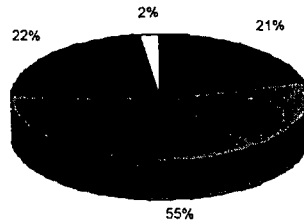
*The Objective 4 CSF*, approved on 8 December 1994, covers the period 1994-96. The main points of the programme are continuous and pre-emptive measures to deal with problems of industrial change and changes in production systems; the essential participation of the socio-economic partners, to ensure that the programme functions optimally; the partnership, which must be organized at sub-regional and inter-sectoral level; and particular measures to aid SMEs. The five OPs to implement the CSF (Flemish Region and Community, French Community, Francophone Community, Brussels-Region, federal level) were, like the Objective 3 OPs, adopted in 1994. Total commitments for 1994 amounted to ECU 4 630 000.

## Denmark

Total ESF assistance for the Objective 3 and 4 SPDs amounts to ECU 276 million.

### Objectif 3

Axes prioritaires	FSF
Insertion professionnelle des jeunes	55,0
Insertion des chômeurs et des chômeurs de longue durée	144,0
Intégration des personnes menacées d'exclusion	58,5
Assistance technique	5,5
<b>Total</b>	<b>263,0</b>

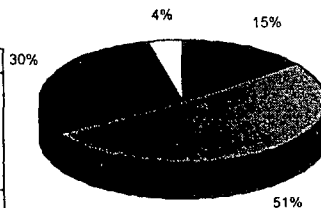


- Insertion professionnelle des jeunes
- Insertion des chômeurs et des chômeurs de longue durée
- Intégration des personnes menacées d'exclusion
- Assistance technique

*The Objective 3 SPD* was approved by the Commission on 5 August 1994 and concentrates ESF assistance on the most needy target groups (within which priority will be given to the most effective measures for combating long-term unemployment and for facilitating the vocational integration of young people and those threatened with exclusion from the labour market); it also concentrates on innovative measures to identify and try out the most effective ways of solving unemployment problems. Because of the very high participation rate of women in the workforce, no specific priority relating to equality of opportunities is provided for, but it is estimated that more than half of ESF assistance will involve the training of women. The total number of beneficiaries will be about 31 000.

### Objective 4

Priorities	ESF
Anticipation of labour market trends and vocational training requirements.	1,9
Vocational training, guidance, advice	6,7
Improvements in vocational training schemes	3,9
Technical assistance	0,5
<b>Total</b>	<b>13,0</b>



- Anticipation of labour market trends and vocational training requirements.
- Vocational training, guidance, advice
- Improvements in vocational training schemes
- Technical assistance

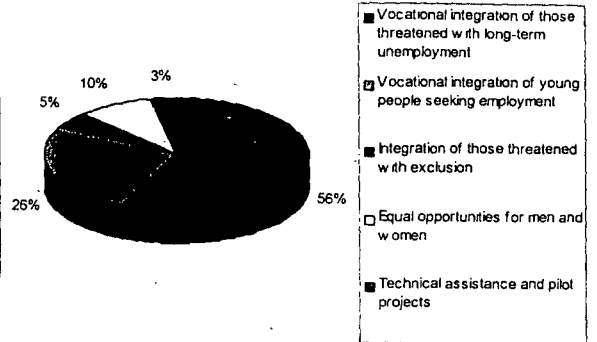
*The Objective 4 SPD* for 1994-96 was approved by the Commission on 23 December 1994. Forming part of the current reform of the labour market, which aims to make it more flexible so as better to meet the needs of both employer and employee, the programme concentrates funding on those most in need and on the most effective measures. Using measures that are both innovative and complementary, the ESF assistance will develop human resources without reference to any particular industrial sector or short-term industrial difficulties. SMEs (especially those recently created) will be made a particular priority to improve their employees' access to continuing training, thereby increasing job rotation. The number of final beneficiaries in the period amounts to 3 200.

## Germany

The total amount of ESF assistance for the Objective 3 and 4 CSFs amounts to ECU 1 786 million, i.e. 15% of all the appropriations for Objectives 3 and 4.

### Objective 3

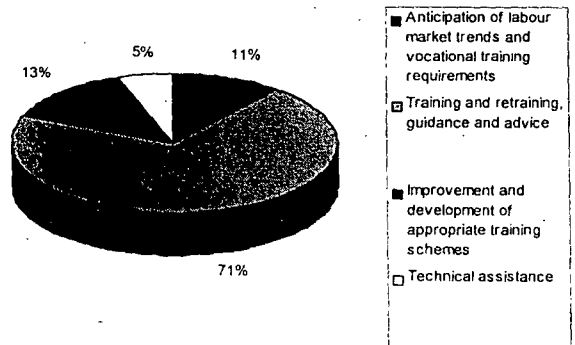
Priorities	ESF
Vocational integration of those threatened with long-term unemployment	951,4
Vocational integration of young people seeking employment	441,7
Integration of those threatened with exclusion	78,1
Equal opportunities for men and women	160,1
Technical assistance and pilot projects	50,7
<b>Total</b>	<b>1.682,0</b>



*The Objective 3 CSF* was approved by the Commission on 16 August 1994. ESF assistance is divided between the federal State (52%) and the Länder (48%). The Länder are heavily involved so as to develop and consolidate an employment policy that clearly takes account of regional and local needs. Among the prominent features of the programme, it should be noted that ESF assistance at both federal and Länder level will provide a qualitative fillip to the national employment initiatives, especially through schemes complementing the "law to promote employment"<sup>18</sup> (courses in foreign languages taught as part of vocational training, work experience abroad, assistance for social workers). Implementation of these measures will seek to improve the effectiveness of those that are jointly funded: an assessment of local and regional skill requirements, training schemes with close links to firms, measures resulting in the highest qualifications possible and cooperation between trainers. It is estimated that some 400 000 persons will benefit from the CSF. Twelve OPs to implement the CSF were adopted in 1994: 11 regional OPs implemented at Land<sup>19</sup> level and one federal OP. They accounted for a total of ECU 259.6 million in commitments for 1994.

### Objective 4

Priorities	ESF
Anticipation of labour market trends and vocational training requirements	11,4
Training and retraining, guidance and advice	73,7
Improvement and development of appropriate training schemes	13,7
Technical assistance	5,7
<b>Total</b>	<b>104,5</b>



*The Objective 4 SPD* for the period 1994-99 was approved on 14 December 1994. Almost half the resources were allocated to training and retraining in two major areas: improving qualifications through an innovative approach and innovative methodology, taking account of trends in industrial research, and improving the qualifications of specific target groups that are generally neglected in companies' training plans (unqualified

<sup>18</sup> "Arbeitsförderungsgesetz"

<sup>19</sup> Baden-Württemberg, Bavaria, Berlin, Bremen, Hamburg, Hesse, Saarland, Lower Saxony, Schleswig-Holstein, Rhineland-Palatinate, North Rhine-Westphalia.

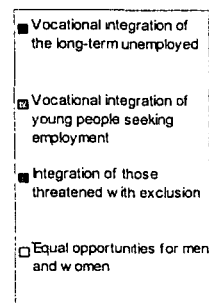
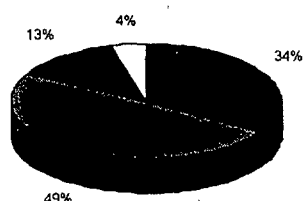
or poorly qualified workers, those employed short-term, SME management staff). Pre-emptive measures will be improved at federal level and in each Land, so that regional characteristics can be taken into account. Thus, to increase the impact of the SPD on future training activities organized by German companies, a think-tank scheme is planned, involving all the bodies responsible for training in Germany to provide an overall view of the various aspects of training and training needs and to establish the priorities common to all the Länder. The number of employees to benefit from training under the programme is about 23 000.

## Spain

The funding provided under the Objective 3 CSF and the SPD for Objective 4 amounts to ECU 1 843 million, i.e. 15.5% of the total budget for Objectives 3 and 4.

### Objective 3

Priorities	ESF
Vocational integration of the long-term unemployed	499,3
Vocational integration of young people seeking employment	725,8
Integration of those threatened with exclusion	187,6
Equal opportunities for men and women	61,7
<b>Total</b>	<b>1.474,4</b>



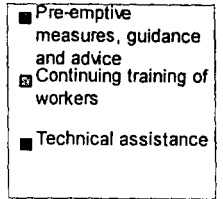
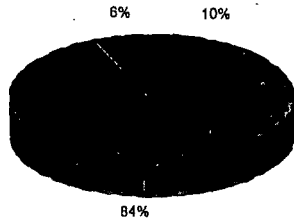
*The Objective 3 CSF* was approved by the Commission on 5 August 1994 and involves seven regions (Aragon, Balearics, Catalonia, Madrid, Navarre, Basque Country and Rioja). Its strategy is shaped by the Spanish convergence programme drawn up in 1992 and the White Paper guidelines. In view of the very high rate of unemployment and the deficiencies in technical and vocational training in Spain, the CSF places a very high emphasis on ESF assistance for youth training measures. This will help achieve the goals already set out in the relevant Spanish institutional Act and in the national programme for vocational training, which aims at an attendance rate (education and training) of almost 100% in the 16-18 age group, in accordance with the aims of Youthstart. Priority will be given to improving training facilities for integration courses (sandwich training, in-house training periods, inculcating a business ethic) and to adapting both qualifications and technological training. The second feature of the CSF is the major importance attached to the integrated approach, which comprises reintegration pathways for the long-term unemployed and those threatened with exclusion from the labour market (through aid for measures such as information provision, careers-guidance, updating skills, training and work placement). Lastly, in addition to the specific measures provided for in priority 4, a special effort is made on behalf of women, in particular those unemployed long term and young women. It is estimated that about 60% of all beneficiaries will be women.

These priorities will be achieved through eleven OPs, all of which were approved in 1994. Four of the programmes consist of training, employment and supporting schemes, and are managed by the central Spanish authorities. The seven other OPs involve operations run by the Autonomous Communities<sup>20</sup>. Total commitments in 1994 amounted to ECU 219.6 million.

<sup>20</sup> Aragon, Balearics, Catalonia, Madrid, Navarre, Basque Country, Rioja.

Objective 4

Priorities	ESF
Pre-emptive measures, guidance and advice	36,9
Continuing training of workers	308,4
Technical assistance	23,3
<b>Total</b>	<b>368,6</b>



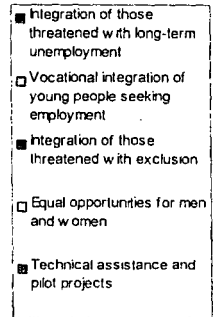
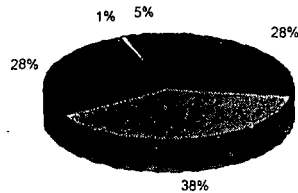
*The Objective 4 SPD* was adopted by the Commission on 14 December 1994. Unlike most of the other Member States, it will cover the entire period 1994-99. The programme envisages a global approach, implementing a system that will extend continuing training to as many firms as possible, and SMEs in particular. The following are emphasised: new approaches to content, methodology and organization; a strategy to strengthen business competitiveness (SMEs) and consolidate employment; completion of a process to make a revised vocational training scheme available to workers and companies, based on social dialogue and the involvement of all those engaged in economic activity; a special effort as regards pre-emptive measures, with account being taken of the anticipated trend in continuing training as part of the new structures agreed among the social partners; a concentration of resources on certain categories of person who, because insufficiently qualified, are more vulnerable to industrial change; the allocation of 80% of funding to workers in SMEs, especially women; the introduction of a system allowing for coordination and participation by the social partners and an expansion of the role of the Monitoring Committee.

France

ESF assistance for the Objective 3 and 4 SPDs will amount to ECU 2 862 million, representing 24.1% of all appropriations for Objectives 3 and 4.

Objective 3

Priorities	ESF
Integration of those threatened with long-term unemployment	705,8
Vocational integration of young people seeking employment	987,2
Integration of those threatened with exclusion	714,2
Equal opportunities for men and women	17,9
Technical assistance and pilot projects	136,9
<b>Total</b>	<b>2.562,0</b>



*The Objective 3 SPD*, to which 80% of the overall funding is devoted, i.e. ECU 2 562 million, was adopted by the Commission on 5 August 1994. The 21 measures planned form part of the French policy strategy on employment and vocational training based on the relevant Five-year Act of 20 December 1993. The main features of this SPD can be summarized as follows:

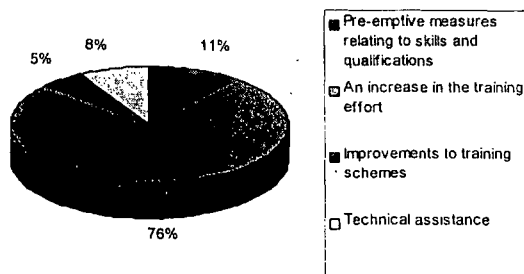
- the presence of reintegration pathways offered to the long-term unemployed, that bring together all the steps needed for access to a career (drop-in centre, information and careers guidance, pre-training, training, aid in job hunting, etc.);
- work experience for young people (apprenticeships, sandwich courses, job placement initiatives, business start-ups);

- specific measures for those in severe difficulties (training and work-style placement with a view to preparing them for entry into the competitive labour market);
- in addition to its own specific priority, measures encouraging equal opportunities between men and women through a global approach covering all the priorities in the SPD;
- increased concentration of ESF assistance on innovative and targeted measures covering the entire country (requalification and qualification of the long-term unemployed, diversification of learning, careers guidance and information provision for young people seeking employment, diversification of sandwich courses).

Furthermore, for the first time in France, the regions will be involved to a major extent in implementing ESF assistance. The local authorities, which previously had no more than 10% involvement in carrying out the CSFs, will have 40% involvement, especially in respect of measures relating to learning, economic integration and departmental integration plans.

#### Objective 4

Priorities	ESF
Pre-emptive measures relating to skills and qualifications	32,1
An increase in the training effort	227,8
Improvements to training schemes	14,6
Technical assistance	25,1
<b>Total</b>	<b>299,6</b>



*The Objective 4 SPD* for 1994-96, approved by the Commission on 16 December 1994, focuses on improving training (78% of the total cost of the programme). It provides for measures to prevent the vocational exclusion of staff in companies undergoing industrial change, and to assist vocational mobility outside the company when there is no other alternative (requalification, technical, general or specialized training, training resulting in more multipurpose skills, training of instructors). The main beneficiaries will be the less-qualified employees, those especially at risk from industrial change, and employees half way through their working lives. Pre-emptive measures will support in particular studies of the prospects in various sectors, aid for business advice and diagnostic services and some aspects of the work of the Regional Employment and Training Observatories. It is also planned that at least 70% of the employees benefiting from operations under the SPD should come from companies employing fewer than 500 people, with special emphasis on those employing fewer than 250. As a final point, implementation of the SPD should help to spread the notion within the enterprise culture that training requirements need to be identified and acted on in advance. The SPD will be implemented on the basis of a standing call for projects, 80% of the ESF allocation being managed by the regions and the remaining 20% by the State. This will enable companies, workers and all those involved in maintaining employment to mobilize and engage in a process of reflection.

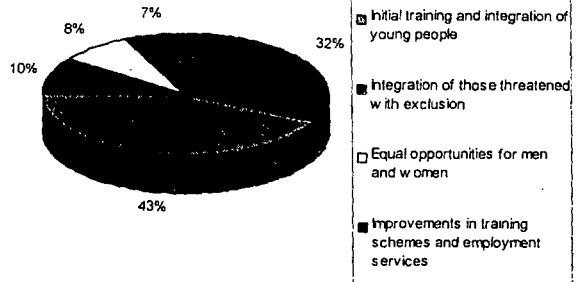


## Italy

Total assistance for Objectives 3 and 4 in Italy amounts to ECU 1 715 million, or 14.4% of the appropriations for these two Objectives. Both the CSF for Objective 3 and the SPD for Objective 4 have been approved for the period 1994-99.

### Objective 3

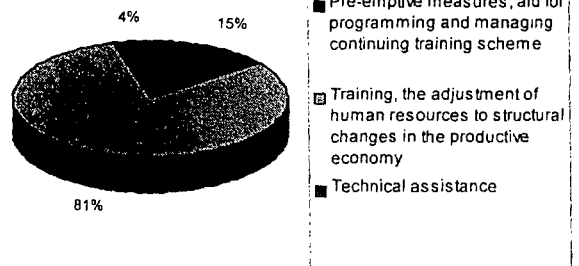
Priorities	ESF
Re-integration of the long-term unemployed	424,2
Initial training and integration of young people	566,0
Integration of those threatened with exclusion	131,6
Equal opportunities for men and women	105,3
Improvements in training schemes and employment services	92,1
<b>Total</b>	<b>1.319,2</b>



*The Objective 3 CSF* was approved by the Commission on 5 August 1994 and will be implemented through 16 regional and multiregional OPs<sup>21</sup> adopted by the Commission in December 1994. Funding was allocated at regional level on the basis of the seriousness of the employment difficulties being encountered by the various categories of person covered by Objective 3 and the indicators of the spending capacity of the various regions as recorded in the preceding period. A great deal of importance has been attached to Youthstart, since more than 50% of the funding under the priority "Initial training and integration of young people" is intended for those under 20 so as to reduce both the number of such young people in the early stages of unemployment and their chances of suffering long-term unemployment as adults. The operations involve above all young people with few educational attainments, those who have dropped out of education and apprentices who have never had periods of formal training. Furthermore, the creation of new jobs in potential growth sectors will be encouraged by simultaneously introducing training operations and aid measures to stimulate entrepreneurial skills (promotion of start-up activities). The first four priorities for measures of this type will receive 25% of the funding, which will be directed towards new sources of employment. In 1994, 16 OPs (13 regional and 3 multiregional) were adopted; total commitments in 1994 amounted to ECU 200.5 million.

### Objective 4

Priorities	ESF
Pre-emptive measures, aid for programming and managing a continuing training scheme	58,3
Training, the adjustment of human resources to structural changes in the productive economy	320,5
Technical assistance	17,4
<b>Total</b>	<b>396,2</b>



<sup>21</sup> Bolzano, Emilia-Romagna, Friuli, Lazio, Lombardy, Marche, Umbria, Piedmont, Tuscany, Trento, Valle d'Aosta, Veneto.

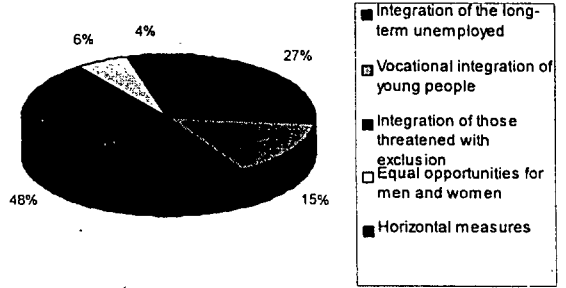
**The Objective 4 SPD** for the period 1994-99 was approved by the Commission on 2 December 1994. It provides for 16 subprogrammes, 13 regional (for the Abruzzi region a reserve is provided for the period 1997-99) and 3 multiregional ones. The total amount involved over the six years is ECU 398.7 million. The aims in the first three years are to assist in particularly serious employment situations and to lay the basis for a continuing training scheme, which should become fully operational in the subsequent three years. Substantial technical assistance is being provided for the introduction of this continuing training scheme. Mention should also be made of the importance attached to the needs of the SMEs, to which at least 80% of the overall resources will be allocated and which will receive special attention as regards support for innovation and the development of an advanced certification scheme.

## Luxembourg

ESF assistance for Objectives 3 and 4 in Luxembourg amounts to ECU 21.6 million and takes the form of a CSF and an SPD.

### Objective 3

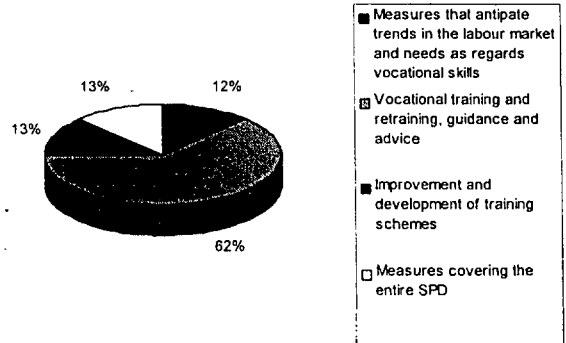
Priorities	ESF
Integration of the long-term unemployed	5,5
Vocational integration of young people	3,1
Integration of those threatened with exclusion	9,9
Equal opportunities for men and women	1,2
Horizontal measures	0,9
<b>Total</b>	<b>20,6</b>



**The Objective 3 CSF** for 1994-99 was approved by the Commission on 27 June 1994. The strategy combines several forms of training. The main features of the programme are special support for reintegration pathways, each unemployed person having the option of following this path as his own particular circumstances dictate, whether through updating skills and knowledge or receiving vocational training; there is in addition a job search, placement and support service, an innovative measure that places the interface between the world of work and those in receipt of vocational training on a formal footing; the vocational training of the handicapped is also given a great deal of support; lastly, there is a specific priority relating to women. Two OPs were adopted in 1994, one for public and the other for private promoters. The total commitments for both in 1994 amounted to ECU 3.2 million.

### Objective 4

Priorities	ESF
Measures that anticipate trends in the labour market and needs as regards vocational skills	0,1
Vocational training and retraining, guidance and advice	0,5
Improvement and development of training schemes	0,1
Measures covering the entire SPD	0,1
<b>Total</b>	<b>0,8</b>



*The Objective 4 SPD* for the 1994-96 period, approved on 12 December 1994, will enable a structure to be created that fits the needs of enterprises and forecasts the effects of industrial change, and thus also requirements in terms of employment, skills, and vocational training. The structure is based on a broad partnership that takes the shape of a "national round table". Priority will be given to craft industry and to employees of SMEs facing unemployment, who will be offered retraining. These innovative schemes will introduce new production systems and develop management techniques.

## Netherlands

The Netherlands authorities decided on SPDs for both Objectives 3 and 4. ESF assistance amounts to ECU 1 079 million (9% of all appropriations for Objectives 3 and 4). Both SPDs were approved for the period 1994-99.

### Objective 3

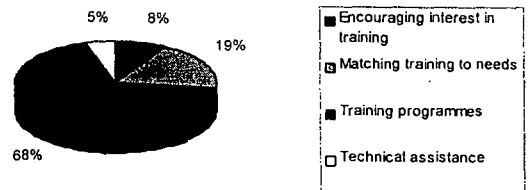
Priorities	ESF
Training	480,0
Job placement	120,0
Reintegration pathways	277,0
Technical assistance	46,0
<b>Total</b>	<b>923,0</b>



*The Objective 3 SPD* was adopted by the Commission on 17 August 1994. The operations implemented will benefit some 167 000 persons. The size and originality of the programme are illustrative of the close link between the Community objectives and the Netherlands' national employment policy. It will be implemented by "Regional employment offices", which are best placed to consider the specific needs of their respective regions.

### Objective 4

Priorities	ESF
Encouraging interest in training	13,0
Matching training to needs	29,1
Training programmes	106,7
Technical assistance	7,4
<b>Total</b>	<b>156,2</b>



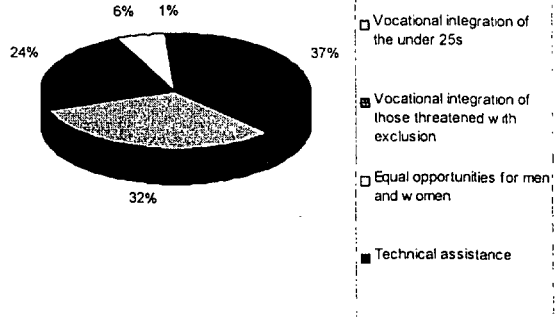
*The Objective 4 SPD* for 1994-99 was approved by the Commission on 14 December 1994. Some 116 000 persons will be trained under the programme. The training of workers in the Netherlands is primarily the responsibility of the firms involved. Under this programme, ESF aid will help to improve the continuing training scheme for certain categories of worker in particular: those in SMEs, those who have few qualifications and those without a fixed contract. The measures aim to increase awareness among both employers and employees in SMEs of the importance of continuing training and the acquisition of polyvalent qualifications. They also aim to identify gaps in the qualifications of certain categories of worker and encourage the training needed to remedy the situation. Pre-emptive measures will be implemented at both national and regional/sectoral level, and the social partners will be involved at all levels in the organization of training.

## United Kingdom

The ESF assistance allocated to the United Kingdom for Objectives 3 and 4 in the period 1994-99 amounts to ECU 3 337 million. The UK authorities did not want, however, to submit a plan for Objective 4, wishing instead to allocate the entire amount to Objective 3. However, while the SPD for Objective 3 was initially intended to cover the period 1994-99, only the first three years of that period were negotiated and approved, thereby leaving open the option of submitting an Objective 4 programme for 1996-99.

### Objective 3

Priorities	ESF
Vocational integration of those unemployed for six months or more	566,0
Vocational integration of the under 25s	475,0
Vocational integration of those threatened with exclusion	353,0
Equal opportunities for men and women	91,0
Technical assistance	16,0
<b>Total</b>	<b>1.501,0</b>



*The Objective 3 SPD* was approved on 5 August 1994. ESF assistance amounts to ECU 1 501 million (12.6% of all appropriations for Objectives 3 and 4). Long-term unemployment as a proportion of total unemployment will continue to rise in the UK in the coming years, both in absolute and relative terms. It characteristically affects those with the least qualifications, single parents, residents of the inner cities or suburbs, ethnic minorities and manual workers. The programme thus provides for schemes to meet the needs of those currently unemployed long-term, with associated measures to ensure that those without jobs for the first time do not fall into the trap of long-term unemployment.

Youth unemployment should, moreover, fall in absolute terms, because of the fall in the number of 16 to 24 year olds, due to the decline in the birth-rate in the 1970s. In addition, more of these young people will continue their secondary education and move on to university. Nonetheless, the rate of youth unemployment will remain significantly above the average. Young people have few qualifications and many of them have no work-experience at a crucial age. Their access to the labour market will continue to be a major problem.

Lastly, the aim of integration schemes is to point the way to employment for identified target groups. This involves a series of integrated steps for those in search of a job, involving advice, career-guidance, basic training, work experience and, finally, employment.

#### **4. Objective 5(a)**

Under the revised Regulations, Objective 5(a) retains its initial goal of speeding up the adjustment of agricultural structures as part of the CAP reform, but is extended to assistance to modernize and restructure fisheries. Total financing available under Objective 5(a) for the whole period 1994-99 is ECU 5 985 million, which represents 4.4% of the total available for all Objectives. The total is allocated explicitly between the two sectors covered by Objective 5(a): ECU 5 149 million to agriculture, and ECU 836 million to fisheries.

##### **4.1 Objective 5(a) for agriculture**

In November 1994, the Council revised the specific rules of Objective 5(a), which covers measures applicable throughout Community territory intended to improve the conditions for production, processing and marketing of agricultural and forestry products. Regulation (EC) No 2843/94<sup>22</sup> amended Regulations (EEC) Nos 2328/91 and 866/90, with a view to expediting the adjustment of production, processing and marketing structures as part of the reform of the common agricultural policy. The revised provisions simplify the earlier rules, so as to give Member States greater freedom in the choice of special conditions for implementing Objective 5(a) and enhance flexibility in the granting of assistance for young farmers, environmental protection and animal welfare. They are also intended as an effective response to new developments in the food industry and to the problem of compatibility between traditional investment and agricultural surpluses.

##### *The financial contribution of the Structural Funds*

The Commission adopted the indicative allocation of financing between the Member States in March 1994. Expenditure under Objective 5(a) outside Objective 1 regions needs to be distinguished from that inside those regions, which is incorporated in the CSFs for Objective 1. Total financing allocated to Objective 5(a) for 1994-99, outside Objective 1 regions, amounts to ECU 5 149 million (3.8% of the total planned for the various Objectives). Initially, ECU 4 631 million has been allocated between the Member States; of the remaining ECU 518 million, ECU 418 million has been set aside to cover reimbursements concerning the preceding programming period and ECU 100 million held back for later allocation to be decided in the light of developments as the programmes go forward and to take account of changes to the regulatory framework at the end of 1994. On the basis of the initial allocation, ECU 3 531 million is for measures relating in particular to agricultural holdings (especially investment and compensation), ECU 1 100 million is for measures concerning processing and marketing. A breakdown of financing between regions eligible for Objective 5(b) and the rest shows ECU 1 868 million for the former and ECU 2 763 million for the latter.

In regions not covered by Objective 1, the Community contributes 25% of financing at the normal rate and 50% at the increased rate. The increased rate applies to assistance to young farmers in all areas, to less-favoured areas within the meaning of Council Directive 75/268/EEC, to investment aid in the Italian Mezzogiorno, to compensatory allowances in less-favoured areas in Italy and to investment aid and compensatory allowances in certain less-favoured areas in Spain.

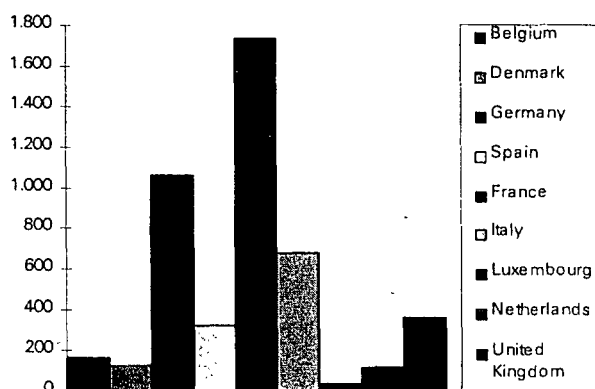
As Objective 5(a) is a horizontal Objective, it does not provide for "eligible areas". However, one of the measures, compensatory aid for hill-farming areas and other less-favoured areas, applies only in the relevant classified areas, pursuant to Directive 75/268/EEC.

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<sup>22</sup> Regulation amending Regulation (EEC) No 2328/91, OJ No L 302, 25.11.1994, p.1.

**Table 17: Objective 5(a) agriculture (non-Objective 1 regions) - indicative breakdown of appropriations by Member State 1994-99 (ECU million)**

Member States		EAGGF	%	Member States		EAGGF	%
Belgium	Production structures	140,4	82,6%	Italy	Production structures	494,4	72,7%
	- of which Objective 5(b)	30,3			- of which Objective 5(b)	168,1	
	Marketing structures	29,6	17,4%		Marketing structures	185,6	27,3%
	- of which Objective 5(b)	4,4			- of which Objective 5(b)	74,3	
	<b>Total</b>	<b>170,0</b>	<b>100,0%</b>		<b>Total</b>	<b>680,0</b>	<b>100,0%</b>
	- of which Objective 5(b)	34,8	20,4%		- of which Objective 5(b)	242,4	35,6%
Denmark	Production structures	100,3	79,0%	Luxembourg	Production structures	37,3	95,6%
	- of which Objective 5(b)	23,3			- of which Objective 5(b)	13,0	
	Marketing structures	26,7	21,0%		Marketing structures	1,7	4,4%
	- of which Objective 5(b)	2,0			- of which Objective 5(b)	0,0	
	<b>Total</b>	<b>127,0</b>	<b>100,0%</b>		<b>Total</b>	<b>39,0</b>	<b>100,0%</b>
	- of which Objective 5(b)	25,3	19,9%		- of which Objective 5(b)	13,0	33,3%
Germany	Production structures	851,7	79,7%	Netherlands	Production structures	78,8	66,8%
	- of which Objective 5(b)	319,4			- of which Objective 5(b)	7,9	
	Marketing structures	216,3	20,3%		Marketing structures	39,2	33,2%
	- of which Objective 5(b)	35,8			- of which Objective 5(b)	2,5	
	<b>Total</b>	<b>1068,0</b>	<b>100,0%</b>		<b>Total</b>	<b>118,0</b>	<b>100,0%</b>
	- of which Objective 5(b)	355,2	33,3%		- of which Objective 5(b)	10,4	8,8%
Spain	Production structures	207,0	63,5%	United Kingdom	Production structures	134,5	37,3%
	- of which Objective 5(b)	158,0			- of which Objective 5(b)	98,8	
	Marketing structures	119,0	36,5%		Marketing structures	226,5	62,7%
	- of which Objective 5(b)	46,2			- of which Objective 5(b)	40,3	
	<b>Total</b>	<b>326,0</b>	<b>100,0%</b>		<b>Total</b>	<b>361,0</b>	<b>100,0%</b>
	- of which Objective 5(b)	204,2	62,6%		- of which Objective 5(b)	139,1	38,5%
France	Production structures	1486,6	85,3%	TOTAL 5(a)	Production structures	3531,0	76,2%
	- of which Objective 5(b)	725,3			- of which Objective 5(b)	1544,1	
	Marketing structures	255,4	14,7%		Marketing structures	1100,0	23,8%
	- of which Objective 5(b)	118,8			- of which Objective 5(b)	324,3	
	<b>Total</b>	<b>1742,0</b>	<b>100,0%</b>		<b>Total</b>	<b>4631,0</b>	<b>100,0%</b>
	- of which Objective 5(b)	844,1	48,5%		- of which Objective 5(b)	1868,4	40,3%



### Implementation of the new regulatory provisions

The impact of Objective 5(a) measures on productive structures is determined by the choice of the most appropriate measures and forms of assistance for each need, which varies according to the region or country concerned. The rules in force are now flexible enough to make this choice possible. However, as joint measures are horizontal, all public aid granted to investment in agricultural holdings, whatever the source of financing, must comply with the rules laid down in the Regulation as regards sectoral prohibitions and limits and State aid. Any further differentiation of structural measures to deal with the specific needs of the region should be achieved by means of implementing arrangements for Objectives 1 and 5(b).

The basic change, in relation to the preceding period; for processing and marketing of products is that the Commission is no longer involved in approving individual projects included in operational programmes. This will have implications for monitoring, where partnership will be closer. Moreover, the assessment of

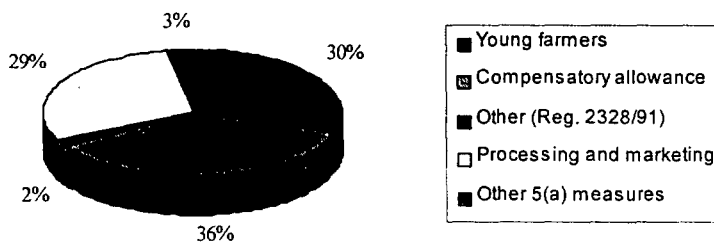
the economic implications of measures is a central task, to be undertaken through partnership, during the new programming period.

Measures provided for in SPDs under Regulation (EEC) No 866/90 must be compatible with provisions relating to the common organization of agricultural markets and their guidelines. Such compatibility is achieved either through the application of selection criteria for investment or through active partnership between the Commission and the Member States. These measures must also comply with other aspects of the common agricultural policy, in particular the provisions on quality policy for food and health legislation. Similarly, individual projects must comply with Community environmental rules; to ensure that they do, the national authorities must issue environmental certificates to enable aid to be granted to certain types of project.

### *General presentation of the programmes*

Programming for Objective 5(a) presents certain special features. First, in Objective 1 regions, Objective 5(a) measures are programmed within the relevant CSFs. Secondly, outside these regions, measures relating to production structures are not covered by a programme in the strict sense, but the Member States must present a forecast of expenditure under these measures for the Commission's approval. However, measures relating to processing and marketing structures are programmed and are included in CSFs or SPDs.

### *Objective 5(a) agriculture (non-Objective 1 regions) - Breakdown by sector*



### The adjustment of production structures

**Improvement and modernization measures:** Some 36 000 holdings a year receive investment aid. Restrictions on this aid have been gradually introduced in an attempt to control agricultural surpluses. Emphasis is now placed on individual investment plans put forward by main-occupation farmers, within certain income limits, with a view to enhancing competitiveness (lower production costs, energy conservation, product quality), improving production conditions (working conditions, health, safety, animal welfare, environmental protection) and diversification (tourism and farm crafts).

**Assistance to young farmers:** This assistance comprises the establishment grant and investment aid; it seems to have peaked, in terms of overall commitments. However, since 55% of farm holders in the Community are over 55 and a large proportion of them have no successor, assistance to young farmers is still vital to lowering the average age in the occupation and encouraging the establishment of young farmers with good vocational training.

**Less-favoured agricultural areas:** This specific assistance to farmers in less-favoured agricultural areas is of primordial importance in the commitments of the EAGGF Guidance section relating to production structures. It involves over 1.1 million holdings, and, through compensatory aid, is intended to contribute to maintaining agricultural activity and the farming population. This assistance, intended to offset higher production costs in the areas concerned, is widely used.

### Adjustment of product processing and marketing structures

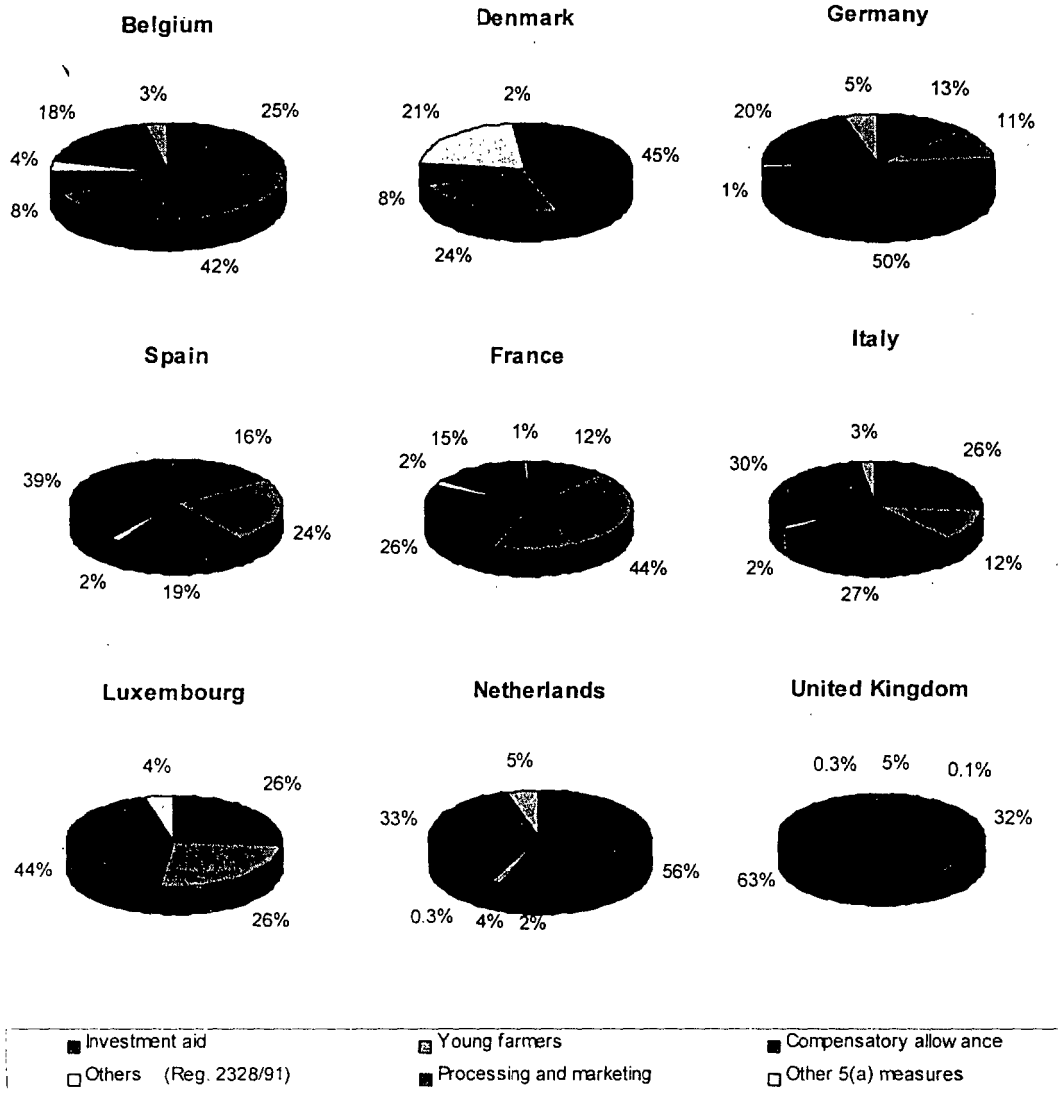
Regulations (EEC) No 866/90 and No 867/90 implement measures to improve processing and marketing conditions for agricultural and forestry products; selection criteria are established by Commission Decision. In 1994, these criteria were updated to encourage quality production, especially organic farming products, new products, non-food products and investment in environment protection. Sectoral exclusions are often applied with a level of flexibility in Objective 1 regions, with actual derogations possible under certain circumstances.

The Member States had a choice between presenting multisectoral plans to serve as a basis for drawing up CSFs, and presenting SPDs. In 1994, almost all presented SPDs under Regulation (EEC) No 866/90. Only Italy opted for a two-stage programming model, presenting a CSF for regions not covered by Objective 1, with multi-annual operational programmes on a regional scale provided for in the second stage of national programming. Unlike the previous period, this period saw certain Member States with a federal structure presenting regional SPDs (Germany and Belgium), which improves the management of financing in these regions but prejudices the taking of the overall view necessary to programming in the food industry. For areas covered by Objective 1, plans under these regulations, like those for other measures under Objective 5(a), have been integrated into the relevant regional development plans.

The Member States have been left considerable freedom in their choice of sectoral priorities, as long as they comply with selection criteria and total funding for each measure. The plans submitted by the Member States reflect some continuity in relation to the previous programming period but the measures envisaged in each sector also show the development of technological innovation in the food industry. This innovation, which responds to the priorities defined in the selection criteria, adds more value to products and emphasises measures aimed at environmental protection, animal welfare and bringing installations into line with Community health and hygiene standards.



Country-by-country survey



Implementation in 1994

During 1994 the Commission approved forecasts of expenditure for structures of production outside the Objective 1 regions in the nine Member States in question and nine SPDs concerning the processing and marketing of agricultural and forestry products.

## 4.2. Adjustment of fisheries structures

The structural nature of the crisis and the radical changes affecting the European fisheries industry (over-exploitation of fisheries resources, businesses seriously in debt, weaknesses in distribution circuits, etc.) have led the Commission to reinforce and rationalize financial resources already deployed. In 1993, the FIFG was created by Regulation (EEC) No 2080/93.<sup>23</sup> With a total allocation of about ECU 2600 million for 1994-99, and of ECU 836 million for Objective 5(a) fisheries alone, the FIFG groups together the earlier instruments and enhances the effectiveness, flexibility, coherence and transparency of structural assistance in the fisheries sector.

### *Presentation of programmes*

The fisheries side of Objective 5(a) is not confined to specific areas; it is characterized by a twofold approach: sectoral and territorial. Most of the FIFG financing (some 70%) is intended for projects within Objective 1 regions, in accordance with the principle of concentration of structural aid, and it is integrated into Objective 1 programming (CSF or SPD). In these regions, whose economies are often heavily dependent on fisheries, combining the efforts of the FIFG, the ESF and the ERDF makes for an integrated and effective approach. In the other regions, FIFG funding is programmed autonomously within the framework of Objective 5(a).

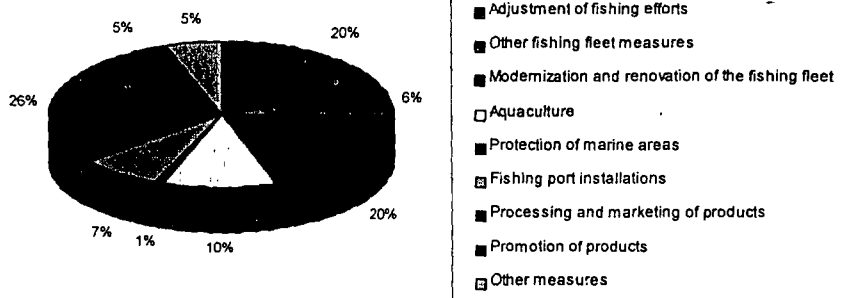
Pursuant to Regulation (EC) No 3699/93 (the implementing Regulation for Regulation (EEC) No 2080/93), the Community contribution to financing may reach 75% of the total cost of projects in Objective 1 regions (50% for business investment projects); the maximum rate outside such regions is 50% (30% for business investment projects).

The priority aims of the SPD for fisheries under Objective 5(a) are, first, to reduce fishing effort, given the overcapacity of the Community fleet and secondly to enhance the international competitiveness of the European fishing industry. The adjustment of fishing effort, intended to ensure sustainable balance between fish stocks and fishing activities in an effective, gradual and flexible way, is to be achieved either through joint financing of measures for the definitive cessation of activity by fishing vessels, or by setting up joint enterprises with third countries. To reinforce competitiveness in the European fishing industry, the FIFG finances measures in the following fields: modernization and renovation of the fleet; development of aquaculture, protection of certain marine areas, fishing port installations, processing and marketing of fisheries and aquaculture products and promotion of products.

*Table 18: Objective 5(a) fisheries - priorities in SPDs, 1994-99 (ECU million)*

	B	DK	D	E	F	I	L	NL	UK	Total
Adjustment of fishing efforts	5,2	37,7	6,8	40,6	16,2	35,4	0,0	8,0	13,5	163,4
Other fishing fleet measures	0,0	0,0	0,0	0,0	27,0	0,0	0,0	0,0	18,5	45,5
Modernization and renovation of the fishing fleet	7,9	35,0	12,1	35,9	20,3	33,6	0,0	2,2	13,3	160,3
Aquaculture	1,9	9,2	7,0	7,2	33,7	20,5	0,7	1,5	3,8	85,5
Protection of marine areas	0,7	3,2	0,0	1,8	0,0	1,2	0,0	0,0	0,4	7,3
Fishing port installations	1,5	9,8	5,5	6,0	8,1	5,6	0,0	20,4	4,3	61,2
Processing and marketing of products	5,9	30,1	38,9	23,9	54,8	28,1	0,3	8,5	22,7	213,2
Promotion of products	1,2	7,2	2,5	1,8	5,0	3,6	0,1	6,0	12,1	39,5
Other measures	0,2	7,6	1,8	2,4	24,8	6,4	0,0	0,0	0,2	43,4
<b>Total</b>	<b>24,5</b>	<b>139,8</b>	<b>74,6</b>	<b>119,6</b>	<b>189,9</b>	<b>134,4</b>	<b>1,1</b>	<b>46,6</b>	<b>88,8</b>	<b>819,3</b>

<sup>23</sup> Council Regulation (EC) No 2080 of 20 July 1993 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the financial instrument for fisheries guidance; OJ No L 193, 31.7.93, p.1.



### Implementation in 1994

Altogether, seventeen operational programmes and SPDs in the fisheries sector for the period 1994-99 were adopted in 1994 by the Commission, eight for Objective 1 regions and nine under Objective 5(a). The Monitoring Committees began to meet in the course of 1994. Moreover, to support the laying up of a large number of vessels and to guarantee flexible and socially acceptable restructuring, the Commission proposed at the end of 1994, through an amendment to Regulation (EC) No 3699/93, the adoption of a series of measures for fishermen obliged to leave the trade, such as assistance for early retirement and individual retirement grants.

**Table 19: Objective 5(a) fisheries - breakdown of FIFG financing by Member State and form of assistance 1994-99 (ECU million)**

Member State		Objective	FIFG
Belgium	Fisheries SPD	5(a)	24.5
	Hainaut SPD (fisheries chapter)	1	0.4
	<b>Total Belgium</b>		<b>24.9</b>
Denmark	Fisheries SPD	5(a)	139.9
Germany	Fisheries SPD	5(a)	74.5
	CSF New Länder (fisheries OP)	1	83.5
	<b>Total Germany</b>		<b>158.0</b>
Greece(1)	CSF (fisheries OP)	1	130.0
Spain	Fisheries SPD	5(a)	119.6
	CSF (fisheries OP)	1	995.0
	<b>Total Spain</b>		<b>1 114.6</b>
France	Fisheries SPD	5(a)	189.9
	Corsica SPD (fisheries chapter)	1	7.5
	Martinique SPD (fisheries chapter)	1	7.5
	Guadeloupe SPD (fisheries chapter)	1	6.2
	French Guiana SPD (fisheries chapter)	1	9.5
	Réunion SPD (fisheries chapter)	1	7.5
	<b>Total France</b>		<b>228.1</b>
Ireland(2)	CSF (fisheries OP)	1	47.0
Italy	Fisheries SPD	5(a)	134.4
	CSF Mezzogiorno (fisheries OP)	1	233.0
	<b>Total Italy</b>		<b>367.4</b>
Luxembourg	Fisheries SPD	5(a)	1.1
Netherlands	Fisheries SPD	5(a)	46.6
	Flevoland SPD (fisheries chapter)	1	8.5
	<b>Total Netherlands</b>		<b>55.1</b>
Portugal	CSF (fisheries OP)	1	182.0
	Azores (fisheries OP)	1	21.0
	Madeira (fisheries OP)	1	10.2
	<b>Total Portugal</b>		<b>213.2</b>
United Kingdom	Fisheries SPD	5(a)	88.7
	Highlands and Islands SPD (fisheries chapter)	1	19.8
	Northern Ireland SPD (fisheries chapter)	1	15.1
	<b>Total United Kingdom</b>		<b>123.6</b>
<b>TOTAL</b>			<b>2 602.9</b>
<b>Objective 5(a) for fisheries</b>			<b>819.2</b>

(1) Plus ECU 20 million from the ERDF (total: ECU 150 million).

(2) Plus ECU 25 million from the ERDF and ECU 6 million from the ESF (total: ECU 78 million).

## 5. Objective 5(b)

### 5.1 General presentation of programming

The new rules adopted in 1993 extended the scope of Objective 5(b) (it facilitates the "development and structural adjustment of rural areas") and revised the selection criteria for defining areas eligible under Objective 5(b), giving more importance to depopulation problems and introducing more flexible application of the criteria.

#### *List of eligible areas and financial contribution of the Structural Funds*

As concentration is one of the principles of the operation of the Structural Funds, the extension of Objective 5(b) areas should remain compatible with maintaining the intensity of Community aid per head of population in real terms. On the basis of total available financing for 1994-99 (ECU 6 134 million) and the preliminary requests of the Member States, the Commission decided in principle on 21 December 1993 on the selection of eligible areas under Objective 5(b). The Member States thereafter refined the definition of their priorities, and, after the STAR Committee<sup>24</sup> had delivered a favourable opinion, the final list of areas eligible for assistance under Objective 5(b) for 1994-99 was adopted by the Commission on 26 January 1994.<sup>25</sup> The population in the Objective 5(b) areas increased from 5% of the total population of the Community in 1989 to 8% in 1994. It will thus be possible to implement programmes that cover a major proportion of the Community's rural areas, as well as having access to substantial financial resources, likely to have a real economic impact.

*Table 20: Per capita financial allocation - Objective 5(b), 1994-99*

COUNTRY	Objective 5(b) population		Obj. 5(b) allocation ECU million 1994	Allocation/head Ecu 1994
	'000	% national pop.		
Belgium	448	4,5%	77	172
Denmark	361	7,0%	54	150
Germany	7.823	9,6%	1.227	157
Spain	1.731	4,4%	664	384
France	9.759	17,3%	2.238	229
Italy	4.828	8,4%	901	187
Luxembourg	30	7,8%	6	200
Netherlands	800	5,4%	150	188
United Kingdom	2.841	4,9%	817	288
<b>TOTAL</b>	<b>28.622</b>	<b>8,2%</b>	<b>6.134</b>	<b>214</b>

On 28 February 1994, the Commission established the indicative allocation between the Member States of finance totalling ECU 6.134 million.<sup>26</sup>

<sup>24</sup> Committee on agricultural structures and rural development

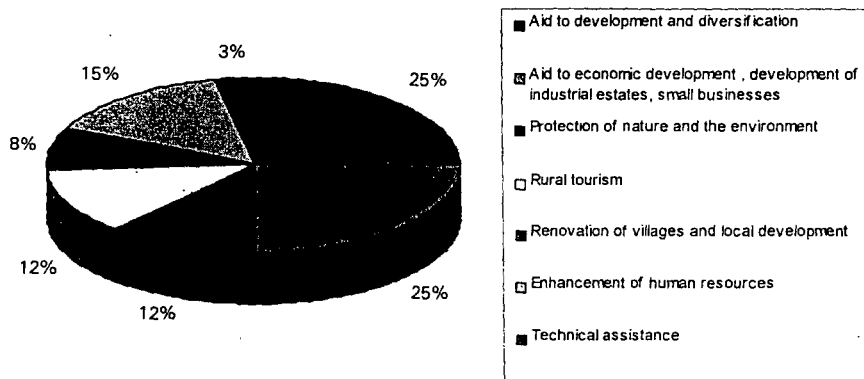
<sup>25</sup> Decision 94/197/EC, OJ No L 96, 14.4.1994.

<sup>26</sup> Decision 94/203/EC, OJ No L 97, 15.4.1994.

**Table 21: Objective 5(b) - Indicative breakdown of appropriations by Member States (ECU million)**

Member State	Amount
Belgium	77.0
Denmark	54.0
Germany	1 227.0
Greece	-
Spain	664.0
France	2 238.0
Ireland	-
Italy	901.0
Luxembourg	6.0
Netherlands	150.0
Portugal	-
United Kingdom	817.0
<b>Total</b>	<b>6 134.0</b>

*Priorities adopted*



In view of the objective of promoting development in rural areas, specific development priorities have been adopted as a function of the features of the rural areas concerned. In the more fragile areas, the aim is first of all to improve basic infrastructure (transport and telecommunications), to support the development of new forms of activity for SMEs, to develop tourism and to ensure retention of public services. In the rural areas where per capita incomes are higher but the economic environment lacks attractiveness, the first priority is to develop services to SMEs and to improve the quality of life so as to attract new activities and new residents. Finally, in areas near urban centres, the task in hand is to support local development initiatives, to develop small industrial and craft estates and to adapt community services to new life-styles, so as to reduce the sensitivity of these rural areas to the attraction of the large towns.

Guidelines targeted on specific issues have also been defined: support for small business and craft firms, development of green tourism, protection of the environment and the development of infrastructure directly linked to job-creating activities.

All the numerous measures in the SPDs for Objective 5(b) fall broadly within these guidelines. Although the measures are formulated and presented differently by the different Member States, they can be classified into six main groups:

- aid to development and diversification of agricultural and forestry activities (25%);

- aid to economic development, development of industrial estates, small businesses (25%);
- protection of nature and the environment (12%);
- rural tourism (12%);
- renovation of villages and local development (8%);
- enhancement of human resources (training, outreach work, recruitment aid, etc.) (15%).

### *Implementation of the new regulatory provisions*

***Simplification and improvement of arrangements for programming:*** The SPDs provided for in the new Regulations have proved eminently suitable, in view of the nature of the eligible areas and the financial resources deployed in the Objective 5(b) regions, where previously the usual practice had been to approve a single CSF and a single multifund OP for each region. The Commission has suggested to the Member States a model SPD with a major simplification of the technical description of measures, fewer financing tables or the use of fewer rates of financing. More attention has been paid to the breakdown of appropriations between priorities and, within each measure, to physical achievement indicators, in accordance with the stricter requirements on assessment. Appraisal of the internal consistency of the SPD and of the medium-term economic advantages expected has been based on the breakdown between priorities. Monitoring of the programme in the course of implementation, and interim and *ex post* evaluation will be based on physical implementation and impact indicators.

***Reinforcement of prior appraisal:*** In view of the requirements in the new Regulations, the considerable increase in financing available for 1994-99 and the need to ensure proper use of funds, monitoring and evaluation must receive greater attention. For Objective 5(b), prior appraisal of SPDs was carried out for fifteen regions selected in accordance with the following criteria: new regions; regions that had experienced problems with the operations of the first period; regions in receipt of large sums. In Germany, all Objective 5(b) regions were appraised. For all of these documents, there were several levels of analysis: compliance with the tasks laid down for each Fund, consistency of the measures proposed with the initial diagnosis of the situation and with experience of programmes in the preceding stage, compliance with Community policies (especially the common agricultural policy, competition policy and environment protection) and verification of the socio-economic advantages of the proposed measure in the medium term, in the light of resources deployed.

***Additionality: difficult to assess:*** In view of the definition of Objective 5(b) areas; which do not always correspond to administrative districts, it has not always been easy to assess additionality. However, it should not be forgotten that the programmes work as incentives, speeding up or even making possible a certain number of measures or works.

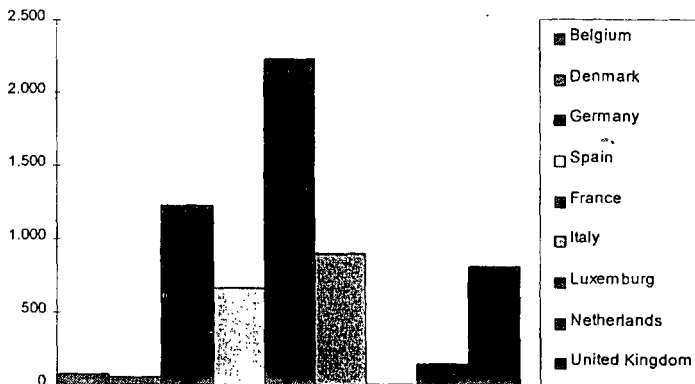
***Conditions for effective partnership:*** In terms of the preparation of the programmes, partnership has been a good instrument in cases where it was based on the principles of subsidiarity and of sharing responsibility between all administrative departments concerned.

## 5.2. Presentation by country

Table 22: Objective 5(b) - Breakdown of the SPDs by Fund and by region of 1994-1999 (round figures, ECU million)

Etat membre/Région	Total	FEOGA	FEDER	FSE
Belgique	77,0	23,5	40,5	13,0
Mecklenburg	10,2	3,5	5,1	1,6
Wallonie	40,8	12,2	20,1	8,5
Westhoek	26,0	7,8	15,3	2,9
Danemark	54,0	21,6	21,6	10,8
Allemagne	1.227,0	521,9	474,3	230,8
Bade-Württemberg	73,8	41,8	27,0	5,0
Bavière	560,2	235,3	207,3	117,6
Hesse	80,8	42,0	32,3	6,5
Basse Saxe	245,0	98,0	98,0	49,0
Rhénanie du Nord-Westphalie	46,1	18,1	23,4	4,6
Rhénanie-Palatinat	111,3	44,5	44,5	22,3
Sarre	23,7	7,8	7,4	8,5
Schleswig-Holstein	86,1	34,4	34,4	17,3
Espagne	664,0	414,6	160,8	88,6
Aragon	298,6	197,7	72,8	28,1
Baléares	46,1	20,7	12,2	13,2
Catalogne	148,0	88,6	36,0	23,4
La Rioja	38,9	26,3	10,1	2,6
Madrid	49,3	24,3	13,2	11,7
Navarre	56,6	37,8	12,1	6,7
Pays Basque	26,5	19,1	4,5	3,0
France	2.238,0	1.007,0	938,2	292,8
Alsace	46,5	18,2	22,8	5,5
Aquitaine	225,3	113,5	81,5	30,3
Auvergne	164,7	80,3	63,3	21,1
Basse-Normandie	133,3	47,0	61,3	25,0
Bourgogne	112,7	61,2	39,4	12,1
Bretagne	186,3	73,0	91,1	22,2
Centre	84,1	36,1	35,9	12,0
Champagne-Ardenne	29,3	12,1	14,2	3,0
Franche-Comté	74,6	33,2	31,2	10,2
Haute-Normandie	11,2	5,0	4,8	1,4
Languedoc-Roussillon	119,9	63,5	41,2	15,2
Limousin	128,0	68,5	39,1	20,5
Lorraine	96,8	36,3	48,3	12,2
Massif Central	12,5	2,8	8,2	1,5
Massif des Alpes	3,0	1,8	0,8	0,4
Massif des Pyrénées	8,5	4,1	3,9	0,5
Massif du Jura	2,4	0,6	1,5	0,3
Massif Vosgien	1,7	0,6	1,1	0,0

Etat membre/Région	Total	FEOGA	FEDER	FSE
Midi-Pyrénées	283,1	122,2	130,9	30,0
Pays-de-la-Loire	122,0	47,0	57,7	17,3
Poitou-Charentes	130,1	59,3	47,4	23,4
Provence-Alpes-Côte d'Azur	90,7	43,6	37,4	9,8
Rhône-Alpes	169,3	75,7	75,0	18,6
Progr. nat. d'assistance techn.	2,0	1,5	0,3	0,3
Italie	901,1	409,7	369,1	122,3
Bolzano	43,0	19,9	17,9	5,2
Emilie Romagne	57,1	28,5	21,5	7,1
Frioul-Vénétie Julienne	44,0	20,7	17,8	5,5
Lalium	145,7	70,0	51,5	24,1
Liguria	35,3	13,2	17,8	4,3
Lombardie	40,3	18,1	18,1	4,0
Marche	75,2	37,1	30,1	8,0
Piémont	82,3	33,6	39,0	9,7
Toscane	133,0	58,5	56,1	18,5
Trento	19,7	9,2	7,8	2,8
Ombrie	75,5	33,1	32,6	9,7
Val d'Aoste	4,2	2,2	2,0	0,0
Veneto	145,6	65,5	56,8	23,3
Luxembourg	6,1	2,2	3,1	0,8
Pays-Bas	150,0	50,6	81,8	17,6
Friesland	68,7	20,6	43,5	4,6
Groningen/Drenthe	34,9	11,5	16,8	6,6
Limburg	19,1	8,1	8,1	2,9
Overijssel	15,5	4,8	8,9	1,8
Zeeland	11,8	5,6	4,6	1,6
Royaume-Uni	817,0	150,7	532,6	133,7
Borders Region	30,0	3,6	20,4	6,0
Central Scotland/Tayside	25,0	3,1	16,9	5,0
Dumfries and Galloway	47,0	6,3	33,9	6,8
East Anglia	60,0	10,5	40,5	9,0
English Midland Uplands	12,0	2,1	8,1	1,8
English Northern Uplands	108,0	27,0	64,8	16,2
Grampian	39,1	4,7	28,3	6,1
Lincolnshire	53,0	9,4	35,7	7,9
South West England	219,0	41,1	145,1	32,8
The Marches	40,0	7,3	23,9	8,8
Wales	184,0	35,6	115,1	33,3
TOTAL	6.134,2	2.601,8	2.622,0	910,3
%	100,0%	42,4%	42,7%	14,8%

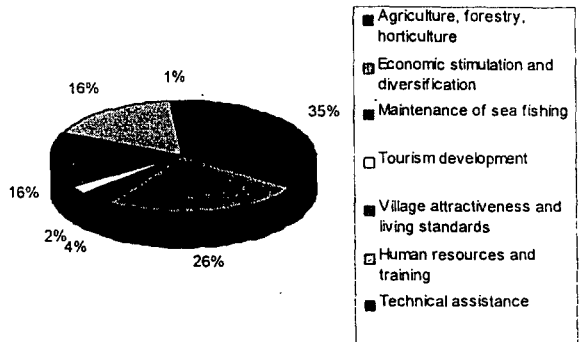


## Belgium

In Belgium, Objective 5(b) areas are found in two provinces of Flanders and one of Wallonia. Altogether, they cover 22% of the area of the country and 4% of the population. Community resources allocated for 1994-99 amount to ECU 77 million. The areas are as follows:

- In Western Flanders, Westhoek is a rural area with difficult natural conditions. It includes agricultural areas whose economy is based on arable crops (intervention products), which will be strongly affected by the reform of the CAP. It also covers areas highly dependent on sea fishing (ports of Ostend and Nieuwpoort). The region of Meetjesland is traditionally a single-activity farming area that has not managed to diversify into other economic sectors.
- In Wallonia, eligible areas in south-eastern Belgium cover the districts of Bastogne, Marche-en-Famenne and Neufchâteau and part of the districts of Dinant and of Philippeville. These are generally agricultural areas in difficulty, with low population density and where economic activity is insufficiently diversified.

ECU million	
<b>Priorities</b>	
Agriculture, forestry, horticulture	26,5
Economic stimulation and diversification	19,3
Maintenance of sea fishing	3,1
Tourism development	1,8
Village attractiveness and living standards	12,5
Human resources and training	12,7
Technical assistance	1,1
<b>Allocation by Fund</b>	
EAGGF-Guid.	23,5 30,5%
ERDF	40,5 52,6%
ESF	13,0 16,9%
<b>Total</b>	<b>77,0 100,0%</b>



## Denmark

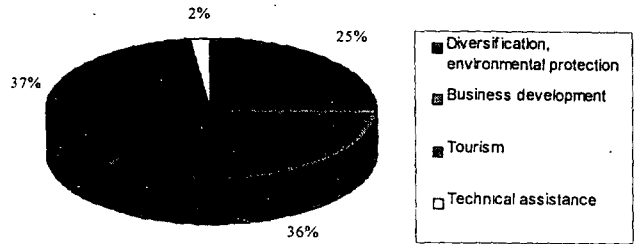
The Objective 5(b) areas of Denmark cover eleven counties, 43 rural municipalities and some islands. Most are situated on the Danish mainland,<sup>27</sup> and they cover 20% of the total area of the country and 7% of total population. They fall into five groups, all typically rural, with an average population density of 42.9 inhabitants/km<sup>2</sup>, some 12% to 17% of the population employed in farming or fisheries, a high rate of unemployment and a low income level relative to the rest of the country. The special feature of Ringkøbing Amtskommune is its strong dependence on fishing, while Sønderjyllands Amtskommune has the lowest population density and a high percentage of land subject to flooding. There is a single SPD for all the eligible areas in Denmark, which provides for Community financing of ECU 54 million.

The main aims of the SPD for all these areas are to create or safeguard employment in these areas and to improve the level of income while ensuring respect for environment protection.

<sup>27</sup> Nordjyllands Amtskommune, Viborg Amtskommune, Ringkøbing Amtskommune, Sønderjyllands Amtskommune,



ECU million	
<b>Priorities</b>	
Diversification, environmental protection	13,5
Business development	19,5
Tourism	19,9
Technical assistance	1,0
<b>Allocation by Fund</b>	
EAGGF-Guid	21,6 40,0%
ERDF	21,6 40,0%
ESF	10,8 20,0%
<b>Total</b>	<b>54,0 100,0%</b>

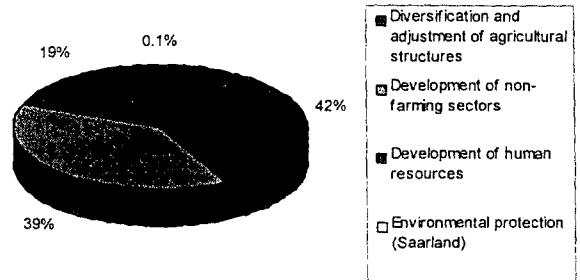


## Germany

The areas concerned by Objective 5(b) in Germany include 12% of the population and 15% of the area of the country. The financial participation of the Structural Funds is ECU 1 227 million, or 20% of the total available for Objective 5(b). The features of these areas, which suffer from persistent backwardness in relation to the other areas of the Länder, are as follows:

- middle altitude regions: their features are poor soils, geographical isolation and harsh climate;
- regions situated along the former "iron curtain" (Hesse, Bavaria, Lower Saxony): they are at present affected by competition from aid to the new Länder;
- certain areas in the northern plain: they are landlocked, and suffer from unemployment and the flight from the land;
- the regions immediately affected by the reform of the CAP (Schleswig-Holstein, Lower Saxony, Bavaria), which must seek alternative activities;
- the regions affected by the withdrawal of allied troops (Rhineland-Palatinate): they must convert and restructure their economies.

ECU million	
<b>Priorities</b>	
Diversification and adjustment of agricultural structures	520,3
Development of non-farming sectors	474,3
Development of human resources	230,8
Environmental protection (Saarland)	1,6
<b>Allocation by Fund</b>	
EAGGF-Guid	521,9 42,5%
ERDF	474,3 38,7%
ESF	230,8 18,8%
<b>Total</b>	<b>1.227,0 100,0%</b>



## Spain

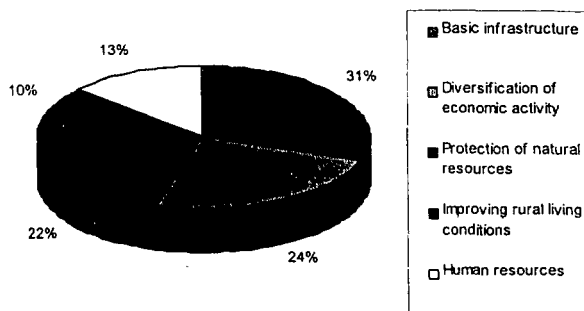
The areas selected under Objective 5(b) for Spain cover three quarters of the territory of the regions not eligible for Objective 1.<sup>28</sup> They account for 13.5% of the area and 6% of the population of the country. The financial allocation of the Structural Funds is ECU 664 million, or 10.8% of financing available under Objective 5(b). The most salient feature of these areas is their low population density, with an average of 20 inhabitants per km<sup>2</sup>. The socio-economic situation in these areas can be characterized as follows:

<sup>28</sup> Aragon, Balearic Islands, Catalonia, Rioja, Madrid, Navarre, Basque Country.

- in mountain areas and less-favoured areas, the natural handicaps of terrain and climate make farming very difficult, and have led to backwardness and abandonment of land: this applies to most of the area covered, especially Aragon and Rioja;
- in areas near large towns or tourist centres, the best human and economic resources have been siphoned off: this applies to Madrid, the Balearic Islands and the north of the Basque Country;
- in areas of traditional agriculture, which used to flourish, there is a serious risk from CAP reform, in particular because of the concentration of traditional activity on sensitive products: this applies to areas of Navarre, Catalonia and Rioja.

In all cases, development strategy is organized around five priorities: the basic infrastructure needed for economic development (communications, land reform, rural roads, etc.), diversification of economic activity and job creation (agricultural diversification, quality policy, rural tourism, small business start-up aid), the protection of natural resources and the environment (protection and improvement of forests, water, fauna and flora, reclamation of run-down areas, reduction and processing of urban waste), improvement of rural housing (improvement of urban infrastructure, village renewal) and human resources (training, employment aid, improvement in employment structures, guidance and counselling).

ECU million			
<b>Priorities</b>			
Basic infrastructure		201,1	
Diversification of economic activity		160,1	
Protection of natural resources		144,8	
Improving rural living conditions		69,4	
Human resources		88,6	
<b>Allocation by Fund</b>			
	EAGGF-Guid	414,6	62,4%
	ERDF	160,8	24,2%
	ESF	88,6	13,4%
	<b>Total</b>	<b>664,0</b>	<b>100,0%</b>



## France

There are 18 regions covered by Objective 5(b) in France. Those not concerned, besides those covered by Objective 1 (overseas departments, Corsica, Avesnes-Douai-Valenciennes), are Ile de France, Nord/Pas-de-Calais and Picardy. Eligible areas account for 17% of France's total population, and 54% of its territory. Financing allocated to France for the implementation of Objective 5(b) for the period 1994-99 amounts to ECU 2 238 million, or 36.5% of the total available under Objective 5(b). The areas selected can be broken down into four main categories:

- The West, from Upper Normandy to Aquitaine. The economies of these areas are often based on a single agricultural product (e.g. milk, poultry, vegetables, pork or beef), and they are especially affected by CAP reform. Moreover, in Lower Normandy and Brittany, certain rural areas highly dependent on fishing have been included.
- The north-eastern quarter, covering a large part of the regions of Champagne-Ardenne, Lorraine, Alsace, Franche-Comté and Burgundy. The territory concerned is for the most part classified as less-favoured farming areas or mountain areas; they suffer from loss of population and are characterized by low farming incomes.

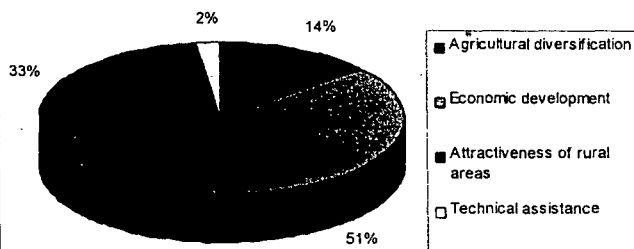
- The Rhône basin and Mediterranean seaboard, from Rhône-Alpes to Provence and Languedoc-Roussillon. These are mainly hill or mountain areas with a low population density. The agricultural population is often ageing, and there is a risk of the land becoming derelict.
- Central France, which covers the regions of Centre, Auvergne and Limousin. The last two regions were already largely covered in the previous period, but the extension of areas is intended to take in village centres, which could act as development poles for the rural areas concerned. In the region of Centre, the new areas include land where cereals are cropped using extensive techniques, which have been weakened by CAP reform.

The structure of French SPDs has developed considerably in relation to the previous period. All the SPDs are on a regional scale, whereas some were on a smaller scale during the previous period; disparities in the situation between various territories of the Objective 5(b) area within the same region are taken into account; and measures that can be financed by all three Funds have been very closely integrated, since all priorities are multifund.

The priorities for assistance around which all these SPDs are organized are: economic diversification in rural areas (diversification of agricultural holdings through the development of local products with high added value using a collective approach, through farm tourism; support for SMEs by improving access to consultancy; technology transfer, the use of new communications technologies, etc.), improving the quality of the countryside (protection and enhancement of natural sites, preservation of water resources, improvement of the rural heritage) and land-use planning around small urban poles whose development will contribute to reinforcing the attractiveness of the areas concerned and to offsetting the tendency of inhabitants to abandon the most fragile rural areas.

ECU million

Priorities			
Agricultural diversification			311,1
Economic development			1.136,0
Attractiveness of rural areas			739,4
Technical assistance			51,5
Allocation by Fund			
	EAGGF-Guid	1.007,0	45,0%
	ERDF	938,2	41,9%
	ESF	292,8	13,1%
	<b>Total</b>	<b>2.238,0</b>	<b>100,0%</b>



For the implementation of Objective 5(b), the French authorities have presented 24 proposals for SPDs to the Commission: eighteen are regional programmes, one for each region concerned, five are inter-regional programmes covering mountain areas and one is a national technical assistance programme. The Commission approved the eighteen regional programmes at the end of December 1994. In agreement with the Member State, it was decided to integrate three of the five inter-regional programmes into regional SPDs. In 1995, therefore, the SPDs for the Pyrenees and the Massif Central and that for the technical assistance programme were still to be approved.

## Italy

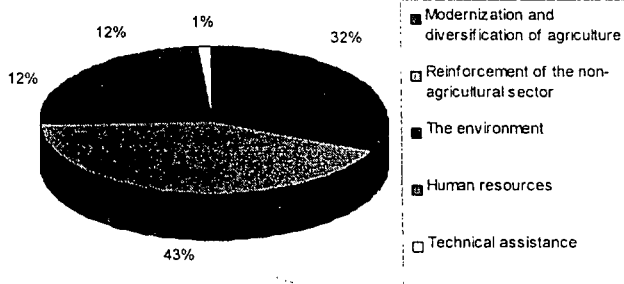
The Objective 5(b) areas are situated in the thirteen Italian regions and autonomous provinces not eligible under Objective 1.<sup>29</sup> These are mainly mountain areas, in particular in the Alps and the Apennines, and markedly rural areas in central Italy. Altogether, these areas cover 12% of Italian territory. Community resources allocated for the period 1994-99 amount to ECU 901 million, or 14.7% of total financing under Objective 5(b). The main features of these areas are as follows:

- Alpine areas: these are mountain areas in the Alps. The remoteness of the Alpine valleys is one of their main weaknesses, accentuated by the inadequacy of communications infrastructure, the other disadvantage being the strong tendency to depopulation and the flight to urban areas on the plain, leading to abandonment of the areas.
- The Apennines and central Italy: these areas are essentially hill and mountain areas, along the central slopes of the Apennines in Liguria, Tuscany-Emilia and Umbria-Marche. They are characterized by a low level of development of the non-agricultural sector and by an agricultural economy that has suffered considerably from recent developments on markets.

In general, development priorities are aimed at: modernization and diversification of agricultural production; reinforcement of the non-agricultural productive sector, and in particular small industrial and craft businesses and tourism businesses; safeguarding and improving the environment through the reclamation of derelict areas and the enhancement of the natural heritage and enhancement of human resources through the improvement of vocational training of workers in these areas, in particular young people. All SPDs also provide for technical assistance measures (on average, 1% of Community resources).

ECU million

Priorities			
Modernization and diversification of agriculture		284,6	
Reinforcement of the non-agricultural sector		386,0	
The environment		106,8	
Human resources		111,0	
Technical assistance		12,6	
Allocation by Fund			
	EAGGF-Guid	409,7	45,5%
	ERDF	369,1	41,0%
	ESF	122,3	13,6%
	<b>Total</b>	<b>901,1</b>	<b>100,0%</b>



Community assistance is covered by 13 SPDs, one for each region or autonomous province; ten were approved by the Commission in December 1994, the three others (Liguria, Marche and Piedmont) are to be approved in 1995.

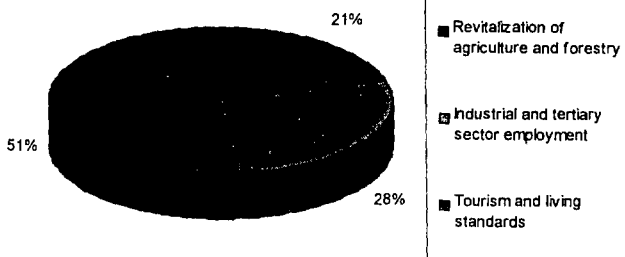
<sup>29</sup> Bolzano, Emilia-Romagna, Friuli-Venezia Giulia, Lazio, Liguria, Lombardy, Marche, Piedmont, Tuscany, Trento, Umbria, Valle d'Aoste, Veneto.

## Luxembourg

The Objective 5(b) areas situated in Luxembourg concern 27 municipalities in four cantons in the north of the country. They account for 32% of the area and 8% of the population of the country. The population density in these areas is low (36 inhabitants/km<sup>2</sup>), and they are characterized by economic development based mainly on agriculture, tourism and small craft and commercial businesses. Another salient feature is the number of commuters, attracted by neighbouring urban centres in Luxembourg or nearby Member States. Community resources allocated to these areas for 1994-99 amount to ECU 6 million.

ECU million

Priorities		ECU million	
Revitalization of agriculture and forestry		1,2	
Industrial and tertiary sector employment		1,6	
Tourism and living standards		3,0	
<b>Allocation by Fund</b>			
	EAGGF-Guid	2,2	36,7%
	ERDF	3,1	50,0%
	ESF	0,8	13,3%
	<b>Total</b>	<b>6,1</b>	<b>100,0%</b>



## The Netherlands

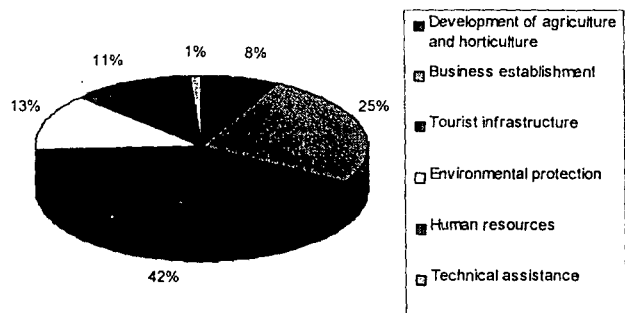
The areas selected for Objective 5(b) in the Netherlands are situated in six provinces, four areas in the north of the country (provinces of Friesland, Groningen, Drenthe and Overijssel) and two in the south (provinces of Zeeland and Limburg). They represent 13% of the total area and 5% of the total population of the Netherlands. Community resources allocated to these areas amount to ECU 150 million.

In general, they are marked'y rural areas. At stake in the north is the situation of agriculture, a major source of jobs, with the need to diversify production and reduce costs in the context of the reformed CAP. Assistance under Objective 5(b) will enable agriculture and economic activity to be diversified out of milk production, upon which they are basically dependent. In the south, for the regions of Noord and Midden Limburg, activity in the agricultural and other sectors should be ensured by paying greater attention to the environment.

The priorities of the five SPDs approved in December 1994 cover the development of the agricultural and horticultural sector, through agricultural research initiatives, the creation of a climate conducive to the establishment of businesses in these areas, the reinforcement of tourism infrastructure, the protection of nature and the environment, to conserve natural sites and the enhancement of human resources through improved vocational preparation of workers. All the SPDs also provide for technical assistance measures.

ECU million

Priorities		ECU million	
Development of agriculture and horticulture		11,8	
Business establishment		38,1	
Tourist infrastructure		61,2	
Environmental protection		19,9	
Human resources		17,2	
Technical assistance		1,8	
<b>Allocation by Fund</b>			
	EAGGF-Guid	50,6	33,7%
	ERDF	81,8	54,6%
	ESF	17,6	11,7%
	<b>Total</b>	<b>150,0</b>	<b>100,0%</b>



## United Kingdom

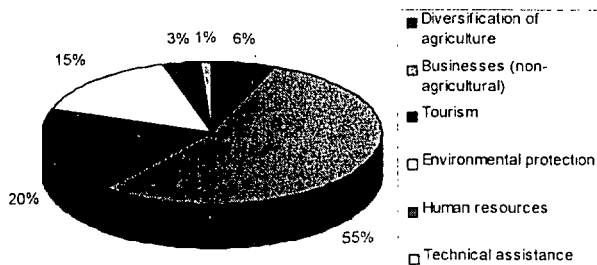
The Objective 5(b) regions in the United Kingdom are situated in Scotland, England and Wales. They cover 11% of the total area of the UK. The allocation for 1994-99 amounts to ECU 817 million, or 13.3% of the total available financing for Objective 5(b). The regions concerned can be subdivided into three categories:

- The uplands and the least-favoured outlying regions: they make up large areas of the United Kingdom, and present the characteristic symptoms of decline. They comprise the Scottish Highlands and south-eastern Scotland, Wales and the English areas bordering Wales, and the area bordering the Pennines in England.
- The lowlands affected by CAP reform: in the Fens, the problems are aggravated by considerable pressure on the environment (Lincolnshire, Fens, Norfolk, Suffolk).
- The regions heavily dependent on fisheries: they have been included to encourage restructuring of ports in accordance with the development of the common fisheries policy (Grampian, North Yorkshire, Devon (Brixham), Humberside (Bridlington), Suffolk (Lowestoft)).

The main difference in relation to programming for 1989-93 is that there are no CSFs, and SPDs have been used. The SPDs broadly include the following development priorities: development of businesses and diversification of economic activity in rural areas, with the ERDF concentrating its efforts on the non-farming sector; the development of tourist activities, both through the improved quality of existing structures, and through the development of new structures; environmental protection and the development of rural communities, through pollution control, the conservation of natural sites and village renewal and training and human resource development, as a priority that underlies the others, or a priority in its own right, with the greatest possible synergy sought between efforts of the ESF and those of the other two Funds. Each of the SPDs also contains a technical assistance measure, which accounts for about 1% of the Community contribution.

ECU million

Priorities			
Diversification of agriculture		50,7	
Businesses (non-agricultural)		445,4	
Tourism		160,9	
Environmental protection		122,1	
Human resources		27,9	
Technical assistance		10,0	
Allocation by Fund			
	EAGGF-Guid	150,7	18,5%
	ERDF	532,6	65,2%
	ESF	133,7	16,4%
	<b>Total</b>	<b>817,0</b>	<b>100,0%</b>



The United Kingdom presented 11 SPDs, all before the end of April 1994. Three of them were approved in December 1994.

### 5.3. Implementation in 1994

The nine Member States concerned by Objective 5(b) presented 73 SPDs. During 1994, the Commission adopted decisions in principle on 53 of these programmes, on which the STAR Committee gave a favourable opinion. At the end of 1994, 48 of these SPDs had been definitively adopted by Commission decision; thus an initial Community allocation to these programmes was committed and an initial advance paid.

Table 23: Objective 5(b) - SPDs adopted in 1994 (ECU million, round figures)

	Region	Cost total	Fonds structurels		Region	Cost total	Fonds structurels	
Denmark	Multiregional	201,5	54		Midi-Pyrénées	849,9	283,1	
	<b>Total</b>	<b>201,5</b>	<b>54</b>		Loire Region	334,2	122	
Germany	Bavaria	2.933,40	580,2		Poitou-Charentes	450,8	130,1	
	Hesse	232,3	80,8		PACA	277,1	90,7	
	Lower Saxony	706,5	245,1		Rhône-Alpes	844,5	169,4	
	Rhineland Palatinate	426,8	111,3		<b>Total</b>	<b>7.786,80</b>	<b>2.208,00</b>	
	Schleswig-Holstein	229,5	85,9		Italy	Bolzano	157,1	43
	<b>Total</b>	<b>4.528,50</b>	<b>1.083,30</b>			Emilia-Romagna	311,6	57,1
Spain	Aragon	763,6	298,6	Lazio		514,9	145,7	
	Catalonia	366,7	148	Lombardy		213,8	40,3	
	Rioja	166,5	38,9	Tuscany		744,9	133	
	Madrid	112,9	49,3	Trento		66	19,9	
	Navarre	161	56,6	Umbria	341,9	75,5		
	Basque Country	81,2	26,5	Valle d'Aosta	13,9	4,2		
	<b>Total</b>	<b>1.651,80</b>	<b>617,9</b>	Veneto	1.033,20	145,6		
France	Alsace	163,6	46,5	<b>Total</b>	<b>3.397,40</b>	<b>664,2</b>		
	Aquitaine	762,4	225,3	Luxembourg	Multiregional	25,5	6	
	Auvergne	724,7	164,7		<b>Total</b>	<b>25,5</b>	<b>6</b>	
	Lower Normandy	433,4	133,3	Netherlands	Friesland	266,9	68,7	
	Burgundy	407,6	112,7		Groningen-Drenthe	157,4	34,9	
	Brittany	510,6	186,3		Limburg	48,4	19,1	
	Centre	259,7	84,1		Overijssel	70,2	15,5	
	Champagne-Ardenne	100,1	29,3		Zeeland	49,2	11,8	
	Franche-Comté	425,7	74,6		<b>Total</b>	<b>592,1</b>	<b>150</b>	
	Upper Normandy	32,9	11,2	United Kingdom	East Anglia	132,4	60	
	Languedoc-Roussillon	344,3	119,9		English Northern Uplands	262,3	108	
	Limousin	560,8	128		South West England	514,5	219	
	Lorraine	304,6	96,8		<b>Total</b>	<b>909,1</b>	<b>387</b>	
					<b>TOTAL</b>	<b>19.092,70</b>	<b>5.170,40</b>	

## C. OTHER ASSISTANCE

### 1. Community Initiatives

Following the publication in June 1993 of the Green Paper on the future of Community Initiatives, in its communications of 16 February and 16 March 1994 the Commission proposed certain spheres of action for the 13 Initiatives to be implemented during the period 1994-99, namely: cross-border cooperation, rural development, the most remote regions, employment and human resources, industrial change, urban policy and fisheries. On 15 June, after Parliament, the Committee of the Regions, the Economic and Social Committee and the Management Committee for Community Initiatives had given their opinions, the Commission set out the guidelines for these 13 Initiatives in notices to the Member States<sup>30</sup>. Some of them, already established during the previous programming period, were renewed (Rechar, Resider, Interreg, Regis, Retex and Leader) with certain adjustments such as an extension of their geographical scope, some flexibility in the application of the eligibility criteria or the addition of some new measures. Other Initiatives were new, and intended as responses to social changes (Adapt, Emploi and Human Resources, Pesca, Urban, Textiles and Clothing in Portugal and SMEs) or to the socio-economic consequences of geopolitical upheavals (Konver).

The Community Initiatives were allocated a package of ECU 13 450 million, or 9% of total Structural Funds expenditure. Within that package, Objective 1 regions are to receive ECU 8 300 million. Part of the reserve of ECU 1 600 million available for Community Initiatives is also to go to Objective 1 regions. On 13 July 1994 the Commission adopted indicative allocations by Member State and by Initiative, except for those where areas had been redefined (Rechar, Resider, Konver and Retex). Lists of eligible areas complying with the criteria set out in the guidelines had to be established for these Initiatives in partnership with the Member States and on the basis of their lists. The Commission first adopted, on 12 October 1994, the list of areas eligible and the distribution of funding among Member States under Rechar, Resider and Retex<sup>31</sup>, and on 21 December 1994 an equivalent list was adopted for Konver<sup>32</sup>. The indicative breakdown by Member State resulting from these decisions but not taking account of future use of the reserve<sup>33</sup> is as follows:

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<sup>30</sup> OJ No C 180, 1.7.1994.

<sup>31</sup> OJ No C 337, 1.12.1994 and OJ No C 388, 2.12.1994. In the case of Retex, the list is only indicative, to be used as a basis for financial allocations.

<sup>32</sup> OJ No C 402, 31.12.1994.

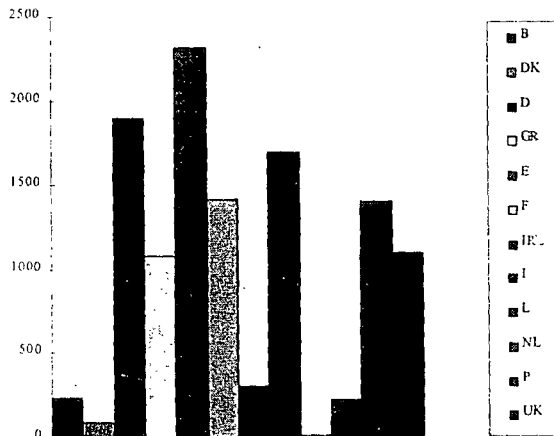
<sup>33</sup> In the case of Spain, Ireland, the Netherlands and the United Kingdom, the Commission decided on 13 July 1994 to use ECU 250 million of the reserve, distributed as follows: Spain: ECU 110 million; Ireland: ECU 80 million; Netherlands: ECU 10 million; United Kingdom: ECU 50 million. On 21 December 1994 the Commission also decided to allocate an additional ECU 50 million to Spain.



Table 24: Community Initiatives - indicative breakdown of 1994-99 appropriations (ECU million):

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	Nets	Total
Interreg	82,00	17,70	402,20	595,00	564,70	246,00	133,50	347,40	3,50	69,10	339,70	99,40	-	2.900,2
Regis	-	-	-	-	214,00	262,00	-	-	-	-	124,00	-	-	600,0
Leader	8,00	8,00	174,00	146,00	330,00	187,00	46,00	282,00	1,00	7,00	116,00	61,00	34,00	1.400,0
Emploi	32,10	11,00	156,80	64,40	366,60	146,50	46,10	348,70	0,30	40,70	40,30	146,50	-	1.400,0
Adapt	31,20	29,50	228,80	30,10	256,40	249,70	21,20	190,00	0,30	55,20	21,00	286,60	-	1.400,0
Textile-P*	-	-	-	-	-	-	-	-	-	-	400,00	-	-	400,0
PME	12,10	2,50	183,00	82,20	227,70	57,70	28,40	187,80	0,30	9,80	122,30	61,30	25,00	1.000,1
Urban	10,50	1,50	96,80	45,20	130,40	55,00	15,50	115,30	0,50	9,90	43,70	75,60	-	599,9
Pesca	2,00	16,40	23,00	27,10	41,50	27,90	3,70	33,70	-	10,20	25,60	33,90	5,00	250,0
Rechar	15,68	-	158,63	1,50	27,29	33,12	-	1,66	-	-	0,86	161,26	-	400,0
Resider	24,41	-	190,39	4,63	58,68	61,49	0,32	84,08	6,87	17,42	6,91	44,80	-	500,0
Retex	4,40	-	68,40	74,50	74,50	24,80	9,30	67,20	-	1,00	162,00	36,20	-	522,3
Konver	11,45	2,35	219,40	12,75	23,30	70,15	-	45,30	0,35	11,45	7,80	95,70	-	500,0
<b>Total</b>	<b>233,84</b>	<b>88,95</b>	<b>1.901,42</b>	<b>1.083,38</b>	<b>2.315,07</b>	<b>1.421,36</b>	<b>304,02</b>	<b>1.703,14</b>	<b>13,12</b>	<b>231,77</b>	<b>1.410,17</b>	<b>1.102,26</b>	<b>64,00</b>	<b>11.872,5</b>
%	1,97%	0,75%	16,02%	9,13%	19,50%	11,97%	2,56%	14,35%	0,11%	1,95%	11,88%	9,28%	0,54%	100,00%

\* Initiative transferred by Parliament to Budget Section 3 (B5-420)



### 1.1. The new generation of Community Initiatives

**Interreg** (ECU 2 900 million, 1994-99): This Initiative covers two different strands corresponding to the previous Interreg I and Regen Initiatives, firstly, cross-border cooperation to assist border areas within and outside the Union and, secondly, the completion (ECU 500 million) of energy networks to connect them with wider European networks. Interregional cooperation will also be continued outside the Initiative through innovative measures and pilot measures. With regard to cross-border cooperation, Interreg I wound up as a great success in terms of applications: it was able to use its funding to implement 31 programmes focused on specific border areas. Interreg II will pursue this objective with considerably increased funds: ECU 2 400 million has been allocated to the "cross-border cooperation" strand, of which 75% are for Objective I regions. In addition, a programme of cross-border cooperation between the countries of central and eastern Europe and the Member States of the Community was adopted under the Phare programme on 4

July 1995<sup>34</sup>. In order to promote cooperation (in particular through networks) between regions of central and eastern European adjacent to Community frontiers, implementation of the projects financed is being linked with Interreg and takes account of Community structural policies. Only the central and eastern European countries concerned will benefit from financing under Phare, while Community Member States are financing their contribution to the cooperation with funds from Interreg. Funding amounting to ECU 150 million is intended to cover the part-financing of these measures to assist Phare countries on the borders of the Union, and an expanded mechanism has been established to allow coordination between the Commission and the national authorities concerned.

**Regis** (ECU 600 million, 1994-99): Regis is pursuing its objective of improving integration of the most remote regions into the Community and now incorporating certain measures eligible under the former Poseidom, Poseima and Poseican programmes, as well as measures from other Community Initiatives carried out in the most remote regions, in order to enable them to participate fully in the trans-national cooperation networks. Eligible measures will concern the diversification of economic activities, the consolidation of links with the rest of the Union, cooperation between very remote regions, taking over the extra costs arising from measures to prevent natural disasters and, finally, vocational training.

**Leader** (ECU 1400 million): Following on from Leader I, Leader II supports rural development projects designed and administered by local partners in rural areas, and is now stressing the importance of measures that are innovative and exemplary, exchanges of experience and trans-national cooperation. Leader II will cover rural areas of regions eligible under Objectives 1 and 5(b) (up to 10% of the appropriations allocated to Objective 5(b) areas may be allocated to non-eligible adjacent areas), and ECU 900 million have been allocated to Objective 1 regions. It should also be noted that an indicative amount of 2.5% has been allocated to financing Community network activities and possibly national networks. Eligible measures are those that promote the acquisition of skills, in particular in areas where local development is a new practice; support the implementation of innovative rural programmes that can be used for demonstration purposes and are transferable; design and implement trans-national cooperation projects and communicate and pool information with other areas and projects using the European rural development network (the European Observatory of Rural Innovation and Development), which offers a permanent facility for the exchange of experience and know-how.

**Emploi and Human Resources** (ECU 1 400 million): The aim of this Initiative is to use the development of human resources and an integrated approach to support the revival of employment and promote solidarity and equal opportunities on the labour market. It includes three specific but interdependent strands, each with its own budget: Now supports the development of innovative and more effective approaches to training and the integration of women into working life; Horizon encourages the integration of disabled and disadvantaged people to help combat economic and social exclusion; Youthstart assists the integration of young people without qualifications into the working life, with the long-term objective of establishing new ways to give a real guarantee of training or employment to young people under 20.

ECU million	
Now	361,0
Horizon	721,1
Youthstart	319,3
<b>Emploi total</b>	<b>1 401,4</b>

Projects under this Initiative, which were to be selected for the first phase during 1995 by Member State selection committees, must, in accordance with the specific criteria, be innovative and trans-national. The

<sup>34</sup> Commission Regulation (EC) No 1628/94, OJ No L 171, 6.7.1994.

Monitoring Committees may give their opinion on the general balance of the programme on the basis of a report describing the selection procedure and its results.

**Adapt** (ECU 1 400 million): Following the principles of the new Objective 4, this Initiative aims to facilitate the adjustment of the work force to industrial changes, assist enterprises in increasing their productivity, improve the skills of the work force and promote job creation and the emergence of new activities. Eligible measures could be, for example, training, counselling and guidance, measures anticipating and promoting new sources of employment, or other measures involving structural adjustment and the adjustment of aid systems.

**Textiles and Clothing in Portugal** (ECU 400 million): This Initiative, which was adopted at the end of 1993 to support the modernization of the textile and clothing industry in Portugal, was faced with implementation problems in 1994. In September the European Parliament refused to transfer the funds required, objecting that a Community Initiative was not appropriate for this type of objective. Following a tripartite conciliation meeting held in November, the allocation of ECU 400 million was initially transferred to the reserve, after which the European Parliament adopted the budget entering the Textile Initiative for Portugal under Heading 3 (internal policies) of the financial perspective (Budget Article B5-420). The programme is now to be the subject of a specific Council Regulation based on Article 130b of the Treaty.

**SME** (ECU 1 000 million): The White Paper on "Growth, competitiveness and employment" demonstrated the need for SMEs to adjust to the constraints of the internal market and the globalization of economies. The SME Initiative is designed to meet this need, in particular by assisting Objective 1 areas, to which 80% of the funding has been allocated, the remaining 20% going to Objective 2 and 5(b) regions. It also continues, in modified form, the previous Initiatives Stride (increasing the technological potential of less-favoured regions), Prisma (improvement of services to business and industry) and Telematique (use of advanced telecommunications services). The planned measures are designed to improve the production systems and organization of companies, to take better account of the environment (in particular by more rational use of energy), to develop cooperation and networks between SMEs, foster cooperation between research centres, technology transfer centres, universities and SMEs for research and development purposes, and facilitate the access of SMEs to financial engineering.

**Urban** (ECU 600 million): In order to ensure better coordination of all the measures being carried out at Community, national and regional level and initiated in the past, this Initiative is intended to help find solutions to the serious crises facing many urban areas, by supporting measures to revitalize the economy and social fabric by launching new economic activities; renovation of social and health and safety infrastructure and facilities; promotion of local job creation and, in association with previous measures, improving the environment through the restoration of infrastructures. The projects must be suitable to serve as models for other urban areas, and the Commission will ensure that their innovative features fall within the framework of long-term urban integration strategies. It should be noted that two thirds of the funding has been set aside for Objective 1 regions, with the remaining third going preferably to Objective 2 areas.

**Pesca** (ECU 250 million): The Pesca Initiative is complementary to the structural assistance available under the CSFs, providing conversion aid for fishermen and diversification aid for enterprises in the fisheries sector. Eligible measures would, for example, support diversification in the fishing sector (tourism, artisanal fishing), the improvement of fishermen's skills, or development of the potential of fisheries products and the improvement of marketing networks. Pesca is applied principally to areas dependent on fisheries situated in Objective 1, 2 and 5(b) regions, but 15% of the appropriations are available for areas not eligible under any of those Objectives. Half the appropriations are to go to Objective 1 regions.

**Rechar** (ECU 400 million up to 1997): Continuing to pursue the objective of Rechar I, to support the conversion of the areas most affected by the decline of the coal industry, Rechar II gives greater priority to

the protection of the environment, new economic activities and human resources. Thus measures under Rechar will, for example, restore the environment and former mining buildings, promote new activities (in particular in SMEs), assist regional agencies for economic conversion and development and provide aid for training and employment (in particular in SMEs). In addition, the Initiative has now been extended to cover the effects of the decline of lignite mining, in particular in the new German Länder.

*Resider* (ECU 500 million up to 1997): Continuing to pursue the objective of Resider I, the conversion of steel areas, this Initiative, like Rechar, gives priority to the protection of the environment, new economic activities and human resources, in order to accelerate the adjustments of the areas concerned to the upheaval in their economic conditions. The measures envisaged are of the same type as those under the Rechar Initiative.

*Retex* (ECU 522 million up to 1997): Retex was launched in 1992 to support economic diversification in areas very dependent on the textile and clothing industry and, as envisaged at the time, additional appropriations were approved (ECU 94.6 million) to extend Retex to cover certain areas that had become eligible under Objectives 1, 2 and 5(b). In order to facilitate the adjustment of viable businesses in all sectors of industry, not excluding the textile and clothing industry, eligible measures include counselling and non-productive facilities that will improve companies' know-how, support for local groups of businesses and cooperation measures, and training for company employees and for services to business and industry.

*Konver* (ECU 500 million up to 1997): Following the Perifra I and II programmes (support for projects of an exemplary nature for economic conversion in defence industry and military areas) and the implementation of the first year of Konver in 1993, this Initiative is now being continued on a multiannual basis, with the objective of supporting economic diversification in areas very dependent on the defence sector (industry and military bases) through the conversion of economic activities linked with that sector and support for viable business activities in all industrial sectors except those which could have a military application. It should be noted that it is planned to allocate at least 50% of the appropriations to Objective 1, 2 or 5(b) regions.

## **1.2 Implementation in 1994**

Since the Commission guidelines were published only on 1 July 1994 and, in the case of certain Initiatives, information on the areas eligible and financial allocations was not available until October 1994 (December in the case of Konver), proposals for operational programmes under most of the Initiatives could not be submitted by the Member States until November. Given the time inevitably required to consider and negotiate the proposals, the programmes concerned could not be approved and implemented until 1995. However fourteen operational programmes (two in Belgium, two in the United Kingdom and one in each of the other Member States) under the Emploi Initiative were adopted on 22 December 1994.

## **1.3. An initiative for reconciliation in Northern Ireland**

In October 1994, shortly after the suspension of violence in Northern Ireland, the Commission created a special task force to find ways of providing practical assistance to Northern Ireland and the border counties of the Republic of Ireland, in consultation with the two Member States concerned. The task force undertook very extensive consultations, including in particular Members of the European Parliament from Northern Ireland and the border counties of the Irish Republic, local authorities, representatives of business and industry and the unions.

The task force report, submitted to the Commission in December 1994, was the basis for a Commission communication to the Council and Parliament, in which it proposed that the European Union should help to

support the peace process by means of a special programme for Northern Ireland and the border counties of the Republic of Ireland. The central objective of the programme was to be reconciliation between the communities. It was intended to provide equal and balanced benefit to each community while concentrating particularly on the most disadvantaged areas and sections of the population, and was to have immediate and visible impact on the spot.

The task force had concluded that the main element of the support programme should be a new Community Initiative based on five priorities: employment, urban and rural renewal, cross-border cooperation, combating social exclusion, and the development of industry and productive investment. The principle of a new Community Initiative and the allocation of a package of ECU 300 million for the period 1995-97 was subsequently accepted by the European Council at Essen on 9 and 10 December 1994.

## **2. Innovative measures**

### **2.1. Article 10 of the ERDF Regulation**

The amendments to the ERDF Regulation do not alter the substance of Article 10 as it applied to the previous programming period. The main change is an explicit limit on expenditure of 1% of the annual budget but this is very close to the limit applied by the Commission from 1989 to 1993. In 1994 the Commission put forward a limited number of priorities to guide measures taken under Article 10 over the new period 1994-99. These priorities were selected on the basis of experience already acquired, the approach planned for the new CSFs and decisions on the Community Initiatives. They also stem from the conclusions of the Edinburgh European Council in December 1992, which stressed that priority should be given to measures fostering cross-border, inter-regional and trans-national cooperation. Subsequently, in Liège, the ministers responsible for regional policy and planning also expressed their support for trans-national planning measures. Following these guidelines, the Commission will concentrate its work on four main priorities.

*Table 25: Article 10 ERDF - indicative breakdown of appropriations among priorities (ECU million):*

<i>Priorities</i>	
<b>Inter-regional cooperation</b>	<i>180.0</i>
- within the Union	
- with non-member countries	
- horizontal activities	
<b>Planning</b>	<i>45.0</i>
- research programme	
- plans and pilot measures	
<b>Regional economic development</b>	<i>90.0</i>
- deployment of local forces for regional development	
- technology and data-transmission systems	
- culture and economic development	
<b>Urban development</b>	<i>80.0</i>
- pilot projects	
- general activities	
<i>Total</i>	<i>395.0</i>

***Inter-regional cooperation:*** The inter-regional cooperation measures within the Community begun since 1990 under the Pacte programme for exchange of experiences or Article 10 (Recite networks) were supplemented from 1991 by an external strand, Ecos/Ouverture, directed towards the countries of central and eastern Europe. Within the Union, priority has always been given to establishing links between poor

regions and those which are more prosperous and this is also true of the measures undertaken with local authorities in the CIS and central and eastern Europe. The total budget for these measures was about ECU 100 million for the period 1989-93, which was sufficient for some 1 000 local authorities and other territorial bodies to be involved. In view of the wishes expressed by the informal Council in Corfu and by those local authorities situated in the Mediterranean part of the Community, the Commission has decided to extend the inter-regional cooperation programme to the whole of the Mediterranean area.

**Physical Planning at European level:** Council meetings and Parliament resolutions have demonstrated that a political will exists to continue consideration of matters related to the organization of the territory of Europe and to take the necessary steps. Three types of more operational measures are planned on that basis, in addition to continuation of the research programme: pilot measures relating to the major European trans-national planning areas, pilot projects which constitute innovations in specific areas and a series of measures to disseminate know-how and cooperation.

**Europe 2000+.** This document constitutes a frame of reference for cooperation between the authorities responsible for physical planning within the Member States and with those outside the Union. In response to the continuing need for cross-border, inter-regional and trans-national cooperation on planning set out in *Europe 2000*, *Europe 2000+* provides a summary and guidelines for cooperation on planning based on the results of trans-national and external impact studies. It is also based on a study of the main factors affecting territorial organization in Europe (demography, economics, trans-European networks and the environment) and on consideration of the main developments in and prospects for certain specific areas, such as urban, rural and frontier areas. It also sets out the systems for physical planning and public transfers in the Member States, which includes analysis of the institutions, policies and mechanisms which help organize and achieve territorial balance within the Member States.

**Innovative regional economic development measures:** The measures to be taken in this field are intended to illustrate innovative methods and means for achieving prosperity and employment or promoting the transfer of successful experiments, particularly in regions whose development is lagging behind, by involving all those concerned, whether in the public, semi-public or private sectors. The projects could take the form of studies, plans, conferences, pilot projects and meetings of experts to work out new ideas in the field of regional development. The Commission's work will concentrate on three areas: the deployment of local forces in support of regional development, technology and data-transmission systems in support of regions whose development is lagging behind, and a study of the economic impact of the development of a region's cultural heritage.

**Innovative urban development measures:** As part of an urban development strategy, these measures should deal with problems shared by a large number of towns, propose innovative solutions and give a prominent role in implementation to partnership between the public and private sectors. They should also develop measures which are complementary to the Urban Community Initiative, which concentrates particularly on problem areas and social exclusion.

A comparatively small number of projects was adopted in 1994. The most significant at Community level are the continuation of the Ecos and Ouverture programmes (ECU 2.5 million each), finance for Europartenariat in Spain (ECU 960 000), the Lacc 3 (Linkage Assistance for Cooperation of European Border Regions) project (ECU 520 000) and the Recite programme (Technical assistance for inter-regional cooperation and urban pilot projects) (ECU 397 000).

## **2.2. Article 6 of the ESF Regulation**

Article 6 of the ESF Regulation permits the Commission to spend up to a limit of 0.5% of the annual allocation of the ESF on financing and evaluating new approaches to the content, methods and organization of vocational training and the development of employment. During 1994, a guide was produced for the Member States and project promoters preparing their first application. The principles set out in the guide are based on the guidelines in the White Paper on "Growth, Competitiveness and Employment." It also includes the subjects which will receive priority and the procedure for submitting an application for part-finance. The call for applications was issued during the second part of 1994 and, as a result, 32 projects were selected. Over the next three years, they will explore new approaches to training and employment and will contribute to reflections on both the CSFs and the Emploi and Adapt Community Initiatives. The 32 projects contain a number of new ideas, such as distance training in Greece, establishment of a technology and advisory centre for women in the new German Länder and a project for training in machine tools in the United Kingdom.

## **2.3. Article 8 of the EAGGF Regulation**

The EAGGF Guidance Section may devote up to 1% of its annual budget to evaluation, information and technical assistance, pilot projects concerning agricultural structures and rural development, demonstration projects and measures for the circulation of the knowledge, experience and results of work on rural development and improving agricultural structures. Of these, only measures concerning technical assistance measures and studies were financed in 1994, when three projects were financed. In view of changes to the procedures for considering pilot and demonstration projects, which require more time because of the need to issue a call for proposals, they could not be taken into consideration in 1994. The call for proposals was published in OJ No C 303 of 29 October 1994 and the deadline for the submission of projects was set at 31 March 1995.

## **2.4. Article 4 of the FIG Regulation**

Using up to 2% of the appropriations available annually for structural measures in the fisheries sector, the FIG may finance studies, pilot projects and demonstration projects, the provision of services and technical assistance, information campaigns and so on. The measures financed in 1994 covered the following fields: the development and updating of the Community's register of fishing vessels; studies, pilot projects and demonstration projects (development of fisheries and aquaculture projects, improving information and trans-national cooperation between firms, the collection of socio-economic data, fleet profitability, the socio-economic impact of the MAGPs, mollusc diseases, fish quality) and the updating of the report on the Community market for aquaculture products.

### 3. Technical assistance<sup>35</sup>

The aim of technical assistance is to improve the quality and coherence of assistance from the Structural Funds so that they may be used effectively and to best advantage.

Users are principally the national, regional and local authorities and bodies or individuals and corporate bodies which are preparing or involved in the implementation of assistance and the Commission, which has available amounts outside the CSFs and SPDs and which may, and this is an innovation introduced by the revised regulations, use a limited portion of the appropriations within the CSFs and SPDs subject to the agreement of the Member State concerned.

The amounts available for measures taken at the initiative of the Commission (which, except in the case of the ERDF, also cover innovative measures) are fixed by the regulations at 0.5% of the annual appropriations of the ERDF and the ESF, 1% of those of the EAGGF Guidance Section and 2% of those of the FIFG, with an overall limit of 0.3% of the total allocation of the Funds for joint measures under the Funds.

Technical assistance in the CSFs and SPDs covers:

- *the preparation and prior appraisal of programmes*, including preliminary studies on specific aspects of the socio-economic situation of a region, analysis to produce or improve regional or national statistical tools, training and information for regional civil servants and the social partners, the transposition into national law of Community rules and verification that investments are in line with Community policies;
- *monitoring, evaluation and dissemination*, including institutional, legal and procedural aspects of structural assistance, the introduction or adaptation of systems for managing and monitoring assistance, cover for one-off training and information measures and the use of outside experts to prepare and undertake interim and *ex post* assessments of assistance.

Following revision of the regulations governing the Structural Funds and in preparation for the new programming period, the Commission has updated the guide to technical assistance from the Structural Funds which it drew up in 1990. Since the basic principles were unaltered, the main purpose of this updating was to take account of the amendments to the regulations made in July 1993 and to set out the possibilities available, the priorities for assistance and the rules on eligibility on the basis of experience acquired in 1989-93. The revised guide is intended for all users of technical assistance in the context of partnership with the aim of improving the administrative or technical capacity of the various partners as they participate in the various phases of programming and implementation of structural assistance.

*Measures taken at the initiative of the Commission:* Expenditure under Article 7 of the ERDF Regulation fell slightly in 1994 from ECU 12.8 million in 1993 (0.13% of ERDF appropriations) to ECU 12 million (0.11%) in 1994. Since 1994 was mainly devoted to preparations for the new programming period, prior appraisal of new assistance and publicity measures accounted for much of the technical assistance undertaken at the initiative of the Commission pursuant to Article 7 of the ERDF Regulation. As in previous years, the individual measures taken by the Commission were horizontal in character and intended to define future Community regional policies, provide information or facilitate exchanges of experience.

<sup>35</sup> Article 7 of Regulation (EEC) No 4254/88 as amended in the case of the ERDF  
Article 6 of Regulation (EEC) No 4255/88 as amended in the case of the ESF  
Article 8 of Regulation (EEC) No 4256/88 as amended in the case of the EAGGF  
Article 4 of Regulation (EEC) No 2080/93 in the case of the FIFG.



**Table 26: Technical assistance under Article 7 of the ERDF Regulation - commitments in 1994**

	ECU million
Preparation, monitoring and evaluation	4.9
Seminars, conferences and colloquia	0.5
Technical assistance	2.3
Equipment	0.8
Information and communication	3.5
<b>Total</b>	<b>12.0</b>

**Measures taken at the initiative of the Member States:** As in the previous programming period, the programming documents (CSFs, SPDs, OPs) included provision for technical assistance measures at the initiative of the Member States. In the case of Objective 1, ECU 1 243 million was allocated for that purpose in 1994-99, of which the Structural Funds would contribute ECU 899 million, about 1% of all Community assistance in the CSFs and SPDs. There is also provision for funding for technical assistance in the OPs. For certain regions, it was agreed through partnership that a limited proportion of the appropriations in the CSF or SPD would be used to finance measures taken at the initiative of the Commission. The criteria for using these appropriations will be agreed between the Member State and the Commission and each party will inform the other of action taken. In the case of Objective 2, Community appropriations totalling ECU 91 million will be deployed for technical assistance. These represent 1.3% of all Community funding for Objective 2 over the period 1994-99. The CSFs and SPDs for Objectives 3 and 4 contain a total of ECU 34.9 million for technical assistance and the SPDs for Objective 5(b) contain ECU 80.6 million, or 1.6% of Community funding for programmes approved in 1994 (1994-99). The appropriations for the OPs and SPDs for fisheries contain ECU 47.12 million for the whole of the period.

**CHAPTER II**

**BUDGET PROGRAMMING AND IMPLEMENTATION,**

**CHECKS,**

**COORDINATION OF THE VARIOUS FINANCIAL INSTRUMENTS,**

**COMPLEMENTARITY WITH OTHER COMMUNITY POLICIES**

## A. BUDGET PROGRAMMING AND IMPLEMENTATION<sup>1</sup>

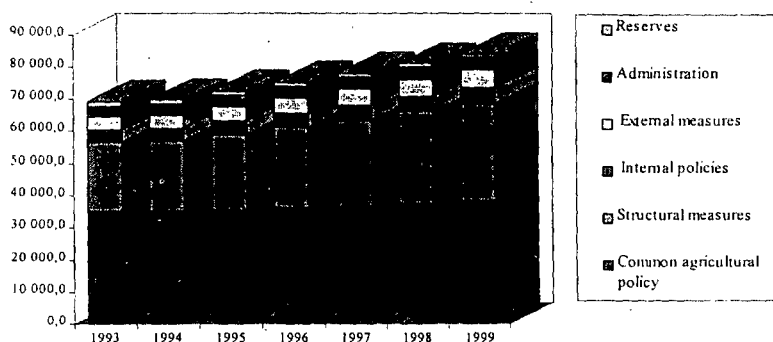
### 1. Budget programming 1994-1999

#### 1.1. Conclusions of the Edinburgh European Council

The budget programming defined for the period 1994-99 is the direct result of the conclusions of the Edinburgh European Council of December 1992, which reached decisions on the total amount to be allocated to the Structural Funds for the period 1994-99 (ECU 141 471 million at 1992 prices) and the annual increases in appropriations, the total amount to be allocated to Objective 1 regions within this package (ECU 96 346 million at 1992 prices) and the annual breakdown of that amount.

Table 27: Financial perspectives 1993-99 - commitment appropriations (in ECU million, 1992 prices)

	1993	1994	1995	1996	1997	1998	1999
1. Common agricultural policy	35.230,0	35.095,0	35.722,0	36.364,0	37.023,0	37.697,0	38.389,0
2. Structural measures	21.277,0	21.885,0	23.480,0	24.990,0	26.526,0	28.240,0	30.000,0
2.1 Structural Funds	19.777,0	20.135,0	21.480,0	22.740,0	24.026,0	25.690,0	27.400,0
2.2 Cohesion Fund	1.500,0	1.750,0	2.000,0	2.250,0	2.500,0	2.550,0	2.600,0
3. Internal policies	3.940,0	4.084,0	4.323,0	4.520,0	4.710,0	4.910,0	5.100,0
4. External measures	3.950,0	4.000,0	4.280,0	4.560,0	4.830,0	5.180,0	5.600,0
5. Administration	3.280,0	3.380,0	3.580,0	3.690,0	3.800,0	3.850,0	3.900,0
6. Reserves	1.500,0	1.500,0	1.100,0	1.100,0	1.100,0	1.100,0	1.100,0
<b>TOTAL</b>	<b>69.177,0</b>	<b>69.944,0</b>	<b>72.485,0</b>	<b>75.224,0</b>	<b>77.989,0</b>	<b>80.977,0</b>	<b>84.089,0</b>



The Edinburgh European Council also made a number of points concerning the different objectives. Specifically, it stated that:

- "commitments under Objectives 2, 3/4 and 5(b) should broadly maintain their present proportions, relative to each other, throughout the period of the new financial perspective. Commitments under Objective 5(a), outside Objective 1 and 5(b) regions, should not increase in real terms. Appropriate attention should be given to the needs of areas dependent on fishing, within the relevant Objectives."

<sup>1</sup> Unless otherwise stated, the sums mentioned are expressed in 1994 prices.

## 1.2 Implementation of the Edinburgh conclusions and breakdown of expenditure by Objective

In order to facilitate the launching of the new programming period, in December 1993 the Commission adopted a Communication allocating the Structural Fund appropriations by Objective, in accordance with the principles defined at Edinburgh. That Communication concerned only Objectives 2 to 5(b), since the appropriations for Objective 1 had already been decided by the Edinburgh European Council.

*Table 28: Breakdown of appropriations by Objective, 1994-99 (ECU million - 1992 prices)*

	Total
Objective 2	15 316.0
Objectives 3 and 4	15 840.0
Objective 5(a) (agriculture)	5 285.0
Objective 5(a) (fisheries)	898.0
Objective 5(b)	6 296.0
Transitional and innovative measures	1 530.0
<b>TOTAL</b>	<b>45 125.0</b>
Objective 1	96 346.0
<b>TOTAL Structural Funds</b>	<b>141 471.0</b>

## 1.3. Breakdown of expenditure by type

Pursuant to Article 12(5) of Regulation (EEC) No 2052/88, as amended, appropriations for Community Initiatives account for 9% of the Structural Fund commitment appropriations for the whole 1994-99 period. Of this 9%, 8% is financed from the funding for each Objective, and the remaining 1% is taken from the appropriations for Objectives 3 and 4.

*Table 29: Breakdown of expenditures by type, 1994-99 (ECU million)*

	Total	CSF	Community Initiatives
Objective 1	102 030.0	93 810.0	8 161.0
Objective 2	16 220.0	14 922.0	1 298.0
Objectives 3 and 4	16 775.0	13 950.0	2 825.0
Objective 5(a) (agriculture)	5 597.0	5 149.0	448.0
Objective 5(a) (fisheries)	909.0	836.0	73.0
Objective 5(b)	6 667.0	6 134.0	533.0
Transitional and innovative measures	1 620.0	-	129.0
<b>TOTAL</b>	<b>149 818.0</b>	<b>134 801.0</b>	<b>13 467.0</b>

## 1.4. Breakdown of appropriations by Member State

At the end of 1993, the Commission adopted an initial Decision distributing the appropriations for the Objective 1 CSFs by Member State<sup>2</sup>. That text was supplemented by a further five Decisions at the beginning of 1994 distributing among the Member States the CSF appropriations for Objectives 2, 3 and 4, 5(a) for agriculture, 5(a) for fisheries and 5(b). It should be noted that the Decision concerning the implementation of Objective 2 confines itself to an initial period of three years, whereas that concerning Objective 5(a) for agriculture leaves ECU 518 million undistributed in order to allow for expenditure on measures begun before the entry into force of Regulation (EC) No 2081/93. In the second part of 1994 the Commission adopted the breakdown by Member State of the appropriations for Community Initiatives. It was, however, decided to leave ECU 1 600 million in an unallocated reserve. Funding for transitional and innovative measures was not broken down by Member State.

Table 30: Structural Fund programming 1994-96/99 - breakdown of appropriations by Member State

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	TOTAL
CSF Objective 1	730,00	-	13 640,00	13.980,00	26 300,00	2.190,00	5 620,00	14 860,00	-	150,00	13 980,00	2 360,00	93.810,00
CSF Objective 2	160,00	56,00	733,00	-	1 130,00	1.765,00	-	684,00	7,00	300,00	-	2 142,00	6.977,00
CSF Objective 3 and 4	465,00	301,00	1 942,00	-	1 843,00	3.203,00	-	1 715,00	23,00	1 079,00	-	3 377,00	13.948,00
CSF Objective 5(a)	194,50	266,90	1 142,50	-	445,60	1 931,90	-	814,40	40,10	164,60	-	449,70	5.450,20
agriculture	170,00	127,00	1.068,00	-	326,00	1.742,00	-	680,00	39,00	118,00	-	361,00	4.631,00
fisheries	24,50	139,90	74,50	-	119,60	189,90	-	134,40	1,10	46,60	-	88,70	819,20
CSF Objective 5(b)	77,00	54,00	1 227,00	-	664,00	2.238,00	-	901,00	6,00	150,00	-	817,00	6.134,00
Community Initiatives	233,84	88,95	1 901,42	1.083,38	2 315,07	1 421,36	304,02	1 703,14	13,12	231,77	1 410,17 (1)	1.102,26	11.872,50 (2)
TOTAL	1.860,34	766,85	20.585,92	15.063,38	32.697,67	12.749,26	5.924,02	20.677,54	89,22	2.075,37	15.390,17	10.247,96	138.191,70

(1) Including ECU 400 million for Community Initiative "Textiles and Clothing" in Portugal, financed under Budget Section 3 (line B5-420)

(2) Including ECU 64 million for cooperation networks, not allocated by Member State.

## 2. Budget implementation in 1994 of 1994-1996/99 programming

Table 31: Origin and implementation of commitment appropriations in 1994 (ECU million)

	CSFs ERDF	CSFs ESF	CSFs EAGGF	CSFs FIFG	Community Initiatives	Trans. measures	TOTAL
Initial budget	9 029,70	6.456,80	3.342,80	418,95	0,00	368,00	19.616,25
Appropriations transferred	611,76	-660,81	-63,73	-43,90	1 927,00	-63,57	1.706,75
Total appropriations 1994 (1994-99)	9.641,46	5 795,99	3.279,07	375,05	1.927,00	304,43	21.323,00
Apps. made available again (1989-93)	106,24	42,88	22,45	2,76	0,00	0,82	175,14
Carryovers (1989-93)	21,69	2,34	0,00	2,09	22,14	0,60	48,86
Available appropriations	9 769,38	5.841,21	3.301,52	379,91	1.949,14	305,85	21.547,01
Implementation	9 727,69	5.564,30	3.300,43	379,79	251,89	244,39	19.468,48
Implementation rate	99,60%	95,30%	100,00%	100,00%	12,90%	79,90%	90,40%
of which using 1994 approps.	9.600,93	5.518,97	3 278,01	374,97	229,75	242,98	19.245,61
Appropriations carried over to 1995	0,00	4,63	0,00	0,00	313,58	20,94	339,15

<sup>2</sup> See previous Report.

**Table 32: Implementation of 1994-99 appropriations in 1994 (excluding carry-overs and appropriations made available again - ECU million)**

	Appropriations available (A)		Appropriations used (B)		Carry-overs to 1995 (C)		Unused approps. (A)-(B)-(C)	
	Commitments	Payments	Commitments	Payments	Commitments	Payments	Commitments	Payments
Objective 1	12.931,083	11.128,703	12 776,864	9.007,200	0,000	116,000	154,219	2.005,503
Objective 2	2.137,000	1.937,660	2.057,680	1.595,936	4,631	20,500	74,690	521,224
Objective 3	1.808,800	1.877,740	1.789,214	1.355,309	0,000	73,000	19,586	449,431
Objective 4	269,200	134,600	269,130	134,565	0,000	0,000	0,070	0,035
Obj. 5(a) outside Obj. 1, 5(b) + 5(a) fisheries	807,349	540,000	807,318	470,584	0,000	44,499	0,031	24,917
Objective 5(a) in 5(b)	419,648	204,000	419,648	191,610	0,000	12,390	0,000	0,000
Objective 5(b)	673,508	774,637	609,389	518,363	0,000	0,000	64,119	256,274
Transitional and innovative measures	304,430	465,000	242,969	316,528	20,938	10,000	40,523	138,472
Community Initiatives	1.927,000	1.970,500	229,749	773,315	313,578	184,360	1.383,673	1 012,825
Article B2-100 (1) and fraud prevention	44,982 (2)	61,225 (2)	43,764	52,642	0,000	0,000	1,218	8,583
<b>TOTAL</b>	<b>21.323,000</b>	<b>19.094,065</b>	<b>19.245,724</b>	<b>14.416,052</b>	<b>339,147</b>	<b>460,749</b>	<b>1.738,129 (3)</b>	<b>4.217,264</b>

(1) Structural measures directly linked to markets policy.

(2) The ECU 44,982 million of available commitment appropriations correspond to ECU 44,232 million for budget line B2-100, which was not allocated by Objective in 1994, and to ECU 0,750 million fraud preventions (lines B2-102, B2-111, B2-121, B2-131). These amounts correspond respectively to ECU 61 million and 0,225 million of available payment appropriations.

(3) These unused appropriations will be transferred to 1996 and 1997 budgets (ECU 869 million each year).

Although the implementation of appropriations began somewhat late in 1994, in the end a 90% implementation rate was achieved for Structural Fund commitment appropriations that year, while the implementation rate for payment appropriations was 75%<sup>3</sup>. The delay at the beginning of 1994, arising from the need to implement the new programming decisions for 1994-1999, was made up satisfactorily once the new CSF and SPD Decisions had been adopted. Thus at the end of 1994 unimplemented commitment appropriations for CSFs and SPDs represented only around 1.5% of the appropriations allocated, or ECU 312.7 million.

The situation concerning Community Initiatives is different. The Emploi Initiative alone accounted for ECU 200 million in commitments of the ECU 229,7 million used. That situation is explained by two circumstances: firstly, the first Commission Decisions concerning the distribution of appropriations for Community Initiatives by Member State were adopted only as from July 1994, leaving very little time for the programmes to be prepared by Member States and finalized through the partnership; secondly, the Member States presented to the Commission a very large number of programmes involving small amounts of financing, which made administration more difficult and cumbersome and held up finalization. However, 16% of the appropriations available was carried over to the beginning of 1995.

Appropriations under the Structural Funds not used at the end of 1994 totalled ECU 1 738 million in commitment appropriations and ECU 4 217 million in payment appropriations. The commitment appropriations will be reentered in the budget at ECU 869 million (or 50%) each for 1996 and 1997, in accordance with the Decision on the adjustment of the financial perspective and as a result of the budget implementation situations in 1994 (Conclusions of the Trialogue of 4 April 1995). The overall ceiling for payment appropriations was also increased by ECU 2 238 million for 1996-99, which should allow needs to be met.

<sup>3</sup> For implementation by Member State, see Annexes.

**Table 33: Implementation of appropriations in 1994 by budget item (excluding carry-overs, appropriations made available again and repayment of advances)**

Fund	Item	Title	Commitments	Payments
EAGGF- GUIDANCE	<b>B2-100</b>	<b>Structural measures directly linked to markets policy</b>	<b>43,649</b>	<b>52,642</b>
	<b>B2-101</b>	<b>CSF</b>	<b>3.234,362</b>	<b>2.423,812</b>
	B2-1010	Objective 1	1.880,528	1.597,283
	B2-1011	Objective 5(b)	265,837	234,419
	B2-1012	Objective 5(a) (outside 1 and 5(b) areas)	668,349	400,500
	B2-1013	Objective 5(a) (in 5(b) areas)	419,648	191,610
	<b>B2-102</b>	<b>Fraud prevention</b>	<b>0,000</b>	<b>0,000</b>
	<b>Total EAGGF</b>			<b>3.278,011</b>
FIFG (1)	<b>B2-110</b>	<b>CSF</b>	<b>374,973</b>	<b>395,005</b>
	B2-1100	Objective 1	236,004	324,921
	B2-1101	Objective 5(a)	138,969	70,084
	<b>B2-111</b>	<b>Fraud prevention</b>	<b>0,000</b>	<b>0,000</b>
<b>Total FIFG</b>			<b>374,973</b>	<b>395,005</b>
ERDF	<b>B2-120</b>	<b>CSF</b>	<b>9.600,933</b>	<b>6.330,810</b>
	B2-1200	Objective 1	7.744,809	4.857,542
	B2-1201	Objective 2	1.598,911	1.256,895
	B2-1202	Objective 5(b)	257,213	216,373
	<b>B2-121</b>	<b>Fraud prevention</b>	<b>0,015</b>	<b>0,000</b>
<b>Total ERDF</b>			<b>9.600,948</b>	<b>6.330,810</b>
ESF	<b>B2-130</b>	<b>CSF</b>	<b>5.518,975</b>	<b>4.123,939</b>
	B2-1300	Objective 1	2.915,523	2.227,454
	B2-1301	Objective 2	458,769	339,041
	B2-1302	Objective 3	1.789,214	1.355,309
	B2-1303	Objective 4	269,130	134,564
	B2-1304	Objective 5(b)	86,339	67,571
	<b>B2-131</b>	<b>Fraud prevention</b>	<b>0,100</b>	<b>0,000</b>
	<b>Total ESF</b>			<b>5.519,075</b>
Community Initiatives	<b>B2-140</b>	<b>Community Initiatives</b>	<b>229,749</b>	<b>773,315</b>
	B2-1401	Inter-regional cooperation	0,000	0,000
	B2-1402	Employment and human resources	201,218	100,609
	B2-1403	Industrial development	4,564	1,429
	B2-1404	Outermost regions	0,000	0,000
	B2-1405	Urban policy	0,000	0,000
	B2-1406	Rural development	23,967	11,840
	B2-1407	Reserve for previous and future measures	0,000	659,437
Trans. and innov. mes.	<b>B2-180</b>	<b>Transitional and innovative measures</b>	<b>242,980</b>	<b>316,530</b>
	B2-1800	EAGGF-Guidance	32,334	54,752
	B2-1810	FIFG	16,054	5,955
	B2-1811	FIFG (1)	0,500	0,500
	B2-1820	ERDF	132,689	187,262
	B2-1830	ESF	61,391	68,059

(1) Including operations under Regulations (EEC) Nos 4028/86 et 4042/89 i.e. before the introduction of the FIFG.

**Table 34: Commitments in 1994-1999 period (excluding carry-overs and appropriations made available again - ECU million)**

	TOTAL(1)	CSF							Transitional measures	Community Initiatives	%
		Obj.1	Obj.2	Obj.3	Obj.4	Obj.5(a)(2)	bj.5(a)(b)(3)	Obj.5(b)			
Total avail.	21 322,203	12 931,083	2 137,000	1 808,800	269,200	844,446	426,736	673,508	304,430	1 927,000	
Total spent	19 245,724	12 776,864	2 057,680	1 789,214	269,130	843,832	426,736	609,389	242,969	229,749	100,0%
ERDF	9 737,890	7 744,809	1 598,911	-	-	-	-	257,213	132,689	4,267	50,5%
ESF	5 781,882	2 915,523	458,769	1 789,214	269,130	-	-	86,339	61,391	201,515	30,0%
EAGGF	3 310,585	1 880,528	-	-	-	704,863	426,736	265,837	32,334	0,287	17,4%
FIFG	415,207	236,004	-	-	-	138,969	-	-	16,554	23,680	2,2%
	100,0%	66,4%	10,7%	9,3%	1,4%	4,4%	2,2%	3,2%	1,3%	1,2%	

(1) Not including ECU 0,750 million of available appropriations and ECU 0,115 million of appropriations committed for fraud prevention (ECU 0,015 million for ERDF and ECU 0,100 million for ESF).

(2) Objective 5(a) "agriculture", outside Objectives 1, 5(b) and 5(a) "fisheries" areas. Including budget line B2-100, which are allocated by Objective.

(3) Objective 5(a) "agriculture" in l'objective 5(b) areas. Including budget line B2-100, which are allocated by Objective.

**Table 35: Payments in 1994 (excluding carry-overs, appropriations made available again and repayment of advances - ECU million)**

	TOTAL	CSF							Trans. measures	Comm. initiatives	B2-100 Fraud prevention	%
		Obj.1	Obj.2	Obj.3	Obj.4	Obj.5(a) (1)	bj.5(a)(b)(2)	Obj.5(b)				
Total avail.	19094,065	11128,703	1937,66	1877,74	134,6	540	204	774,637	465	1970,5	61,225	
Total spent	14416,052	9007,2	1595,936	1355,309	134,565	470,584	191,61	518,363	316,528	773,315	52,642	100,0%
ERDF	7131,891	4857,542	1256,895	-	-	-	-	216,373	187,262	613,819	-	49,5%
ESF	4317,004	2227,454	359,041	1355,309	134,564	-	-	67,571	68,059	125,006	-	29,9%
EAGGF	2553,855	1597,283	-	-	-	400,5	191,61	234,419	54,752	22,649	52,642	17,7%
FIFG	413,3	324,921	-	-	-	70,084	-	-	6,455	11,84	-	2,9%
	100,0%	62,5%	11,1%	9,4%	0,9%	3,3%	1,3%	3,6%	2,2%	5,4%	0,4%	

(1) Objective 5(a) "agriculture", outside Objective 1, 5(b) and 5(a) "fisheries" areas.

(2) Objective 5(a) "agriculture" in Objective 5(b) areas

## B. CHECKS CARRIED OUT IN 1994

Commission checks on the use of Structural Fund appropriations were stepped up in 1994, both in terms of numbers and in the quality and coordination of checking systems. However, since the Structural Funds operate on a part-financing basis, and in the light of the principle of subsidiarity and the relevant Community rules, the Member States are responsible for the basic checks, which should be exhaustive. In these circumstances, Commission checks focus mainly on the efficiency of the Member States' auditing and monitoring systems.

Further support for such checks was provided by the adoption on 11 July 1994 of Commission Regulation (EC) No 1681/94 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the structural policies<sup>4</sup>. It should be reminded that the roles of the Member States and of the Commission with regard to the control of the interventions, the prevention and the sanctions of irregularities were defined from the origin by Article 23 of regulation (EC) n° 4253/88 without foreseeing their detailed implementation. Following the general review of the regulations on the Structural Funds in 1993, the Commission adopted the regulation (EC)n°1681/94 in 1994. Although the obligation for the Member States

<sup>4</sup> OJ No L 178, 12.7.1994, p. 43.



to inform the Commission already existed since the entry into force of Regulation n°4253/88, the situation resulting from these communications is not satisfactory, for the number of cases which have been communicated<sup>5</sup> does not reflect the reality, since the Commission is aware of the existence of numerous cases of irregularities which have not been communicated. Some of these cases are being subject to an enquiry.

### 1. Checks carried out by the Commission's Structural Funds departments

The number of inspection visits made by each of the departments responsible in 1994 is as follows: ERDF staff carried out 24 on-the-spot checks in 1994 (2 per Member State in 6 Member States; 1 in Denmark, Belgium and the Netherlands, 3 in Ireland and 6 in Germany); EAGGF staff took part in 21 inspection visits, either at the initiative of their department or at that of Financial Control or the Member States concerned; the ESF inspection programme planned for 190 days of inspection visits, and 235 days were actually spent, corresponding to 69 inspection visits (all Member States were checked at least once); finally, 9 inspection visits were made under the old fisheries rules, since the control mechanisms laid down by the new FIFG Regulation were not yet in place in 1994.

The objectives of the inspection visits for each of the Funds are similar. Those carried out by the department responsible for the ERDF are intended to check that a coherent national system for the management and internal control of operations is in place and operating effectively and that the information submitted to the Commission is reliable (in particular certifications of expenditure). The aim is also to check on proper use of ERDF funds, accounting accuracy, legality, regularity and good financial management in the light of the objectives of each form of assistance and of Community rules and policies. The auditing visits by the department responsible for the EAGGF focused either on systems audits or on accounting entries by testing for compliance with the rules and for quality on the basis of restricted samples. Inspections carried out by ESF staff are intended to ensure the reliability of data on the development of projects being part-financed and to check that these projects comply with Community rules (eligibility, usefulness, effectiveness). As the number of inspections concerning projects subsidized by the "old Fund" (pre-1990 projects) continued to fall, it was possible for checks on projects subsidized by the "new Fund" and those concerning Community Initiatives to be stepped up. Very particular attention was devoted to the auditing of systems and financial channels, which focused primarily on management and control methods established by the authorities appointed by the Member States, as well as on checks concerning project promoters. However, since the programme expiry dates had been postponed to 1993 and 1994, it was impossible in the case of most of the operational programmes checked to establish whether the final payment applications were correct. On the other hand, some checks were designed to establish whether the checking mechanisms established by the central authorities for Community Initiatives were effective, and it was found that they were operating properly.

The results of the controls do not differ substantially from Fund to Fund. In the case of the ERDF, many individual or system irregularities were found. In general, these lay in the unreliability of certifications of expenditure, which are the basis for Community payments and advances, and in the weakness of certain internal checking procedures, which do not adequately reflect Community rules. The declarations of expenditure include expenditure not eligible for financing by the ERDF (such as the salaries or operating expenditure of ministries or other public bodies), and expenditure declared as actually incurred sometimes includes estimates of future expenditure. The beneficiaries' declarations of expenditure are in some instances submitted to the Commission and certified by the authorities appointed by the Member States without any internal checks, which can lead to incorrect submissions and formal irregularities. In addition, in many regions Community rules concerning public procurement are not fully complied with and the programming of assistance is not monitored or assessed with sufficient precision.

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<sup>5</sup> See 1994 Annual Report on the protection of the financial interests of the Community (COM(95) final)

In the case of the EAGGF, the system for checking expenditure declared set up in most of the Member States is, as a rule, well established, but weaknesses and irregularities, although not found in all Member States or all measures, were also detected; the following list is not exhaustive:

- inadequate or deficient internal checks in the case of many Member States, and in some instances difficulty in matching the payments recorded by the regional authorities with the records of the national authorities used as the basis for applications for reimbursement addressed to the Commission;
- in the case of certifications of expenditure: declarations of expenditure inflated to anticipate advances; early commencement of works; non-eligible expenditure included (financing costs, bank guarantees, land purchase, recoverable VAT, etc.); purchase of second-hand equipment;
- concerning compliance with Community Regulations: processing of agricultural products from third countries included (Regulation (EEC) No 866/90); non-compliance with financing plans and changes in investments without prior application for approval (Regulation (EEC) No 866/90); lack of prior information and publicity about Community participation in the measures;
- quite substantial delays in payments to final beneficiaries;
- beneficiaries with simplified accounting systems.

The general picture produced by the ESF checks is fairly similar. Some examples in different countries are as follows:

- in Greece, inspectors found that there had been considerable delays (of 2 1/2 months to 14 months) between the receipt of Community financing by the authorities and payments to the project promoters. The appointed authority is currently putting in place an automatized report system in order to improve the quality of reports and accelerate payments;
- in Spain, following a major repayment of Community subsidies resulting from inspection visits, the INEM established a new report and application for payment system in order to meet ESF requirements. In addition, emphasis was put on checking Community Initiatives in three regions and in certain INEMs. It appeared that promoters were submitting very vague applications and being somewhat lax with regard to the requirements of Community Initiatives (for example, trans-national features, real expenditure), which was the reason why several projects were rejected;
- in France, of the five inspection visits made, two were regional. It was found that the regional Councils concerned (Lower Normandy, Upper Normandy and the overseas departments) were taking little trouble to meet the specific criteria for ESF financing, and that no checks were being carried out. Of the two projects inspected under the Now Initiative, one turned out not to be eligible (non-compliance with the trans-national requirements and no impact on the labour market) and the other was the subject of serious accusations concerning abuse of subsidies;
- in the Netherlands, attention was devoted to excessive financing of projects using Community funds. The authorities designated have since initiated an inspection at national level and the Commission has decided partially to suspend payments until the authorities have made the conclusions of their inspections public;
- in Portugal, inspection of the Madeira region showed that the checks carried out by two of the three bodies concerned were poorly adapted to requirements, while the use of finance for technical assistance was reviewed, with satisfactory results. In addition, Community Initiative projects were checked, and in most cases they were being properly implemented. However, the authorities were asked to adapt their system to speed up the implementation of funds allocated.

No major anomalies were detected in the fisheries sector in seven of the eight inspections carried out in Portugal (Lisbon), Spain (Madrid), France (departments of Morbihan and Finistère), Germany (Mecklenburg-Western Pomerania) and Denmark (Copenhagen). However, seven aquaculture projects in Denmark (Fyn and Jutland) and five in Ireland (Waterford, Cork and Kerry) were found to have claimed for expenditure that was not eligible.

Furthermore, it should be noted that the Unit on Coordination of Fraud Prevention carried out 6 enquiry visits in 1994. Three of these visits were concerning the ESF, and the other three, one of the other Funds or financial instruments. These enquiries confirmed the existence of serious irregularities.

The overall impression produced is that, despite the efforts made, the inspections carried out by the appointed authorities are not yet of the standard one might expect, given their increased responsibilities concerning the management of Community funds within the partnership agreements. The visits showed that much still remains to be done. Now that the rules have been revised, in particular those concerning the ESF, detailed control rules are spelled out more explicitly in Commission Decisions, and technical assistance will continue to be financed to support the efforts of Member States.

More specifically, the departments responsible for each Fund have established a system for monitoring the results of inspections. Each result is communicated to the Member State concerned, drawing its attention to irregularities and requesting that the procedures be changed in line with current rules. The Court of Auditors is also informed of the results of the inspections. However, the inspection visits have made it possible to perform an important educational function with regional authorities and bodies responsible for managing internal controls of ERDF projects, showing them where their practices and procedures that do not comply with Community rules need to be corrected. Further, the results of the systems audits carried out by the EAGGF are used to feed a database (BADER), which allows annual inspection visit plans to be drawn up taking account of the risks associated with the system established in each region and the budget allocated. Similarly, in the light of the results obtained from the 1993 inspections, the ESF recalculated the expenditure on four operational programmes, which led to ECU 39 million being repaid to the ESF for the years 1990-92. The programme for 1995 will devote particular attention to audits concerning the changes introduced in management systems under the implementation of the 1994-99 CSFs, as well as to Community Initiatives. Finally, as regards the "old rules" on fisheries, Community financing of projects for which non-eligible expenditure was declared has been adjusted to cover only eligible expenditure when the balance is paid.

## **2. Inspections carried out by Financial Control**

In 1994, Financial Control carried out 74 on-the-spot inspections, concerning total expenditure of around ECU 8 000 million.

In 1994 Financial Control drew up a report on the results of the audit of national monitoring and control systems started at the end of 1992<sup>6</sup>, in which a certain number of recommendations are made and it is proposed to:

- complete the audit records by updating the description of each management and control system in accordance with Article 23(1) of Regulation (EC) No 4253/88 as amended and with Article 2 of Regulation (EC) n° 1681/94;
- reach agreement with the authorizing departments, the Unit on Coordination of Fraud Prevention, the national control bodies and the Court of Auditors on arrangements for coordinating inspections over the coming years, taking account of the need gradually to extend the scope of the systems audit to all the regions and final beneficiaries and include its results in the initial audit records;
- assess the reliability of the management and control systems at all levels and the management structure for each Fund in each Member State;
- extend the scope of the audit beyond the central systems of the Member States.

To follow up on the report, the description of national systems was updated in 1994. For this purpose, Financial Control, in coordination with all the Commission authorizing departments and the Unit on

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<sup>6</sup> SEC(94)1654 final of 16 November 1994.

Coordination of Fraud Prevention, sent letters to the designated authorities for each Fund in each Member State requesting the said description or update before the end of the first quarter of 1995. Once this information has been distributed to all the departments and analyzed, it will be added to the audit records, for each Fund and Member State.

Coordination between the work of Financial Control and that of Structural Fund staff and the Member States was stepped up in 1994. Firstly, coordination between Commission departments on the preparation of the 1995 inspection programmes was initiated at the end of 1994. Coordination has also been established between Financial Control and the authorizing departments, but it has been more difficult to establish with the Unit on Coordination of Fraud Prevention, because of the specific nature of its mission, and the Court of Auditors, which are not always in a position to plan their inspections and/or enquiries on an annual basis. Secondly, this Community coordination has to be integrated with the annual inspection programmes conducted by national authorities. Meetings were organized with the representatives of several Member States and Commission and Member States kept each other informed of programmes planned by exchanging notes.

Two types of measures were undertaken in 1994. The first concerned extending the scope of the systems audit by Financial Control to other regions in each Member State for all the Funds, and carrying out quality tests on a larger number of cases than in 1993. The 74 visits made for this purpose in 1994 confirmed the comments made and weaknesses described in the 1993 Report, and supplemented the overall picture of all the systems. However, since the resources available to Financial Control alone were not sufficient to complete the process within a reasonable period of time, nor to cover exhaustively the variety of systems at all levels down to the final beneficiaries, closer cooperation with national control bodies was established in 1994. For this purpose, protocols to the effect that the national control body would carry out on-the-spot checks in accordance with Commission methodology and standards were signed in 1994 with Spain (27 May 1994), Italy (30 May 1994), Luxembourg (3 June 1994) and France (13 December 1994). Contact was made with other Member States, in particular Greece, the Netherlands, the United Kingdom and Germany. On the basis of Article 23(2) of Regulation (EEC) No 4253/88, as amended, the opposite numbers of Financial Control in the Member States will draw up programmes of checks at the request of and in close cooperation with Financial Control, basing their methodology on that of the Commission.

Secondly, prompted by issues of non-eligible expenditure raised by previous inspections, Financial Control initiated the establishment of an inter-departmental Commission working party under its own chairmanship. In 1994 the working party began formulating more precise rules concerning the eligibility of expenditure on the basis of existing legislation and of practical experience acquired during inspection visits to date, with the objective of providing all the Commission departments concerned with a working document as soon as possible in 1995.

All these measures conducted in 1994 were designed to supplement the audit records for each Fund and each Member State available to Financial Control, so that in future on-the-spot checks can be targeted on the basis of risk analysis applied to the systems audited and described. For this to work, the set of audit information will have to be complete, so that the reliability of management and control systems at the various levels of the management structure can be assessed for each Fund in each Member State. These measures will also take account of the methodology used by the Court of Auditors to establish its Statement of Assurance as to the reliability of Community accounts and the underlying transactions.

## C. COORDINATION WITH THE VARIOUS FINANCIAL INSTRUMENTS

### 1. The Cohesion Fund

The Structural Funds, principally the ERDF and, to a lesser extent, the EAGGF Guidance Section, may be called upon to finance projects of the same type as those proposed to the Cohesion Fund, that is, projects in the sectors of the environment and the trans-European transport networks. Care has therefore to be taken to avoid the risk of duplicating financing. The requirements of cohesion are taken into account in the Council Regulation establishing the Cohesion Fund,<sup>7</sup> Article 9 of which states that no item of expenditure may benefit both from the Cohesion Fund and the Structural Funds. This provision is not intended to prevent assistance from different instruments going to various parts of a project but to ensure that expenditure on a single stage of a project does not receive financial support from the two types of instruments.

As a result, the Commission has taken steps to ensure overall coordination during preparation of the Objective 1 CSFs for Spain, Ireland, Portugal and Greece. The CSFs for these four countries refer explicitly to assistance from the Cohesion Fund, which is listed for information in the overall financing plan. Furthermore, the CSFs have been prepared in coordinated fashion by the various Commission departments concerned, including that for the Cohesion Fund, in order to identify the various strategies for assistance to be used in each country.

Still closer attention is paid to coordination of the measures themselves, given that the Structural Funds operate principally through operational programmes while the Cohesion Fund finances individual projects, stages of projects or groups of projects. Steps have therefore been taken to ensure coordination among the departments responsible for the Structural Funds before any decision is taken to grant assistance from the Cohesion Fund. Checks have been installed to ensure that no item of expenditure is financed by the two Funds at the same time. These procedures have avoided any case of double financing. Although the Member States have submitted different stages of the same project to two different instruments, this is in accordance with the rules, which state that Community assistance may amount to up to 90% of total expenditure.

### 2. The EIB

The importance of the EIB's contribution to the goal of economic and social cohesion has been confirmed by the Treaty on European Union. Its task is to contribute to financing "projects for developing less-developed regions" (Article 198e EC) by continuing "to devote the majority of its resources to the promotion of economic and social cohesion" (Protocol on economic and social cohesion).

During 1994 the EIB indeed continued to give priority to financing regional development. Of the loans totalling ECU 19 928 million which it granted in 1994 (an increase of 1.6% over the figure for 1993, as compared with an increase of 3% between 1992 and 1993), ECU 17 682 million was granted within the Community (a slight fall of 0.2% from the 1993 figure, as compared with an average annual increase of 9% since 1990). Of this amount, ECU 12 035 million went to regions whose development is lagging behind or areas suffering from industrial decline. Hence 68% of the work of the Bank within the Community and 60.5% of its total activity was devoted to regional development. Although this represents a fall of 2% from 1993 (when the figures were 70% and ECU 12 462 million), mainly because of the general slowdown in economic activity in 1993, economic and social cohesion remains the Bank's priority.

Thus 88% of finance for regional development (ECU 10 623 million) was located in regions eligible for support from the Structural Funds and of this sum 31% went to projects which had received grants from those Funds. ECU 5 748 million (ECU 7 228 million in 1993), or 48% of the total for regional development

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<sup>7</sup> Council Regulation (EC) No 1164/94 of 16 May 1994, OJ No L 130, 25.5.1994.

(58% in 1993), went to Objective 1 regions and loans to the four cohesion countries (Greece, Spain, Ireland and Portugal) amounted to ECU 4 743 million, or 40% of the share of the Bank's work for regional development. Of the investment aid for regional development, 40% (ECU 4 875 million as compared with ECU 4 179 million in 1993) went to areas eligible under Objectives 2 or 5(b).

*Table 36: EIB - financing for regional development*

	1994	1993
Total activity in the EU	17 682,0	17 724,0
Regional development <sup>1</sup>	12 035,0 68%	12 462,0 70%
<i>Regional development breakdown</i>		
Areas eligible under Objectives 1, 2, 5(b)	10 623,0 88%	11 407,0 91%
Objective 1 areas	5 748,0 48%	7 228,0 58%
Countries eligible under the Cohesion Fund	4 743,0 40%	6 142,0 49%
Objective 2 and 5(b) areas	4 875,0 40%	4 179,0 33%

*Table 37: EIB - breakdown by sector of financing for regional development in 1994*

	Total		Individual loans	Appropriations for global loans
		%		
Energy	2104,4	17,5	2066,5	37,9
Transport	4209,8	35,0	3910,5	299,3
Telecommunications	1925,2	16,0	1925,2	-
Water and drainage	766,2	6,4	497,9	268,3
Other infrastructure	404,0	3,4	277,2	126,8
Industry, agriculture	2092,9	17,4	1207,4	855,5
Services	532,6	4,4	222,2	310,4
<b>TOTAL</b>	<b>12035,1</b>	<b>100,0</b>	<b>10106,9</b>	<b>1898,2</b>

The Bank and the Commission now cooperate closely and institutional contacts have grown following the creation of the EIF and the financial mechanism of the European Economic Area.<sup>8</sup> Of still greater importance is the fact that the EIB has been much more closely associated than previously with preparation of the new programming documents for Objectives 1 and 2. Specifically, it has had an important role to play in the analysis of regional plans, where the Commission has made use of its expertise and knowledge of certain specific sectoral activities. The Commission has also concluded contracts with the Bank to secure technical assistance for the prior appraisal of projects financed by the Cohesion Fund. The Bank has also given preliminary information on loans when CSFs or SPDs were being drawn up.

<sup>8</sup> See 4 and 5 below.

### **3. The ECSC**

The ECSC contributes to the goal of economic and social cohesion through conversion aid and its loan instruments, which are of two kinds, loans under Article 54 ECSC to the coal and steel industry and for infrastructure investment using Community coal or steel and conversion loans (Article 56) to revitalize regions suffering from a downturn in activity and employment in the coal and steel sector.

In December 1994,<sup>9</sup> the Commission strengthened and updated some of the operational provisions which it had adopted in 1990 and 1992<sup>10</sup> to concentrate appropriations in areas corresponding to the regional objectives of the CSFs and the Community's priorities for conversion (the Rechar and Resider Community Initiatives, etc.). The new provisions included a limitation, in other than exceptional cases, of the interest-rate subsidies under Article 56(2) for projects in ECSC areas eligible under the regional objectives of the CSFs and the ECSC areas eligible under the Rechar II and Resider II Community Initiatives. Furthermore, in view of the considerable contraction of the ECSC budget and the appropriations allocated under Article 56(2) in view of the expiry of the ECSC Treaty in 2002, a new indicative allocation of these appropriations was made, this time at national level, to avoid dispersing small amounts of money over a large number of regions.

Total new conversion loans granted by the Commission in 1994 amounted to ECU 276 628 000 and interest-rate subsidies on new and continuing loans entailed commitments of ECU 51 970 000 from the 1994 ECSC budget. During that year, the Commission granted 91 conversion loans, of which 90 were global loans amounting to ECU 190 980 000 and one was a direct loan of ECU 17 790 000.

### **4. The European Investment Fund**

The European Investment Fund, established in June 1994, is a new financial institution established under the European growth initiative decided on by the Edinburgh European Council in December 1992. It is intended to provide support for medium and long-term investment in two sectors of crucial importance for the development of Europe's economy, trans-European networks and small firms. It is a new partnership of a unique kind, since its capital has been subscribed by the EIB, the Commission and public and private banks and financial institutions in the Member States.

The purpose of the EIF is to provide long-term guarantees for loans and investments in the trans-European networks and small firms. In 1994 it guaranteed loans totalling ECU 702 720 000, of which ECU 515 330 000 was for operations which had actually been signed. The breakdown by Member State, which inevitably reflects the small number of operations since the Fund began work, is as follows: Italy 53.8%, Portugal 20.8%, France 14.7% and Greece 10.6%. Projects relating to the trans-European networks have accounted for 85.3% of the total volume signed and include eight major infrastructure projects, two of which, Malpensa airport, Milan, and the natural gas project in Portugal, are priorities. The breakdown within the trans-European networks is 17.2% for transport, 47.3% for energy and 35.5% for telecommunications. Particularly in the case of small firms, the Structural Funds could perhaps finance guarantee premiums given by the EIF.

### **5. The Financial Mechanism of the European Economic Area**

The Agreement on the European Economic Area included provision for a financial mechanism to support the Community's goals of economic and social cohesion, to be financed by the EFTA countries and managed by the EIB in accordance with an agreement on cooperation between the EIB and the Commission signed in June 1992. A further agreement covers coordination between the mechanism and assistance from

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<sup>9</sup> Commission Decision E/1967/94 of 12 December 1994.

<sup>10</sup> See the second and fourth Annual Reports; OJ No C 188 of 28 July 1990 and OJ No C 59 of 6 March 1992.

the Structural Funds. Protocol 38 to the agreement lays down that grants will total ECU 500 million between 1993 and 1997 and the interest-rate subsidy will be 3% per year on a total of ECU 1 500 million for 10 years.

The recipients of financial assistance from the Mechanism are Greece, Ireland, Portugal and the regions of Spain eligible under Objective 1 of the Structural Funds. The level of grants and loans is determined by the respective shares of those countries and regions in structural assistance under Objective 1. Over a period of more than a year, the Financial Mechanism has been financing a series of priority projects in the fields of the environment (including town planning), transport (including infrastructure), education and training. Among the projects submitted by private firms, particular attention has been paid to small businesses. Following the accession of Austria, Finland and Sweden, their contributions to the Mechanism of the European Economic Area (more than 81% of the cost of the Mechanism) will be taken over by the Community budget.

## **D. COMPLEMENTARITY WITH THE OTHER COMMUNITY POLICIES**

### **1. Compliance with the competition rules**

Links between competition policy and structural policy improved in a number of respects in 1994 with the opening of the new programming period. In the first place, greater compatibility between Community assistance and schedules for part-financed national aid schemes was built in from the start. This was all the more important as the number of aid schemes involved was higher than during the previous period.

Secondly, a degree of consistency, which may be regarded as satisfactory in view of the constraints imposed, was secured between the areas eligible for structural assistance and those assisted at national level (determined by means of competition policy). The areas not eligible under the Structural Funds which are also ineligible for national aid are mainly those which the Member States have expressed no desire to assist through State aid.

Thirdly, the new State aids instruments available have facilitated the solution of certain problems of compatibility posed by the assistance part-financed under the Structural Funds. This concerns primarily rules on *de minimis* aid and small firms.

The procedures have also been simplified and made less cumbersome so as to coordinate more closely the decision-making processes for structural assistance and State aids. This has resulted in greater administrative effectiveness, which has been reflected in speedier decision-taking.

### **2. The transparency of public procurement**

The Commission attaches the greatest importance to ensuring that the implementation of measures financed by the Structural Funds respects Community policy on public procurement. Studies on compliance with the relevant Community legislation (Article 7 of Council Regulation (EEC) No 2052/88 as amended) have been carried out in the Member States eligible under Objective 1 and the results were received in 1994. The aim was not to check on the use made of funds but to assess the current state of implementation of Community legislation at national, regional and local level in each Member State. These studies show that compliance with Article 7 of Regulation (EEC) No 2052/88 requires first and foremost the correct and full transposition of Community directives. However, the incorporation of Community legislation into that of the Member States is a comparatively slow process. Some Member States have made special efforts to ensure that Community directives are applied rapidly and fully, principally by ensuring that the administrations concerned are aware of the situation and well informed. However, differences between the Member States



persist, both as regards speed of transposition and the subsequent procedure, since there are transitional periods for certain national provisions and sometimes differences of interpretation of Community directives.

The studies have also demonstrated the main problems encountered in the application in practice of Community provisions on public procurement. Firstly, excessive use is made of emergency procedures, where an appeal to local preference permits direct negotiations. Secondly, a great deal of the confusion and poor implementation of directives is explained by lack of information, codification and experience. Usually, the regional and local authorities are poorly informed about the existence, content and purpose of the "Public procurement" questionnaire which the Commission introduced in 1989 and which has to be completed for each public contract to receive Community part-finance.

This means that information, training and raising of awareness among those directly concerned are essential to ensure full compliance with legislation on public procurement. The Commission, in conjunction with the national authorities concerned, has organized information and training for national administrations. However, since compliance with directives is first and foremost the responsibility of the Member States, measures at Community level have to be supplemented by training organized by those national administrations. In general, awareness raising, training and information should operate at three levels: broad and general information with a large target audience (in particular, advanced civil service training institutes), professional training covering the correct implementation of national rules (principally for local and regional authorities) and specialist training to deal with individual and difficult cases.

The disappointing results secured by the "Public procurement" questionnaire with regard to Community directives have led the Commission to abandon this instrument. The system of checks introduced in 1988 is, however, being adapted in the light of experience and the changes made to the legal framework for the Structural Funds and public procurement. The first phase of this adaptation, which came into force in 1994, is based on the establishment of priorities for checks and the prevention of problems. For all operations exceeding ECU 25 million, decisions to grant Community finance automatically entail the transmission to the Commission of the main details concerning award of the contracts concerned, including the record of the award of tenders, which permits systematic and more thorough checks while smaller projects are dealt with on a random basis. The result of the checks is either agreement without reservations, where compliance with the public procurement rules can be demonstrated, agreement in principle subject to a retrospective check where the contracts are awarded after finance has been granted, suspension of the financing decision until the national authorities have clarified doubtful points or refusal of finance because of failure to comply with the relevant rules.

During the second phase of adaptation of checking methods, it will be necessary to consider, subject to the rules on subsidiarity, introduction of a solution to complement traditional checks in order to cope with the growing number of public contracts awarded in the fifteen Member States. This solution could involve a system of certifying that the internal procedures for awarding contracts employed by each awarding authority comply with Community law. This would confer a presumption of good conduct on the awarding bodies without thereby prejudicing the right to carry out random checks or consider complaints relating to specific procedures. However, it should be noted that the effectiveness of the checks depends to a large extent on the attitude of the Member States and operators concerned, since it is the Member States which have to undertake the first phase of checks to ensure that the awarding authorities comply with the regulations governing the Structural Funds.

### 3. Greater environmental awareness

Under the new regulations, which enable greater account to be taken of the environment in preparing and implementing Community policies, since 1993<sup>11</sup> the Commission has been taking a number of measures to help the Member States implement the new provisions ("environmental profiles" of the plans submitted by the Member States, a standard grid for assessing the information provided and intensive work on the quantification of environmental goals).

When it assesses the regional development plans submitted by the Member States, the Commission concentrates on the following aspects: the identification of areas of special environmental interest, the nature and location of acute pollution problems and problems posing a serious risk to the ecosystem; analysis of cohesion gaps of an environmental nature and assessment of the costs to the less-favoured regions of compliance with Community standards (particularly as regards water quality and waste treatment); the planning of the investment needed; assessment of the environmental impacts of the development strategy and measures proposed for Community part-finance (including the inclusion of a preventative approach) and analysis of the steps taken or contemplated to associate the environmental authorities in the Member States with the preparation and implementation of Community regional assistance along with the legal and administrative framework established to coordinate policies on regional development and the environment.

Thanks to these efforts and this work, the environmental aspect of the new programming documents is clearly better than during the previous period. One of the main improvements is that all the regional strategies include an environmental priority. Furthermore, the Community appropriations allocated to the environment are of considerable magnitude. In the Objective 1 regions, environmental measures will absorb over ECU 8 000 million (almost 9% of Community assistance for that Objective) while in the Objective 2 areas they amount to almost ECU 400 million (6%) and in the Objective 5(b) areas to almost ECU 721 million (12%). Substantial progress has also been made in developing a preventative approach with priority given to renewable sources of energy. Stress is also placed on the development and application of green technologies, the development of green tourism and, in the agriculture sector, on a variety of measures to control agricultural production involving limitations on the use of fertilizers, pesticides and insecticides, the preservation of landscapes and the countryside, the treatment of waste and waste water and so on. The practical details for associating the environmental authorities at national and, where appropriate, regional level with the implementation of assistance have been worked out, including their participation in the Monitoring Committees for programmes concerned with or having a significant impact on the environment.

In addition to assistance provided under the various Objectives, most of the Community Initiatives take pains to make their recipients aware of environmental problems and contain specific measures for the protection of the environment. This is particularly true of ERDF assistance. The industrial and regional Initiatives Rechar, Resider and Konver are concerned primarily with the restoration of the environment and the use of former mining or steel industry buildings in seriously run down areas for other purposes. Similarly, SME and Interreg promote preventative measures such as the rational utilization of energy, the elimination of waste through cross-border cooperation measures and, in the case of SME, promoting less polluting production processes. The Regis Initiative includes more specific measures to deal with the types of problem encountered by the most remote regions of the Union (restoration of coastal areas, treatment of waste water and urban and industrial waste and the prevention of natural disasters by covering the extra costs of prevention). The Urban Initiative is also concerned with the renovation of buildings for economic and social purposes, the restoration of public areas, including open spaces, and the reuse of abandoned and polluted areas. Leader seeks to promote the preservation and improvement of the environment and the general quality of life in rural areas.

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<sup>11</sup> See previous Report.

#### **4. A practical contribution to social policy**

*Promoting equal opportunities.* The principle of equal opportunities for men and women is first mentioned explicitly in the revised regulations governing the Structural Funds. Programmes for Objectives 1 and 3 include a specific "equal opportunities" priority which includes one or more measures. The CSF for Ireland allocates 4% of ESF finance for human resources to measures of this type. The other forms of assistance, that is, the remainder of Objectives 1 and 3 and Objectives 2, 4 and 5(b) include no specific assistance but the programmes state that particular attention will be given to equal opportunities through various measures to be financed from the ESF. In all, some ECU 785 million (2% of appropriations) has been specifically allocated to "equal opportunities" measures in the CSFs or SPDs for Objective 1 (ECU 292 million) and Objective 3 (ECU 492 million).<sup>12</sup> In this connection, the importance of the Emploi Community Initiative should also be noted. Its Now strand (ECU 361 million) is intended to promote equal opportunities for women in the sphere of employment through pilot, innovative and trans-national measures.

*Combatting social exclusion.* In response to the worsening problem of social exclusion and the political importance which the Union attaches to fighting it, combating exclusion from the labour market is one of the main goals of the ESF and one to which it allocates a large part of its appropriations, both to combat existing exclusion and to prevent its spread. This fight will receive 19% of the appropriations under Objective 3 and 17% of those under Objective 1, a total of ECU 5 600 million. These substantial sums are accompanied by a new approach to exclusion, which starts from the viewpoint that social inclusion is a precondition for participation in the labour market so that any specific measure for adaptation to employment should be accompanied by a variety of measures to assist social integration. The ESF therefore contains two new approaches: making the rules more flexible and making measures more all-embracing so that they become real pathways or series of measures combining social support and assistance for access to employment, including training measures.

Several Community Initiatives are making substantial contributions in this direction. These include in particular Emploi - Horizon, which seeks to increase the possibilities of stable employment for the handicapped and other disadvantaged groups, Urban, which links measures relating to investment with a human resources approach in order to contribute to solutions to the growth of exclusion in certain difficult areas, and the "Peace Initiative in Northern Ireland" programme, which dedicates two-thirds of its appropriations to combatting exclusion.

#### **5. The contribution to completing the trans-European networks**

The White Paper identified support for the trans-European networks for transport, telecommunications and energy as a factor for economic growth in the Union. This covers the establishment, interconnection and interoperability of the national networks. As a result of the new Treaty provisions on trans-European networks, in March 1994 the Commission adopted its proposal for a new Financial Regulation on the trans-European networks (1994-99) which allocates about ECU 1 800 million. The priority projects selected by the European Councils form the core of this programme.

The Structural Funds will continue to devote substantial sums of money to these networks (between ECU 4 800 million and ECU 7 700 million, or 5% to 8% of all Community assistance to the CSFs). This covers all the Objective 1 regions, apart from the new Länder where the form of assistance selected at national level does not provide for this type of finance from the Structural Funds. In the case of the ERDF, investment over this new programming period concentrates on road, rail, port and airport projects included in the trans-European networks. Although it is still difficult to make an exact selection from among the priority projects selected by the Corfu European Council, examples of the individual projects which will be part-financed by the ERDF include:

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<sup>12</sup> See Chapter I.B.3.

- transport networks: some of the 14 projects on the priority list will be financed by the ERDF. These include the Pathe motorway and the Ignatia-Thessaloniki road, the Portuguese section of the Lisbon-Valladolid motorway and the Cork-Dublin-Belfast-Larne rail link. These three projects will be part-financed by the Cohesion Fund;
- electricity networks: of the five priority projects selected, two are eligible under Objective 1 (links between Italy and Greece and Spain and Portugal). The actual financial contribution from the ERDF will have to take the profitability of these projects into account;
- gas networks: the five projects on the priority list for regions are eligible for ERDF assistance and will probably be partially included under the Structural Funds (gas networks in Greece and Portugal, links between Spain and Portugal, Algeria-Morocco-Spain gas pipeline).

The Commission has made a particular effort to coordinate all the financial instruments contributing to the achievement of the trans-European networks, including the Structural Funds. This has taken the form of a "progress chart" which provides the Commission and the Member States with an overall view of financial assistance from the various Community instruments and progress in achieving the trans-European networks. In the case of transport, over 50% of the investment part-financed by the ERDF will contribute to establishing and developing trans-European transport networks and providing access to them. The trans-European transport networks also provide the framework for improved administrative coordination between the work of the Structural Funds in the transport sector and Community activity in this sector. Besides official consultations prior to budgetary commitments, the Commission departments responsible for these two areas hold regular inter-departmental coordination meetings concentrating on priority projects to ensure consistency in Community investment in transport infrastructure.

## **6. Support for the common agricultural policy**

Since for many regions of the Community agriculture is still one of the main activities, most of the CSFs and SPDs include measures relating to it. It is therefore essential to ensure that the measures proposed by the Member States in the development plans for rural areas, whether under Objective 1 or under Objective 5(b), are compatible with the guidelines of the CAP and to take into consideration the contribution which agricultural measures make to the development of activity. The measures planned permit retention of sufficient farmers to contribute to the socio-economic development of rural areas. However, the Commission has ensured that certain guarantees are forthcoming.

In general, whenever a national aid scheme is proposed, a check is always made to ensure that it is compatible with existing rules. The measures given priority have included the application of new technologies, energy saving and quality promotion. In the field of irrigation, for example, priority has been given to measures to improve existing structures to avoid water losses (evaporation, leaks, etc.) without affecting the area irrigated. If it was found that new areas were being irrigated, the Commission placed severe restrictions on the extension and asked to be informed of the crops which it was intended to grow there.

The same approach was adopted under Objective 5(a) with regard to structures for both production and marketing. In order to retain market balance for certain products, investment aid which would increase production was banned (pigmeat, eggs and poultrymeat). Restrictions were imposed in the beef/veal sector. For the processing and marketing of agricultural products, the Commission laid down selection criteria following the guidelines set by Community policies, particularly the CAP. In some sectors, investment aid was prohibited or authorized only subject to strict limits and where accompanied by the reduction of existing capacity, the aim being the modernization and rationalization of the sectors concerned (beef/veal, pigmeat, etc. and some processed fruit and vegetables).

## **7. Integration of the common fisheries policy**

Structural measures for fisheries, which are intended to support the changes taking place in fishing effort and improve competitiveness throughout the sector, have benefitted from the revision of the Structural Funds in 1993. All the measures for fisheries have been fully integrated into the activities of the Structural Funds and the earlier financial instruments have been combined into one, the FIFG, which is assisting in the achievement of Objective 5(a).

The FIFG has a double purpose since it seeks to achieve the goals of the common fisheries policy while also contributing to economic and social cohesion. It has preserved and even developed the traditional structural measures of the common fisheries policy which apply to the whole of the industry: the fishing fleet, aquaculture, the processing of products and port facilities. Fleet modernization measures under the FIFG must comply with the goals of the Multiannual Guidance Programmes (MGPs) which place restrictions on the fishing effort of each Member State.

## **8. The importance of small firms and tourism**

The level of support for small firms and craft industries in the OPs for 1994-99 reflects the greater importance which the Commission attaches to small firms. On average, 10% of ERDF resources are allocated to such firms, almost double the value of support provided in 1989-93. This increase, which is less substantial in the Objective 1 regions,<sup>13</sup> is greater in the areas eligible under Objectives 2 and 5(b). The SME Community Initiative, which has ECU 1 000 million, will help raise the level of know-how in small firms while Adapt, which has ECU 1 400 million, will promote employment and the adaptation of the labour force to industrial change and should also benefit small firms.

The Commission endeavours to ensure that this assistance is consistent with and complementary to measures under the Integrated Programme in favour of SMEs and the Craft Sector<sup>14</sup> which seeks to provide a comprehensive framework for the measures for small firms and which advocates greater partnership among all the parties concerned through the development of small firms in order to make measures more concerted.

The ERDF, the ESF and, to a lesser extent, the EAGGF have continued to play a significant role in the development of tourism. Between 1994 and 1999, support for tourism in the Objective 1 regions will attract ECU 3 471 million (ECU 3 174 million from the ERDF and ECU 297 million from the ESF) and the Objective 2 areas will receive ECU 586 million. This means that even excluding allocations for the Objective 5(b) areas and resources from Community Initiatives such as Leader and Interreg, over ECU 4 000 million, double the resources allocated for 1989-93, has been earmarked for tourism.

## **9. The technological dimension of cohesion**

Since 1993, in order to strengthen competitiveness, the ideas floated in the communication "Cohesion and RTD policy"<sup>15</sup> have been implemented through greater attention to cohesion in policy on research and technological development and greater attention to research and development in regional policy, so directly strengthening mutual support between the fourth Community Framework Programme for research and assistance from the Structural Funds.

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<sup>13</sup> However, see the programmes for the modernization of the economic fabric in Portugal (particularly Pedip II), Ireland (Industrial development), Italy and Greece (where a sub-programme for small businesses forms part of the Industry programme) and the programmes for commerce (Procom in Portugal), rural and local development (Ireland) and economic development (Northern Ireland).

<sup>14</sup> COM(94) 207 of 3 June 1994.

<sup>15</sup> COM(93) 203 of 12 June 1993.

Between 1994 and 1999 structural policy will provide substantially increased finance for research and development measures. Funding from the Structural Funds for technological cohesion in the new Objective 1 CSFs amounts to some ECU 3 800 million, an average of 4% of total funding under the CSFs. To that should be added ESF assistance for the development of human resources in the field of research and technological development (over 17% of the ESF contribution to the "human resources" priority"). In the Objective 1 regions, a total of 5% of appropriations, as against 3.7% in the previous period, will be used for RTD. In the case of Objective 2 programming, support for RTD forms part of the strategy for the development of human resources, amounting to ECU 691 million, or almost 30% of expenditure on human resources under Objective 2 and 10% of the total appropriations for Objective 2. About 1% of the appropriations for Objective 5(b) programmes will be used for measures related to research and development in the areas of agronomics and the food industry. Greater stress has been placed on the research and technological development aspect of Community Initiatives by the regrouping of the Stride, Telematique and Prisma programmes in two new Initiatives, SMEs (ECU 1 000 million, including ECU 800 million for the Objective 1 regions) and Adapt (ECU 1 400 million, including ECU 400 million for the Objective 1 regions). Innovative measures under Article 10 of the ERDF Regulation include pilot projects to promote innovation and the information society in the less-favoured regions. These will take two forms: the promotion of innovation and the transfer of technology. Since 1994, innovative measures such as regional technology plans, regional demonstration projects on the information society and demonstration projects for the exploitation of the results of research have been launched.

The fourth Community Framework Programme for research, adopted in 1994, takes the goals of economic and social cohesion into account. The selection criteria for participation in a Community RDT measure include the contribution to strengthening economic and social cohesion while remaining compatible with research of a high scientific and technical quality. In an effort to promote the training and mobility of research workers, for example, those who come from less-favoured areas may receive a one-year grant after moving within Europe and receive funds for the launching of new research units. To a lesser degree, the dissemination and exploitation of the results of research should tend to favour less-favoured regions.

**CHAPTER III**  
**ENLARGEMENT**  
**AND ITS IMPACT ON THE STRUCTURAL POLICIES**

## **A. NEGOTIATIONS ON THE STRUCTURAL ASPECTS OF ENLARGEMENT, AND THE ISSUES INVOLVED**

The negotiations on the accession of Austria, Finland, Norway and Sweden to the Union were concluded before the end of the first quarter of 1994. The Act of Accession was ratified by the twelve Members of the Union and by the acceding Member States, except Norway, before the end of 1994. Structural policy and its links to agricultural policy were of considerable importance in the accession negotiations, for the following reasons:

- structural policies have traditionally been of major importance in the new Member States, although their purpose and instruments differ from those found in the Community's structural policies. The Union's regional policy aims at the socio-economic convergence of regions with low productivity. The living and working conditions in large areas of the Nordic countries are especially hard and the low population density and long distances have shaped a regional policy that aims to maintain population levels, prevent unemployment and protect income in the peripheral regions. In Austria, the protection of hill and mountain areas and border regions is also an important pillar of regional policy;
- while living standards in the new Member States were once high, they have felt the effects of the recent economic crisis more than the Union. This is true of Sweden, and especially of Finland (hit by the collapse of the economies of eastern Europe). In 1992, GDP per inhabitant in Finland was 86% of the Community average, as against 99% in 1989. Unemployment in that country rose to 17% of the workforce in 1993 and to 8% in Sweden; it had been 3.7% and 1.1% respectively in 1990. Structural measures relating to employment are thus imperative in these countries.
- social policy has a particular influence on agricultural policy in these countries; the prices paid to farmers in Finland and Austria are generally double those in the Union of Twelve. Structural measures must therefore accompany their integration into the CAP, to offset the shock of accession.

To provide an appropriate response to these problems, the Act of Accession provides for the introduction of new Union structural policy instruments while simultaneously strengthening traditional measures. Particular provision is thus made for:

- the establishment of Objective 6 for regions with an extremely low population density;
- making Burgenland in Austria eligible under Objective 1. This is a small region (270 000 inhabitants) with a relatively low level of economic development (GDP per inhabitant is 65% of the average for the Twelve) lying along the frontier with Hungary;
- funding for the other Objectives that provide, in the case of Sweden and Finland in particular, for job creation measures under Objectives 2, 3 and 4 and, in the case of Austria and Finland, for structural measures under Objectives 5(a) and 5(b) to facilitate the integration of their agriculture into the CAP and their fishing industry into the common fisheries policy.

However, as it falls to the Commission to identify the areas eligible under Objectives 2 and 5(b) and to allocate Objective 2 and 5(b) funding, these issues were not negotiated but were decided upon by the Commission after the accession of the new Member States. To facilitate the speedy adoption of these decisions at the beginning of 1995, the preparatory work was begun in the second half of 1994 and the administration of each new Member State and the Commission were in regular contact.



Table 38: New Member States - population covered by Objectives 1 and 6

	Objective 1	Objective 6	% national pop.
Austria	269.000	-	3,5%
Finland	-	837.000	16,7%
Sweden	-	450.000	5,3%
Total	269.000	1.287.000	-

In addition to the Act of Accession, adjustments had to be made to the Regulations governing the Structural Funds. On 19 December 1994, on a proposal from the Commission and based on Article 169 of the Act of Accession, the Council adopted a Regulation amending the Framework and Coordination Regulations<sup>1</sup>. The amendments provide that, in the case of the new Member States, the programming period for Objective 2 can be extended to 5 years at their request and enjoy a four months period of retroactive eligibility for aid applications submitted to the Commission between 1 January and 30 April 1995.

## B. THE NEW OBJECTIVE 6

The new Objective 6 was created for NUTS II regions with a population density of no more than 8 inhabitants/km<sup>2</sup>. Because of this low density level, the only regions potentially eligible under this Objective are in Sweden and Finland. To establish Objective 6, the Structural Fund Regulations were amended by Article 29 of the Act of Accession, as supplemented by Protocol No 6 on special provisions for Objective 6 in the framework of the Structural Funds in Finland, Norway and Sweden. Objective 6 will operate like Objective 1, although the aid levels per inhabitant will be slightly lower than those in the Objective 1 regions. It will be reviewed in 1999 concurrently with the Structural Fund Regulations. The eligible regions, also set out in Protocol No 6, cover a population of 1 287 000 and have a budget for 1995-99 of ECU 741 million (1995 prices). This is equal to ECU 576 per inhabitant, which is 20% less than the average for Objective 1 regions outside the countries eligible under the Cohesion Fund (Greece, Spain, Ireland, Portugal). The position for each country is as follows:

**Sweden:** The northern regions and the hill and mountain areas in the west of Sweden are eligible under Objective 6. In administrative terms, these correspond to the counties of Norrbotten and Västerbotten (except for the most populated coastal areas), the entire county of Jämtland and certain areas adjacent to these counties with a very low population density. In all, Objective 6 in Sweden covers a population of only 450 000, or 5.3% of the entire population, but an area of 220 000 km<sup>2</sup>, 49% of the national territory. The average population density of the entire Objective 6 area is only 2 inhabitants per km<sup>2</sup>.

**Finland:** The entire north of Finland (Lapland), the areas bordering Russia (the regions of Kainuu, Etelä-Savo and Pohjois-Karjala and the Kuusamo employment area), together with adjacent areas are eligible for Objective 6. They cover a population of 837 000, or 16.7% of the Finnish population. The surface area concerned is similar to that of the Objective 6 areas in Sweden: 238 000 km<sup>2</sup>, or 68% of the country, with an average density of 3.5 inhabitants/km<sup>2</sup>.

Protocol No 6 also lays down an indicative allocation by country of the Objective 6 budget. The amount allocated to Sweden expressed as aid per inhabitant is 16% less than that for Finland and 29% below the average for the Objective 1 regions of those countries that are ineligible for the Cohesion Fund. The Swedish government felt that this level of aid was too small to ensure an effective regional policy in these regions, especially in view of their low population density. It has asked the Commission to consider a

<sup>1</sup> Regulation (EC) No 3193/94, OJ No L 337, 24.12.1994.

possible transfer to Objective 6 of funding allocated indicatively by the Act of Accession to Objectives 2 and 5(b). The aid level per inhabitant in the Objective 6 regions could thus reach the level in Finland.

### C. FUNDING AND BUDGET RESOURCES

In addition to Objective 6, the Act of Accession fixed separately for each new Member State the amount for 1995-99 for Objective 1 in Austria (ECU 184 million) and the overall amounts for Objectives 2 to 5(b). When the Community Initiatives and innovative and transitional measures are included, the budget for the latter Objectives has been fixed at ECU 3 822 million (1995 prices) for the period 1995-99, or an amount equal to ECU 194 per inhabitant. In comparison, the figure for the non-Objective 1 regions in the countries not eligible under the Cohesion Fund is ECU 147 per inhabitant. The relatively high figure allocated to the new Member States can be explained by the previously mentioned interdependence between the Structural Funds and agricultural policy, an interdependence that results in significant amounts for Objectives 5(a) and 5(b).

*Table 39: New Member States - per capita financial allocation (ECU million)*

	Obj. 1 et 6	Obj. 2 à 5b	Average
Austria	684,0	194,0	211,0
Finland	611,0	287,0	341,0
Sweden	511,0	147,0	166,0
<b>Average 3</b>	<b>594,0</b>	<b>194,0</b>	<b>223,0</b>
EUR 8	716,0	147,0	237,0
EUR 12	973,0	162,0	377,0
EUR 15	967,0	164,0	368,0

The overall Structural Funds budget for 1995-99 for the three new Member States amounts to ECU 4 747 million (1995 prices), equivalent to an increase in Structural Fund expenditure of 3.5% and an increase in population of 6.1%. It is broken down as follows:

*Table 40: New Member States - breakdown of appropriations by Member State 1995-99 (ECU million)*

	Objective 1	Objective 2 to 5b	Objective 6	Total
Austria	184,0	1.439,0	-	1.623,0
Finland	-	1.193,0	511,0	1.704,0
Sweden	-	1.190,0	230,0	1.420,0
<b>Total</b>	<b>184,0</b>	<b>3.822,0</b>	<b>741,0</b>	<b>4.747,0</b>

**CHAPTER IV**  
**INTER-INSTITUTIONAL DIALOGUE,**  
**DIALOGUE WITH THE SOCIAL PARTNERS,**  
**INFORMATION AND COMMUNICATION**

## A. INTER-INSTITUTIONAL DIALOGUE

### 1. Dialogue with the European Parliament and the Economic and Social Committee

Since the revision of the Funds in 1993, it has been laid down in the code of conduct signed by Parliament and the Commission that Parliament must be regularly informed about the implementation of the Structural Funds. The Commission and its staff try to fulfil this obligation conscientiously and in 1994, the excellent and fruitful dialogue, primarily with the Parliament's Committee on Regional Policy, continued.

In the run-up to the end of the third legislative period (June 1994), Parliament issued opinions on the regional impact of Community aid to central and eastern Europe, the contribution made by cooperatives to regional development, the Annual Report on the Structural Funds in 1992 and the regional implications of the agreement establishing the European Economic Area. It also examined the Cohesion Fund Regulation. It first approved an interim report that made recommendations, some of which were taken up in the Regulation, and then gave its assent to the final version. Also on the basis of the Code of Conduct, Parliament gave its opinion on the draft Commission Decision on information and publicity concerning the Structural Funds and the draft Commission Regulation on irregularities and the recovery of sums wrongly paid out in the context of financing Community structural policy. Parliament also gave its opinion on the new generation of Community Initiatives. Finally, the Commission took an active part in preparing the first conference on "The European Parliament and local authorities", organized by Parliament's Regional Policy Committee in April 1994 on the subject of "Local authorities for a European Union closer to the people, based on greater democracy and solidarity". After the elections, the Commission made itself fully available to the Committee on Regional Policy. At the first meeting of the fourth legislative period, Mr Millan, Member of the Commission, gave a summary of the development of Community regional policy and, before the end of his period in office, presented the communication on *Europe 2000+*. For his part, the Director-General responsible for regional policy spoke to the new members on the CSFs and SPDs for 1994-99 prepared for the Objective 1 regions.

Close contact was also maintained with the Committee on Social Affairs and Employment. In November 1994 a working party of five Members of Parliament was created to monitor ESF assistance measures in 1994-95 and assess and audit them, as well as carrying out on-the-spot checks of some projects part-financed by the ESF. The Commission established a flexible structure made up of the Director and heads of unit responsible for the different areas covered by the working party. The latter met for the first time in November 1994 to exchange views on the operation of Commission departments responsible for the ESF. Those departments regularly provided the working party with the most recent data on budget implementation of ESF assistance.

Regular and fruitful dialogue was also maintained between the Commission and Parliament's Committees on agriculture and fisheries. Following the Code of Conduct, all the sectoral plans and the Community programmes for structural measures in fisheries, for example, were sent to Parliament.

In 1994 the Commission also continued its cooperation and dialogue with the Economic and Social Committee, studying its opinions attentively and systematically submitting its reactions and comments to them. The Member of the Commission and Director-General responsible for regional policy and Commission officials took part regularly in the Committee's work on structural policy, and a mechanism for the exchange of information was established. In 1994 the Committee adopted several opinions on the Structural Funds and economic and social cohesion, specifically on the establishment of and implementing rules for the Cohesion Fund, the future of the Community Initiatives under the Structural Funds, the Community Initiative for urban areas (Urban), the Community Initiative for the modernization of the Portuguese textile and clothing industry, the Pesca Community Initiative and the fourth Annual Report on

the implementation of the Structural Funds<sup>3</sup>. In response to this last opinion, and in particular to the Committee's observations on the partnership, the Commission confirmed that it considers the partnership to be based on compliance with the principle of subsidiarity (at every level of competence and responsibility) and the acceptance of diversity. It undertook that it would take the initiatives necessary for the adequate application of Article 4; naturally this should be done within the limits of the institutional rules and existing practice in each Member State.

## **2. Relations with the Committee of the Regions**

The Committee of the Regions was established as an advisory body by the new Article 198a of the Treaty to acknowledge the role of local and regional authorities in preparing and implementing Community policies. It is explicitly laid down that the Council or the Commission should consult the Committee on five policy areas, one of which is economic and social cohesion. The Committee is made up of representatives of regional and local authorities, has 189 members, and first met on 9 and 10 March 1994.

Four of the opinions issued by the Committee of the Regions in 1994 directly concerned Structural Policy. The first, adopted unanimously, was on the proposal for a Regulation establishing the Cohesion Fund. The Committee expressed the wish to see regional and local authorities closely involved in the management of the Fund and advocated the inclusion of indicative amounts for assistance in the financing plan for Community support frameworks. In its three opinions on the future of the Community Initiatives, the Textile-Clothing Initiative in Portugal and the Urban Initiative, the Committee to a large extent supported the Commission proposals. Its suggestions mainly concerned affirming the role of regional and local authorities in regional policies, increasing the funds made available for certain Initiatives and applying the eligibility criteria flexibly. The Committee also issued an own-initiative opinion on the White Paper on "Growth, Competitiveness and Employment", expressing its agreement with the Commission's analysis and proposed lines of action.

## **3. Informal Councils of Ministers**

The Councils of the Ministers responsible for regional policy and spatial development planning held in 1994, first in Corfu (June) and then in Leipzig (September), demonstrated the existence of a political will to continue studying issues related to European spatial development planning and to take measures in that area. The Corfu Council looked at recent developments in Community regional policy, cross-border and inter-regional cooperation and the general content of the proposed European spatial development perspective. The Leipzig Council confirmed the commitments of the Corfu Council and defined priorities for the future: drawing up a European spatial development perspective, of which a first draft should be submitted in 1995 by the Spatial Development Committee, made up of representatives of the Member States and Commission; creating a European development planning Observatory; taking fuller account of the territorial impact of Community policies and stepping up cooperation on spatial planning with non-member countries in the Mediterranean countries basin and Europe.

## **4. Committee opinions**

1994 was a year of intense activity for all the Committees assisting the Commission with the implementation of the Structural Funds because of the adoption of the new programming documents for 1994-99.

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<sup>3</sup> Two opinions were adopted on the partnership and the participation of the social partners. See Section B below.

The Advisory Committee on the Development and Conversion of Regions<sup>4</sup> held seven meetings and issued 30 opinions, all unanimously favourable. It was consulted on the list of regions eligible under Objective 2 and on all the Objective 1 programming documents, including the CSFs and SPDs, and on the Objective 2 CSFs and SPDs. It was also consulted on various texts concerning the regulation and management of the Structural Funds (procedures for amending CSFs and programmes under Objectives 1 and 2, use of the ecu, irregularities and recovery of sums wrongly paid) and on the fifth Periodic Report on the Social and Economic Situation in Regions of the Community. The Commission also submitted to the Committee, in the context of the partnership, a number of draft Decisions and documents which often gave rise to informed debate and clarification or adaptation of the texts by the Commission. The drafts included in particular provisions for implementing CSFs and SPDs, for financial implementation and compliance with other Community policies, provisions for information and publicity, the fourth Annual Report on the implementation of the reform of the Structural Funds (1992) and the 1992 ERDF Report, as well as Commission priorities for innovative measures in 1994-99.

The ESF Committee was also very busy since the relevant rules lay down that it must issue an opinion on draft Commission Decisions on CSFs and SPDs for Objectives 3 and 4, as well as for Objectives 1, 2 and 5(b) wherever these concern the ESF. More than 130 CSF or SPD documents were examined and discussed at eight Committee meetings. Under the partnership the Committee also examined matters of financial implementation and use of the ecu. The White Papers on "Growth, competitiveness and employment" and on European social policy were also frequently debated. Other discussions concerned the draft Regulation on irregularities and the recovery of sums wrongly paid, the implementation of innovative measures under Article 6 of the ESF Regulation and the Commission Decision on provisions for information and publicity.

The Committee on Agricultural Structures and Rural Development (STAR Committee) also met frequently (14 times) in 1994. It issued 329 favourable opinions on measures submitted and gave no opinion on seven measures. The Management Committee was closely involved in the preparatory work for the new phase of Objective 5(b). It first examined the model for the new SPDs, then looked at the Commission guidelines on monitoring and evaluation of measures under Objectives 5(a) and (b) and the Leader Initiative. At each meeting the agenda included information on the state of progress of the preparation of SPDs under Objective 5(b). The Committee gave unanimously favourable opinions on the selection of areas eligible under Objective 5(b), on horizontal provisions for implementing the SPDs and on 53 summaries of Objective 5(b) programmes and the draft Decisions approving them. A large number of opinions were requested on measures under Objective 5(a), in particular new programmes on the processing and marketing of agricultural products, and on measures accompanying the CAP reform (particularly agri-environmental measures). Finally, a joint meeting with the EAGGF Committee was held on 20 July 1994 on rules for financial implementation and on checks.

The new Standing Management Committee on Fisheries Structures, established by Article 17 of the revised Framework Regulation to replace the Standing Committee on Fisheries Structures, met ten times and was informed of all structural measures concerning the sector (CSFs and SPDs under Objective 1, SPDs under Objective 5(a) outside Objective 1). The Advisory Committee on Fisheries, the official body for dialogue with the industry, on several occasions received information and explanations concerning the implementation of fisheries structural measures and on the Pesca Community Initiative.

The Management Committee for Community Initiatives, established by Article 29a of Regulation (EEC) No 4253/88 as amended, met for the first time in 1994 and held two meetings. Apart from adopting its own rules of procedure, the Committee worked exclusively on opinions on the proposals for Community Initiatives for 1994-99. Particular attention was devoted to the distribution of funds among Member States, eligibility and flexibility and the timetable for submission of programmes. As a result several texts were

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<sup>4</sup> Article 27 of Regulation (EEC) No 4253/88 as amended, OJ No L 193, 31.7.1993, p.20.

amended. The Committee gave a unanimously favourable opinion on three Community Initiatives (Leader, Pesca and Urban), and a favourable one on the others, with eleven votes in favour for Adapt, Emploi, Rechar, Resider, Konver, SMEs, Retex, the Portuguese Textile Initiative and Interreg and ten votes in favour for Regis.

## **B. DIALOGUE WITH THE SOCIAL PARTNERS**

The enlargement of the partnership to include the economic and social partners as provided for in Article 4 of the revised Framework Regulation constitutes both progress and a challenge for the new Community structural assistance measures. This applies in particular to the ESF, whose new Regulation emphasizes the involvement of the economic and social partners and provides for the participation of "bodies providing services in the areas concerned" and vocational training bodies in the context of Objectives 3 and 4.<sup>5</sup> The previous Report contains a description of the measures taken by Member States to involve those partners in preparing regional development or conversion plans. A first review of the provisions made by the CSFs and SPDs to extend the partnership to the economic and social partners shows that they vary a great deal from one Member State to another and do not always allow easy identification of any specific arrangements for the participation of those partners in monitoring the implementation of operations.

### **1. Preparation of programmes: some progress**

In some countries the economic and social partners were called on to help prepare programming under Objective 1 (the Netherlands and Ireland) or were consulted on the content of the plans through working parties (Greece and France). In other cases, such as Spain and Portugal, their opinion was sought through the Economic and Social Councils. In the case of assistance under Objective 2, where the participation of regional and local bodies is already established, the situation varied more. Only Belgium, the Netherlands, Denmark and France make explicit provision for the participation of the social partners in the Monitoring Committees. For Objectives 3 and 4, the Commission insisted on the involvement of the economic and social partners when the CSFs were being negotiated and the Monitoring Committees were drawing up their rules of procedure. In the case of Objective 4, for example, it is not only the social partners that are to be involved (major employers' and employees' associations), but also the economic partners, in particular chambers of commerce (especially in Germany, France and the Netherlands) and, more generally, the SMEs. The role of the economic and social partners was increased overall and they are expected to have a strategic function, not merely to observe and record. During the negotiation of the SPDs for Objective 5(b), more varied and closer involvement than during the first period should ensure that the economic and social partners take a more active part in the implementation of that Objective. In most of the Member States concerned by Objective 5(b), representation of the chambers of commerce on the Monitoring Committees is to be continued.

The Community legislative bodies accepted the extension of the partnership to include the economic and social partners but did not want radical innovations in this sphere. In the absence of established administrative practices within a Member State, it seems difficult to claim that there is a legal obligation for that State to create new specific procedures to involve representatives of the economic and social partners. On the other hand, where such procedures do exist, they must be fully applied.

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<sup>5</sup> Article 4(2) and (3) of the ESF Regulation.

## **2. Implementation of assistance: a variety of situations**

In September 1994 the Commission asked the Member States for more precise information on partnership in the implementation of Objective 1 assistance. Since the answers received at the end of the year were not complete, it is difficult to present general conclusions at this stage. The range of approaches can, however, be illustrated as follows. Participation of the social partners in Monitoring Committees is still the exception. Under Objective 1 the only instances are the SPDs in Hainaut (Belgium) and Flevoland (the Netherlands), while in France, Greece, Italy and Portugal the principle appears to have been accepted, but the nature of the participation and specific arrangements for it have yet to be defined. Where organizations of workers and employers are not on the Monitoring Committees, the representatives of economic and social committees or councils participate in some cases in an advisory capacity in certain Monitoring Committees for regional programmes. In other cases the partners can be consulted within regional coordination structures (regional advisory committees in Portugal, sub-regional review committees in Ireland). In the United Kingdom, certain employers' representatives sit on "technical panels" organized by the Monitoring Committees, while in Germany consultation meetings are organized systematically before each meeting of the Monitoring Committees. In Italy, the Government has undertaken to hold information meetings with the social partners in association with the CSF Monitoring Committee.

A similar survey to that for Objective 1 is still underway for Objective 2, but it can already be stated that the results vary widely from one Member State to another. The social partners are particularly well represented at regional level in Belgium, Denmark and the Netherlands, but less so in the other Member States.

In the case of Objective 3, the social partners are (or certainly will be) represented on the Monitoring Committees in all the Member States with the exception of the United Kingdom, which objected on principle to such representation (it should be noted that the vocational training "sectors" are represented and are run by employers, and that the Monitoring Committees include local authorities and NGOs). Not all the Monitoring Committees for Objective 4 were set up in 1994. However, in certain Member States such as Germany, the social partners are represented on the Committees but do not participate in decision-making. NGOs are rarely represented on the Monitoring Committees. They are represented on all of them in the United Kingdom, on some in Ireland, and in Belgium the major institutional project promoters are represented on one, while working parties are studying how to involve NGO networks in certain others.

For the implementation of Objective 5(b), Member States have been asked to involve economic and social councils or related bodies, where these exist, on the Monitoring Committees at regional level, alongside chambers of commerce. Outside the Monitoring Committees, on a day-to-day level, social policy joint management bodies may be involved in the administrative work.

The Economic and Social Committee has confirmed the existence of a wide variety of situations. In 1994 it issued two opinions on the partnership. The first<sup>6</sup> notes the progress made but at the same time emphasises that this must go further through practical participation. In particular, it proposes that the national authorities should define the forums and rules for participation and establish training programmes on the content and procedures for Fund assistance, and that the Commission should prepare a support programme for this purpose. Its second opinion<sup>7</sup> notes the limitations of purely technocratic management and of the participation of economic and social partners in non-specific bodies such as the economic and social committees. It concludes that each country, region or area should determine its own model of consultation, which should operate consistently for any development problem, and it stresses the features necessary for adequate application of Article 4: political commitment based on an understanding of the general value of

<sup>6</sup> Own-initiative opinion on the participation of the social partners, ESC 104/94, 27.1.1994.

<sup>7</sup> Own-initiative opinion on the role of the public authorities in the partnership, ESC 463/94, 5.8.1994.



partnership; a culture of participation and social dialogue and allocation of responsibilities, resources and technical staff to all administrative levels.

### **3. Consultation at European level: a well-established practice**

At Community level, Article 31(2) of the Coordination Regulation lays down that each year the Commission must consult the social partners organized at European level on the structural policy of the Community. A first information meeting on structural policy was held by the Commission on 17 February 1994. At the meeting the social partners were informed about the preparation of the CSFs for Objective 1 regions and about the new information and publicity measures developed by the Commission. The social partners expressed particular concern about additionality, cross-border cooperation and the trans-European networks. The annual consultation of the social partners at European level was held on 21 December 1994 in Brussels. For the first time consultation, which had traditionally been of representatives of the European Centre for Public Enterprises (ECPE), the Economic and Social Committee and the Union of Industrial and Employers' Confederations of Europe (UNICE), was extended to specific and sectoral organizations with responsibilities directly associated with the goals of the Structural Funds, namely the European Union of Crafts and Small and Medium-Sized Enterprises, the European Union of Chambers of Commerce, COPA (Committee of Agricultural Organization in the EEC), the General Committee on Agricultural Cooperation in the EC and the Association of National Organizations of Fishing Enterprises in the EC. This extension of consultation complies with the principles and criteria formulated by the Commission concerning the implementation of the Protocol on social policy annexed to the Treaty on European Union<sup>8</sup> and at the same time implements the 1993 revision of the Structural Funds (1993). The representatives of the social partners stressed the need to improve partnership at national and regional levels, in particular when regional and rural development programmes are being considered, and the need to improve information on structural assistance. The Commission proposed setting up a restricted working party with the partners to facilitate dialogue and improve the effectiveness of the annual consultation.

The Advisory Committee on Agricultural Structures is the body more particularly responsible for problems of rural development. In 1994 it met three times, and during the meetings, after broad discussion of the issues of the rural development policy pursued by the Commission, the situation was summarized and views exchanged concerning various specific Regulations and measures: the revision of the Regulations concerning Objective 5(a), the situation regarding Objective 5(b) SPDs for 1994-99 and Objective 5(a) SPDs on the processing and marketing of agricultural products, aid to young farmers, measures to accompany the CAP reform and the Leader Community Initiative.

The Joint Committee on Social Problems in Sea Fishing which represents employers and employees in the fisheries sector was also involved in Structural Funds implementation. In the context of social dialogue it welcomed the Pesca Initiative, so demonstrating the usefulness and importance of this Initiative for all the those working in that field. Pursuant to Article 3 of the agreement annexed to the Protocol on Social Policy, the Committee was informed in December 1994 of a Commission proposal concerning socio-economic accompanying measures such as early retirement aid and individual retirement grants.

Attaining the objectives of structural policy depends not only on the national and regional authorities, but also on the contribution that the various social and economic bodies can make. The Commission therefore fosters dialogue with all the partners, within the limits of the rules and institutional competences prevailing in each Member State. For example, it supported a set of seminars on the Union's structural and regional policy for the union of trade union staff of the Italian Mezzogiorno. In November, the Conference on Europe, regional policy and trades unions gave an opportunity to analyse and discuss the results of the Eureg study of regional policy and trades unions in the context of the European single market. Above all, it

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<sup>8</sup> COM(93) 600, 14.12.1993.

was in the context of the social dialogue institutionalized with the ETUC, UNICE and the ECPE that the ESF financed specific training measures under Article 6 of the ESF Regulation<sup>9</sup> and the new Objective 4 designed to mitigate the effects of industrial and technological change. During 1994, through AFFET<sup>10</sup> the ESC benefited from an ESF grant of ECU 7.8 million for 35 training projects, and UNICE benefited via CONPRI<sup>11</sup> from an ESF grant of ECU 1.8 million for training the staff of workers' and employers' organizations in Italy, France and Spain. At the end of 1994 the Commission also initiated discussion on the establishment of a permanent mechanism for involving the social partners more closely in the implementation of structural measures concerning industrial change, such as Objective 4 and the Adapt Initiative. A first meeting on this subject was held between the social partners and President Delors on 8 November 1994. The President then indicated that the Commission would examine with the social partners the details of such a mechanism, which should be in place at the end of 1995.

## C. INFORMATION AND COMMUNICATION

### 1. Commission Decision of 31 May 1994

The arrangements for information and publicity were reinforced during the revision of the Structural Funds regulations. Article 32 of the revised Coordination Regulation extends to all the Funds provisions which previously had applied only to the ERDF, and in particular requires information to be provided to the beneficiaries of Structural Fund assistance and the public in general. Accordingly, a Commission Decision was adopted on 31 May 1994<sup>12</sup> specifying information and publicity measures to be carried out by the Member States. It lays down the principle that local publicity is the responsibility of the national, regional and local authorities responsible for implementing structural measures. Information and publicity must be the subject of a set of measures financed under the heading of technical assistance and monitored by the Monitoring Committees.

In particular, the Member States must publish the content of the operational programmes, erect billboards for infrastructures costing more than ECU 500 000 in the case of the FIG and more than ECU 1 million in the case of the Structural Funds, put up permanent commemorative plaques on infrastructure accessible to the general public, inform the media, make potential beneficiaries and the general public aware of productive investment assistance, inform trade organizations of training and employment assistance and make sure that the Monitoring Committees are adequately informed.

### 2. Information and communication

In the case of the ERDF, Article 7 of Regulation (EEC) No 4254/88 allows the Commission to take certain measures under the heading of technical assistance on its own initiative. This is how the Commission part-financed participation in important events, the organization of seminars and other one-off measures. On the communications front, the Commission took part in 17 events, with a stand and printed information, for example at the presentation of the *Europe 2000+* report and the Europartenariats in Gdansk and Bilbao, with a specific target audience (local authorities, large industries and SMEs, industrial confederations and the press). Two events were specifically aimed at the offices representing the regions in Brussels, and dealt with Community Initiatives and the fifth Periodic Report. Presentations on structural policies are regularly held in Brussels and were organized in most of the Member States as well as Finland, Austria and Sweden. In

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<sup>9</sup> This provides for the possibility of financing "operations directed, within the framework of social dialogue, at staff from enterprises in two or more Member States and concerning the transfer of special knowledge relating to modernization of the production apparatus."

<sup>10</sup> Association for training European technology workers.

<sup>11</sup> Employers' confederation for industrial relations.

<sup>12</sup> Decision 94/342/EC, OJ No L 152, 18.6.1994.

addition, a number of instruments were created to improve the presentation of ERDF activities. These included an updated version of the now well-known guide to Europartenariat, better maps and greater use of audio-visual material thanks to enlarged photographic resources and the constitution of a photo and video library on the Integrated Mediterranean Programmes and the 1994-99 Structural Fund period.

Another priority of the Funds for the new programming period is increasing the visibility of the ESF, particularly with the general public, as well as making its operations more transparent. That is why 1994 was devoted above all to drawing up and coordinating a strategic plan of measures to this end, at both Commission and Member State level. The Commission attached particular importance to preparing for the introduction of appropriate technical resources, consisting essentially of an intermediate support structure for ESF communication and information, which it is planned to start up in 1995. A number of publications on the Emploi and Adapt Community Initiatives were launched and a general information brochure on the ESF was prepared. Various events to step up exchanges of experience and know-how were also organized, the most important being held in Dresden. As for the Member States, all the CSFs and SPDs contain information and publicity measures, with operations focused on the ESF, and the Commission is working to ensure that future activities in this sphere are coherent and coordinated.

In the case of the EAGGF Guidance Section, the standard clauses attached to Decisions adopting SPDs also include the obligation to inform, and the Monitoring Committees are making constant efforts to ensure that Community rules are applied. It was found that communication and information to final beneficiaries and the general public on the opportunities of rural development programmes were often inadequate in the 1989-93 period. Commission representatives drew the attention of the Monitoring Committees to this matter at meetings in 1994. To improve the situation, the Commission is going to step up its information policy substantially, while the Monitoring Committees for the new SPDs are going to include information programmes under the heading of technical assistance in their plans when they are set up. Commission information and communications activities have also expanded. Information seminars organized by the Member States, regions, and Commission staff gave a more in-depth view to a wider audience of the role of the EAGGF Guidance Section and Community rural development policy. Specifically with regard to Objective 5(b), a big meeting held in June 1993 between the 50 Objective 5(b) regions for a first overall mid-term assessment was of great benefit to partnership work and contacts between Monitoring Committees, regions, Member States and the Commission, which proceeded in 1994 in an excellent spirit of cooperation. Finally, active participation in preparing regional brochures for the elections to the European Parliament provided an opportunity to explain the EAGGF Guidance Section contribution to Community structural assistance.

In the fisheries sector the Commission issued several publications<sup>13</sup> on structural aid and 38 education and information conferences were held in June and July 1994 on the launching of the Pesca Initiative.

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<sup>13</sup> "The European Community and the fisheries sector. How to use structural aid", a brochure on the FIFG and how to use it; "Common Fisheries Policy", an information pack including the structural aspect; "The new common fisheries policy", an information brochure with a chapter on structural assistance.

**CHAPTER V**

**FINALIZATION OF THE PERIOD 1989-93**

## A. FINALIZATION IN 1994 OF PREVIOUS COMMITMENTS

The programmes for the period 1989-93 continued during 1994 and the vast bulk of them were completed. It should, however, be remembered that, while commitments had to be made before the end of 1993 (unless the programme was extended), the Member States normally had up to two years (i.e. until 31 December 1995) to make payments to final beneficiaries and a further six months (i.e. until 30 June 1996) to send certifications of expenditure to the Commission.

### 1. Implementation under the various Objectives

The most salient features of each Objective may be summarized as follows:

#### 1.1. Objective 1

**Germany:** By the end of 1993, all the appropriations for the new Länder and eastern Berlin for 1991-93 had been committed for all the OPs. The period allowed for implementing payments in respect of these programmes will expire at the end of 1995. Assessment studies and estimates for all the operational programmes are currently being undertaken in all the Länder or have been commissioned. The first results are expected to be published when the final reports are submitted (no later than 30 June 1996).

**Greece:** The CSF for 1989-93 was effectively closed in 1994 with an implementation rate of almost 100%. The extension of OPs to 1995 will enable the small payments still outstanding to be made locally. The whole of the ESF contribution to the CSF had been fully committed by the end of 1993. Extensions of completion dates have been requested for most of the OPs and the Monitoring Committee has decided to extend some of them to December 1994 and the 13 regional OPs until September 1995. In June 1995 the Commission received applications for payments for the OPs completed by December 1994 and these are being scrutinized. Applications for payment for the OPs completed in September 1995 have to be submitted by the end of March 1996. The progress of the Community Initiatives is considered very satisfactory, despite delays at the adoption stage, since by the end of 1994 94% of the funds allocated to them had been spent locally, with payments extended into 1995.

**Spain:** The CSF for 1989-93 had been virtually fully implemented by the end of 1994. The rate in terms of the original programmes for some priorities (internal links 102%; industry, services and craft industries 104%) was higher than others (tourism 87%; support infrastructure for economic activity 98%; development of human resources 83%). Of the ECU 1 354 million paid by the ERDF to the Spanish regions in 1994, ECU 414 million relates to the 1989-93 CSF and the remainder to the 1994-99 CSF. The breakdown by region of this second amount reveals substantial variations: Andalusia 40.4%, Canary Islands 21.4%, Extremadura 15.5%, Castile-La Mancha 7.9%, Valencia 5.7%, Galicia 3.6%, Asturias 2.8%, Castile-Leon 2.1%, Murcia 0.6%. The appropriations were managed through the following national bodies: regional administration 44%; central administration 33%, local administration 7%, public firms 15%, private firms and others 1%.

**France:** In the five Objective 1 regions (Corsica, Guadeloupe, French Guiana, Martinique and Réunion) at the end of 1994 ECU 141 million (23%) of total commitments amounting to about ECU 606 million had still to be paid by the Commission. Least progress had been made on the multifund OPs in Martinique, Réunion and Corsica and the Community Initiative programmes Interreg (Corsica-Sardinia), Envireg-Stride (Corsica), Regis (Martinique), Prisma-Telematique, Leader and Valoren. The Commission also continued implementation of seven IMPs (Aquitaine, Ardèche, Corsica, Drôme, Midi-Pyrénées, Languedoc-Roussillon and Provence-Alpes-Côte d'Azur). At 31 December 1994, about ECU 33 million (5.6%) remained to be paid from the total commitments of about ECU 581 million from the ERDF and former budget Article 551, mainly for the Midi-Pyrénées, Languedoc-Roussillon, Aquitaine and Provence-Alpes-Côte d'Azur IMPs.

**Ireland:** Final commitments have been made for all operations under the CSF and Community Initiatives for 1989-93 with the exception of the Retex programme, which will continue until 1997 and which has ECU 7.2 million still to be committed. ERDF payments still to be made amount to ECU 76 million, including ECU 21 million for the Community Initiatives. For all the programmes financed by the ERDF, except Retex, only the 20% final payment has still to be made. The Industry and Services OP was completed in 1994 and the last payments made and the deadlines for closure of the other programmes will be met. In the case of the OPs financed by the ESF, including those under Objectives 3 and 4, applications for final payments were received and payments made during 1994. The rate of payment for these programmes, at about 99% of commitments, was high.

**Italy:** The working party set up to monitor projects from before the 1988 reform by the Italian Ministry of the Budget, on which the Commission is represented, enabled expenditure to be speeded up during 1994. Of the ECU 1 000 million still to be transferred, about ECU 160 million (16%) of ERDF was paid in 1994 and the faster rate of payment and use of the derogation in respect of delays for judicial reasons (Article 12 of the ERDF Regulation) should enable the under-utilization of resources to be reduced.

Implementation of assistance programmed under the 1989-93 CSF was rather slow in 1994 and there are still problems in respect of the programmes managed by the regional administrations. It should be noted that the Italian authorities have received an extension of 12 months to complete national commitments. All the ERDF appropriations were committed as a result of replanning at the end of 1993.<sup>1</sup> Overall, payments amounted to 64% (72% for multiregional assistance and 51% for regional assistance) at 31 December 1994, which reflects the problems in making progress afflicting the programmes managed by the regions. Global grants have been delayed by the insistence of the Ministry of the Treasury on a guarantee and the innovative nature of the assistance, and this explains the why national payments are still at a low level (an average of 15% for multiregional global grants at 31 December 1994). Expenditure on the Community Initiative programmes at that date amounted to 38% of total costs, partly as a result of delays in approving this assistance. Commitments for the 15 IMPs in Italy were completed for all the Funds involved. Although progress has been made in implementing the programmes, the regions have been unable to make up the backlog built up over previous years. All the regions have asked the Commission for an extension of the final date for national payments to 30 June 1995 and this has been granted.

The performance of the Italian Objective 1 regions in utilizing the Structural Funds has proved fairly unsatisfactory and Italy is the lowest ranked of the Member States which receive funds from that Objective. The reasons for this situation include:

- political instability, mainly at the regional level, which slows down the decision-making process;
- slow administrative procedures;
- weaknesses in the structures of central and regional administration which are also affected by the abandonment of the "policy of extraordinary assistance for the Mezzogiorno" and delays in introducing the new ordinary policy for the less-favoured areas of Italy;
- the new and more restrictive laws on public procurement which have resulted in a virtual standstill in awarding contracts;
- problems in making available national counterpart funds at a time when rigorous efforts are being made to reduce public expenditure.

**Portugal:** All the commitments relating to the CSF for the first period were concluded towards the end of 1994. The extension of certain OPs to 1995 will enable the very small amounts still remaining for payment to be cleared. In the case of Objective 3, for example, the majority of the programmes will be closed in 1995 thanks to the extension of the OPs in 1994 and ECU 4.5 million has still to be paid out of a total of ECU 128.5 million. Similarly, about ECU 25 million has still to be paid for Objective 4 out of a total of ECU 457

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<sup>1</sup> See previous Report.

million. The Community Initiatives are progressing satisfactorily and, except in the case of Retex, all commitments were made by the end of 1994.

**United Kingdom:** Overall, the CSF for 1989-93 has proved very satisfactory. Commitments totalled 99% of the ERDF appropriations available (ECU 484 million including the Community Initiatives). At the end of 1994 about 10% of those funds still remained to be paid to the Member States, with 20% of commitments being retained by the Commission until the programmes are actually closed. This will happen during the second half of 1995. Northern Ireland has asked for and been granted a one-year extension to 31 December 1995 in order to complete payments for the Transport and Technical assistance OPs but, at ECU 17 million, commitments remain modest.

## 1.2. Objective 2

**Belgium:** All the appropriations for 1989-93 had been committed by the end of 1993. The Wallonia OPs for 1990-91 were completed by the end of June 1994 and the Commission received the application for payment of the balance and the final reports at the end of December 1994. Rates of payment as a percentage of commitments for 1992-93 range from 52% (Liège) to 90% (Aubange).

**Denmark:** All the appropriations for 1989-93 had been committed by the end of 1993. Implementation in respect of these commitments is progressing normally and will be completed during 1995.

**Germany:** The Objective 2 programmes for 1992-93 continued and some were completed during 1994. Out of the ECU 303.2 million for the eight OPs which had been fully committed in 1993, ECU 14.2 million was paid in 1994 for three OPs so that by the end of 1994 the German areas had received ECU 177.6 million (58.5% of commitments). Although the final evaluation reports were not yet available in 1994, some conclusions can already be drawn for some of the regions concerned. Saarland has concentrated Structural Fund assistance on improving initiatives by business, particularly small firms, and improving economic infrastructure. Rhineland-Palatinate is granting assistance for measures to restore industrial areas and North Rhine-Westphalia has created or safeguarded more than 7 300 jobs through investment projects and aid to small businesses. The economic infrastructure of the region has also been improved through assistance to projects to restore or convert industrial areas.

Turning to the Community Initiatives, appropriations for the Interreg programmes were fully committed by the end of 1993 and payments totalling ECU 2.8 million were made during 1994. The balance of ECU 4.6 million is due in 1995. The final evaluation reports were not yet available in 1994 and are expected at the end of 1995 but it can already be stated that Interreg assistance was granted principally to information bodies designed to promote cross-border cooperation and measures relating to planning and environmental protection. Appropriations for the Stride programme were also fully committed by the end of 1993. During 1994, payments totalling ECU 266 million were made so that a balance of ECU 3.4 million remains for payment in 1995. Stride assistance was granted to technology agencies for Berlin and Bremen, a research project for the footwear industry in Rhineland-Palatinate and to the institute for chemical environmental technologies in Gronau (North Rhine-Westphalia). Of the appropriations for the Konver programmes, ECU 375 000 was committed in 1994 and ECU 3.2 million paid. The evaluation report on Objective 2 measures under the Retex Initiative in North Rhine-Westphalia in 1989-91 was submitted during 1994. The programme brought together a large number of separate aid instruments, and so helped achieve the mutual reinforcement desired. The creation and safeguarding of permanent jobs through measures to support investment and innovations have greatly assisted the economic and ecological restructuring of the Land.

**Spain:** During 1994 commitments for the CSFs for 1988-91 and 1992-93 were made at a rate of 100%. The rate of payments was 92.2% of commitments over the period 1989-93 (95.7% for the 1989-91 CSF and 88% for the 1992-93). In the case of the CSF for the first phase, almost 65% of the Community contribution of ECU 600.7 million went to the six regional OPs (ECU 389.3 million), almost 20% to the 49 projects approved in 1989 (ECU 118.4 million), 9% to the Star, Valoren, Resider and Renaval programmes (ECU

55.97 million) and the remaining ECU 37 million to four major projects, three in Catalonia and one in Cantabria. In the case of the CSF for 1992-93, the Community contribution of ECU 566.2 million was divided between seven OPs (ECU 532 million or 94%) and two Community programmes, Resider and Renaval, in the Basque Country (ECU 34.2 million or 6%).

**France:** Implementation of the OPs for 1989-91 and 1992-93 continued in 1994. Of the total commitments for the first phase amounting to ECU 902 million, ECU 79 million (less than 9%) remained to be paid at the end of 1994. Progress was least good in the cases of the Rechar, Envireg, Stride and Renaval Community Initiative programmes, the two non-quota programmes Enlargement and the Steel industry, and the Languedoc-Roussillon OP. In the case of the major projects and OPs for 1992-93, at the end of 1994 about ECU 212 million (30%) remained to be paid out of commitments totalling about ECU 700 million. The greatest holdups were in the four major projects financed in 1992 in the Nord/Pas-de-Calais region, the four Interreg programmes and the Konver programme. The multifund OPs where progress was slowest were those in the Upper Normandy and Nord/Pas-de-Calais regions.

**Italy:** Since the programmes in the first phase (1989-91) were virtually completed, efforts in 1994 were concentrated on implementation of the nine OPs in the 1992-93 phase, for which the Community will provide ECU 183 million. However, the rate of implementation was affected by the late approval of programmes (end of 1992). In addition, three regions (Tuscany, Veneto and Marche) asked for an extra three months in which to make commitments. The level of payments reached is acceptable although most of the measures are still being implemented and a variety of events (political and administrative problems, floods in northern Italy, etc.) have contributed to further delay in operations. A number of innovations have also been made in the second phase of programming. These include greater use of invitations to tender in the selection of projects, which has increased transparency while the use of better defined selection criteria - giving priority to projects which can guarantee a substantial increase in employment, a low impact on the environment, the adoption of new technologies and greater use of local resources - has increased the role of prior appraisal.

**Luxembourg:** All the appropriations for 1989-93 had been committed by the end of 1993. Substantial amendments to the ERDF/ESF integrated OP were adopted by the Monitoring Committees in 1993 and there were few changes as regards ERDF payments, which amounted to about 45% of commitments at 31 December 1994. All ESF payments were made.

**Netherlands:** All the appropriations for the period 1989-93 had been committed by the end of 1993. Implementation as a result of these commitments is progressing normally and will be completed in 1995.

**United Kingdom:** All the commitments for 1989-93 had been made by 31 December 1993 at both Community and national level. The programmes are being implemented and most payments should be made before the end of 1995.

### 1.3. Objectives 3 and 4

**Belgium:** For the period 1989-93, all the commitments have been made and the OPs completed. Only the OP for the Brussels-Capital region for 1993 concerning recruitment premiums for the target publics of Objectives 3 and 4 was not implemented; the responsible authority made a refund to the Commission in January 1995.

**Denmark:** All the appropriations for programmes in 1990-93 had been committed before the end of 1993. Programmes for 1990-92 could not be completed after the end of 1993 while programmes for 1993 could be continued until the end of 1994.



**Germany:** All the appropriations for programmes for 1990-93 were committed before the end of 1993. Commitments and the continuation of programmes for 1990-92 were possible until June 1994 while the programmes adopted in 1993 will continue until the end of 1995.

**Spain:** All commitments for 1990-93 were made in full. The OPs for 1990-92 which had been continued until 31 December were closed and the balances for 1992 paid, apart from those for the two INEM OPs, which are blocked. Implementation of the OPs for 1993, in respect of which applications for the balance have recently been made, was extended to 31 December 1994.

**France:** The OPs for Objectives 3 and 4 have not yet been closed since further checks are being carried out prior to payment of the balance. The deadline for commitments under the OP for the additional financial allocation was extended to 31 December 1995 at the request of the French authorities. In the case of the Objective 1 regions, all applications for payment of the balance for Objectives 3 and 4 were sent to the Commission in June 1995 and are now being scrutinized.

**Italy:** The OPs for 1989-93 included assistance at both regional and multiregional level. At Community level, all commitments had been made before the end of 1993. All the regional OPs were extended. Those for 1990-92, which had been extended until 31 December 1993, have now been closed. The 1993 programmes, which were extended to 31 December 1994, with the exception of those for Lazio (extended to April 1995) and Valle d'Aosta (extended to June 1995), were closed in 1994 and payment of the final balances is awaited. All the multiregional OPs have been extended, some until 31 December 1995. All the IMPs were extended until 30 June 1995 and the level of payment for the IMPs is 36% of the level planned. Overall, payments for 1989-93 amount to 71% of commitments. *Ex post* evaluation studies for 1989-93 are being carried out.

**Luxembourg:** All the OPs for 1989-93 were carried out as planned and by the deadlines laid down.

**Netherlands:** All the appropriations for 1990-93 had been committed at the end of 1993. The OPs for 1990-91 were completed at the end of December 1994.

**United Kingdom:** All commitments relating to the OPs for Objectives 3 and 4 for 1990-93 were completed at Community level. Payments reached in 1994 an implementation rate of 94% for that period.

#### 1.4. Objective 5(a)

As regards completion in 1994 of commitments prior to 1989-93, two types of measure should be distinguished:

- indirect measures (Regulations (EEC) Nos 2328/91, 1360/78 and 1035/78 and the Directives 72/159/EEC and 72/160/EEC, which have expired) in respect of which commitments and payments (refunds) of expenditure incurred by the Member States before the end of 1993 were made during 1994. Although they concern national expenditure for the preceding period, the amounts committed are considered to belong to the budgetary allocations for 1994-99;
- Regulations (EEC) Nos 866/90 and 867/90 on improving the processing and marketing conditions for agricultural and forestry products are the only measure under Objective 5(a) which is subject to programming and hence for which CSFs were established. All the commitments for 1991-93 had been made before the end of 1993 (apart from two OPs for the new Länder and one OP for Luxembourg which were committed in 1994). The OPs are being implemented and payments will be completed at the end of 1995.

Commitments in respect of Objective 5(a) for fisheries were closed in the vast majority of cases at 31 December 1993 and programmes continued in 1994 as regards the implementation of work and payments.

Some ten programmes were continued into 1994 following the cancellation of projects to allow the Member States to adjust their commitments for replacement projects.

## 1.5. Objective 5(b)

In all the Member States concerned by Objective 5(b), all the Community appropriations for the 1989-93 OPs had been committed by the end of 1993: Implementation as a result of these commitments is progressing normally. At the end of 1994 about 80% of Community appropriations committed under these programmes had been paid (Belgium 71%, Denmark 82%, Germany 82%, Spain 86%, France 85%, Italy 62%, Luxembourg 37%, Netherlands 84%, United Kingdom 87%).

In principle, the Member States have until 30 June 1996 to send applications for payment of the balance of programmes to the Commission. For about half the Objective 5(b) OPs, this deadline has been extended by up to six months. It is expected that the balance of Community appropriations in respect of a considerable number of programmes will be requested during 1995.

## 2. Budgetary implementation

Table 41: Payments for 1989-1993 in 1994 (ECU million)

	OBJECTIVE 1					OBJECTIVE 2			OBJECTIVE 3 <sup>(2)</sup>		OBJECTIVE 5(a)			OBJECTIVE 5(b)			
	ERDF	ESF	EAGGF	Fish.(1)	TOTAL	ERDF	ESF	TOTAL	ESF	TOTAL	EAGGF	Fish.(1)	TOTAL	ERDF	ESF	EAGGF	TOTAL
Belgium	0,030	-	-	0,001	0,031	26,610	5,322	31,932	31,944	31,944	1,619	-	1,619	-	-	3,411	3,411
Denmark	-	-	-	-	-	1,650	0,126	1,776	-	-	1,153	1,620	2,773	2,460	-	-	2,460
Germany	7,550	-	-	-	7,550	11,110	16,205	27,315	26,430	26,430	40,080	-	40,080	19,880	1,693	16,200	37,773
Greece	193,940	258,816	125,675	3,030	581,461	-	-	-	-	-	-	-	-	-	-	-	-
Spain	181,700	73,659	53,763	-	309,122	99,494	26,437	125,931	51,072	51,072	10,864	-	10,864	5,610	1,049	9,496	16,155
France	16,680	0,618	16,662	-	33,960	44,500	11,715	56,215	84,320	84,320	8,479	-	8,479	28,420	14,953	62,672	106,045
Ireland	36,320	93,994	5,680	1,260	137,254	-	-	-	-	-	-	-	-	-	-	-	-
Italy	309,940	58,414	122,599	0,050	491,003	9,880	10,344	20,224	28,395	28,395	13,596	0,030	13,626	0,650	3,227	6,115	9,992
Luxembourg	-	-	-	-	0,000	-	0,052	0,052	-	-	1,211	-	2,961	-	-	-	-
Netherlands	1,240	0,070	-	-	1,310	20,760	7,730	28,490	25,502	25,502	4,503	-	4,503	5,160	0,693	3,608	9,451
Portugal	83,560	33,396	64,477	9,860	191,293	-	-	-	-	-	-	-	-	-	-	-	-
United Kingdom	49,480	72,707	13,075	-	135,262	333,500	33,338	366,838	48,622	48,622	10,078	0,010	10,088	28,940	2,797	-	31,737
<b>TOTAL</b>	<b>880,440</b>	<b>591,673</b>	<b>401,931</b>	<b>14,201</b>	<b>1888,245</b>	<b>547,504</b>	<b>111,269</b>	<b>658,773</b>	<b>297,495</b>	<b>297,495</b>	<b>93,333</b>	<b>1,660</b>	<b>94,993</b>	<b>91,120</b>	<b>24,402</b>	<b>101,502</b>	<b>217,024</b>

(1) Measures financed pursuant to Regulation (EEC) No 4042/89, before the creation of the FIGG.

(2) No payments were made in 1994 in respect of Objective 4 for the period 1989-93.

Table 42: Appropriations released at 31 December 1995 (ECU million)

	TOTAL	Obj. 1	Obj. 2	Obj. 3	Obj. 4	Obj. 5(a)	Obj. 5(a)(b)(1)	Obj. 5(b)	Transitional measures	Community Initiatives
<b>Total</b>	<b>458,787</b>	<b>177,090</b>	<b>56,941</b>	<b>172,764</b>	-	<b>9,130</b>	<b>0,081</b>	<b>4,106</b>	<b>36,954</b>	<b>1,721</b>
ERDF	146,220	135,802	5,126	-	-	-	-	0,753	3,656	0,883
ESF	243,415	12,246	51,815	172,764	-	-	-	2,929	2,823	0,838
EAGGF	52,418	12,542	-	-	-	9,130	0,081	0,424	30,241	-
EAGGF-fisheie	16,734	16,500	-	-	-	-	-	-	0,234	-

(1) Objective 5(a) in Objective 5(b) areas.

Table 43: Commitments still to be settled at 31 December 1994 (ECU million)

	TOTAL	Obj.1 (1)	Obj.2	Obj.3	Obj.4	Obj.5(a)	Obj.5(a)(b)(2)	Obj.5(b)	Trans. measures	Community Initiatives
Total	19034,418	11739,302	2122,087	1445,409	134,566	637,579	228,038	793,141	514,022	1420,159
ERDF	10749,872 (3)	7522,554	1715,6	-	-	-	-	306,868	248,751	956,084
ESF	5119,728 (4)	2539,775	406,487	1445,409	134,566	-	-	124,925	96,967	371,499
EAGGF	2492,622	1143,425	-	-	-	534,599	228,038	361,348	144,476	80,736
EAGGF-fisheries	672,196	533,548	-	-	-	102,98	-	-	23,828	11,84

(1) Includes, as well as Objective 1 assistance, measures preceding the 1988 reform.

(2) Objective 5(a) in Objective 5(b) areas.

(3) Includes ECU 15 000 in non-Objective expenditure.

(4) Includes ECU 100 000 in non-Objective expenditure.

Table 44: Implementation of appropriations carried over and reconstituted appropriations at the beginning of 1994 (ECU million)

	ERDF		ESF		EAGGF		FIFG		Comm. Initiat.		TOTAL	
	A)	B)	A)	BI	A)	B)	A)	BI	A)	BI	A)	B)
Objective 1	120,727	120,727	42,382	42,382	22,445	22,415	4,852	4,817	-	-	190,406	190,341
Objective 2	6,215	5,196	2,841	2,841	-	-	-	-	-	-	9,056	8,037
Objective 5(b)	0,987	0,824	-	-	-	-	-	-	-	-	0,987	0,824
Trans. mes. & innov. actions	-	-	0,822	0,822	-	-	0,600	0,600	-	-	1,422	1,422
Community Initiatives	-	-	-	-	-	-	-	-	22,139	22,139	22,139	22,139
Total	127,929	126,747	46,045	46,045	22,445	22,415	5,452	5,417	22,139	22,139	224,010	222,763

A) Appropriations carried over or made available again, beginning of 1994.

B) Implementation in 1994.

## B. FURTHER REVIEW OF THE 1989-1993 PERIOD

### 1. Reviewing the Objectives

#### 1.1. Objective 1

Pursuant to the provisions of the Regulations<sup>2</sup> and in accordance with the priority attached by the Commission to assessing the impact and effectiveness of Community assistance, an evaluation of assistance under Objective 1 by independent consultants was undertaken, on the Commission's initiative and at the suggestion of the European Parliament, the Council and the Court of Auditors. The material below is essentially based on the findings of this evaluation, especially as there is still little information from the Member States.

#### General considerations

**Approach and aims of the evaluation:** It should be borne in mind that the results of this evaluation, carried out in the second half of 1993 and the first half of 1994, are only partial, since at the time several operations were still under way or barely completed. In some cases, the impact of projects financed does not materialize (and therefore cannot be assessed) until some time after the completion of operations. Moreover,

<sup>2</sup> Article 6 of Regulation (EEC) No 2052/88 as amended, and Article 26 of Regulation (EEC) No 4253/88 as amended.

although based on a large and representative sample of measures from the various CSFs, the evaluation was not exhaustive. The assessment of achievements refers to only approximately half of the measures part-financed. The experts concentrated on three basic issues: (i) assessing the relevance of the strategies defined in 1989, their introduction and their adjustment and understanding and interpreting their causes and consequences; (ii) assessing the effectiveness of assistance on the basis of achievements and initial measurable effects; (iii) analysing conditions for introducing and monitoring operations. Even though this evaluation was made before completion of all the projects, which means that conclusions on achievements can still only be provisional, useful lessons may be drawn for current or future measures.

*The economic background to implementing the CSFs:* In order to assess the success of Structural Fund assistance, it is essential to analyse the economic background to it, because even though the sums committed are sometimes substantial, they are nevertheless modest in relation to the size of the economies concerned. One of the most salient features of the period 1989-93 was the cyclical turnaround. The sustained growth of 1989-91, which contributed to the convergence and integration of Objective 1 regions, was followed by the recession of 1991-92 and the 1993 crisis. Although there may be no direct link with macro-economic performance in the Objective 1 regions, it cannot be denied that the convergence process was hampered (except in Ireland). Spontaneous flows of capital to Objective 1 regions (i.e. direct investment abroad) should also be borne in mind. After a vigorous expansion from 1986 to 1991<sup>3</sup> with positive effects on economic growth, the subsequent slowdown substantially affected the recipient economies. At national policy level, the most significant adjustment related to measures to reduce budget deficits, which sometimes had a substantial impact on part-financing of assistance provided for under CSFs.

Table 45: GNP 1989-93 - Annual growth rate of GNP

Year	Greece	Spain	Ireland	Italy	Portugal	EUR 12
1989	3.5	4.7	7.4	2.9	5.2	3.5
1990	-1.1	3.6	8.6	2.1	4.4	3.0
1991	3.3	2.2	2.9	1.2	2.1	1.5
1992	0.9	0.8	5.0	0.7	1.1	1.1
1993	-0.2	-1.1	4.0	-0.7	-1.2	-0.4

\* Figures refer to the country as a whole in each case.

In this situation, which is hardly conducive to real convergence, Community aid brought extra growth that prevented widening of the gap in relation to the Community average. Without Community aid, economic growth in Objective 1 regions would be about 1% a year, well below the Community average for 1989-93.<sup>4</sup> Greece would be severely affected by recession, but Community financing, by producing extra growth of about 0.7%, has prevented a pronounced accentuation of disparities. According to these estimates, only Ireland had any autonomous convergence potential independent of Community aid. Greece and the Italian regions were unable to sustain growth, while the high growth rate in Ireland did not create many new jobs; Spain came nearer to fulfilling convergence criteria, but the employment situation was thereby made worse; despite convergence, Portugal is still very sensitive to medium-term cyclical movements of the economy.

It is worth emphasising that, against the background of recession, Community aid has enabled investment levels to be maintained in areas where this is decisive for supporting improved competitiveness in the regions concerned. Substantial Community aid has been available for total investment in the Objective 1 regions. The proportion of gross fixed capital formation (GFCF) dependent on Community aid was 7.5% in Ireland, 7.7% in Portugal, 9.7% in Greece and 2.9% in Spain.

<sup>3</sup> According to Eurostat data quoted in the 5th Periodic Report on the situation in the regions of the Community, net DIA per head of population reached ECU 160 in Greece, ECU 740 in Spain, ECU 2 190 in Ireland, and ECU 610 in Portugal.

<sup>4</sup> J.Beutel: The economic impact of the Community Support Frameworks for the Objective 1 regions, 1989-93 (April 1993).

## *Main lessons and key conclusions of the evaluation*

**Relevance of strategies:** In terms of the development priorities and the objectives adopted, the strategies introduced in 1989 seem to constitute a basically adequate response to the structural problems of the Objective 1 regions. The variety of situations in the different regions has led to the introduction of differentiated strategies which influence the balance between priorities and aims, and the allocation of resources. The CSFs mostly operated in the framework of national strategies where the structure and definition of priorities was dominated either by sectoral considerations, as with the CSFs for Ireland and Portugal, or by regional planning considerations, as with the CSFs for Spain, Greece and Italy. The predominant strategic approach was very much in evidence in the Irish and Portuguese CSFs (support for the productive fabric), and in the Spanish CSF (land-use structuring by means of major basic infrastructure), while the CSFs for Italy, Greece and the French Objective 1 regions were informed by a more diffuse strategy. The CSFs for Greece, Ireland, Portugal and Northern Ireland were highly integrated, which enabled the Structural Funds to be used with more synergy and complementarity between measures.

There is good reason for the importance attached to basic infrastructure, since the recipient regions are lagging far behind in this respect. The priorities for basic infrastructure in the different CSFs were not identical, however: Spain concentrated on the main lines of the transport network, so as to improve the internal network quickly and to provide links with the rest of Europe; Greece, alongside a few major projects, concentrated on medium-sized and small infrastructure projects, to reduce internal disparities and to improve living conditions in the various regions. Basic infrastructure accounted for about one third of Community financing on the whole, i.e. in percentage terms about 43% in Spain, and 25% in Ireland and Northern Ireland.

Investment to support the productive sector, i.e. in economic infrastructure, locally-generated development and business aid, was a major component of the CSFs, although the degree of priority varied. It was significant in the Irish, Portuguese and Italian CSFs, but should, alongside the RTD aspects, be given more emphasis in Greece, Spain and the Objective 1 regions of France. On average, some 39% of Community aid relates to measures under this heading, with individual percentages ranging from 54% in Ireland and 38% in Portugal to 27% in Greece.

The development of human resources is needed both in terms of developing skills and in terms of education and training measures. It is reasonable to give priority to initial vocational training and to improving the balance between general education and vocational training in countries such as Greece and Portugal. Some reservations can be expressed about certain of the aims of the CSF for Ireland, by comparison with the share of resources allocated to this priority; not enough effort is made under this heading in the Spanish CSF.

On the basis of this evaluation of strategies adopted between 1989 and 1993, it seems that environmental considerations should be better integrated into structural assistance, measures to encourage technological research and innovation should be reinforced, and more support should be available for small businesses.

**Quality of strategies:** Following the reform of 1988, the change from a project-based to a programme-based approach had positive effects on the quality of strategies and plans adopted. Programming has become strategic rather than tactical, and more consistent with national and Community policies; as it has provided a sure source of financing, it has enabled major strategic projects for providing essential structures to be launched in several regions. However, the quality of strategies would be enhanced by sectoral studies and "master plans" prior to drafting. As the Commission was aware of this, from 1992 it took the initiative in carrying out thematic and sectoral assessments for certain countries, and as part of the preparations for the new programming period.

**Reprogramming and adapting strategies:** Any indicative five-year programme needs adjustment to adapt it to changed situations and improve its effectiveness in terms of the objectives set. The inherent flexibility of indicative programming does not, however, imply changing the objectives of the strategy adopted. All the

CSFs were amended and reprogrammed, sometimes to remedy the shortcomings of over-hasty programming in the first place, or to take up unutilized financing for specific measures, often related to innovative measures. The Greek and Italian CSFs underwent major reprogramming. In Greece, regional programmes made more efficient use of financing, for reasons which included commitment on the part of the regional authorities and the support of programme managers and external auditors. However, the utilization of financing for major infrastructure projects was subject to some delay. The opposite development was seen in Italy, where large amounts allocated to regional programmes (some 25% of available resources) were transferred to centrally-managed sectoral measures.

### *Achievements*

The implementation of measures part-financed under CSFs is progressing satisfactorily and efficiently. However, this overall conclusion is subject to reservations as regards certain regions (e.g. in Italy) or certain types of measure. As a rule, innovative projects have taken longer to get under way, and reprogramming has often involved transferring financing from innovative to more traditional projects. The size of projects in Greece has been a major factor in slowing the rate of implementation of structural measures.

***Effectiveness of assistance:*** The CSFs are programmes with a variety of goals, operating within a national context. It is difficult to assess their effectiveness, especially before they have been completed. However, it is possible to highlight some important features of physical achievement and impact.

***Basic infrastructure:*** Transport infrastructure is highly effective, especially in Spain and Portugal, where road networks have been considerably developed: over 6 000 km of roads, including 3 100 km of entirely new road in Spain, and about 140 km of motorway and 5 400 km of roads built or improved in Portugal. In Greece, the implementation of major infrastructure projects has been seriously delayed, while smaller projects at regional level have progressed more rapidly. Some of these projects have substantial impact, such as the Athens-Thessaloniki rail link, where the journey time will be cut by 40 minutes. In the air and sea transport sector, several major projects, notably in Ireland and Northern Ireland, have also been launched, and will strengthen links between these regions and the continent of Europe.

Measures in the field of telecommunications have also been highly effective. In the four countries that gave strategic priority to this sector, Spain, Greece, Italy and Portugal, there have been major achievements: over a million and a half new connections, further digitalization of the network, 5 000 km of optical fibre installed in the Mezzogiorno, and about 4 000 km in Spain. A special telecommunications programme in Greece has had positive effects on the management of networks and the introduction of new advanced services. On the energy side, the 50% expansion of the natural gas network in the Mezzogiorno is nearing completion, and will lead to the connection of 670 000 new users.

Infrastructure linked to the quality of life (health, education and the environment) has been improved in most countries with the installation of efficient water treatment systems; in Greece and Italy, however, implementation has been seriously delayed.

*Accomplishments and significant effects of implementing CSFs: basic infrastructure*

GR	Improvements to the main roads between Thessaloniki and Athens. Completion of the Corinth-Tripoli-Kalamata motorway. Construction of hospitals with modern facilities and laboratories (eg Zante with 300 beds). Construction of the universities of the Aegean Islands and Thessaly, the Faculty of Medicine at the University of Ioannina. Extension work on the Athens metro. Natural Gas project. Intensive programme inaugurated in 1992 to digitise the telecommunications network. About 280000 new telecommunications connections, 60% reduction of waiting list for new connection. Construction of more than 14million m <sup>3</sup> of water reservoirs.
E	3100 km of new roads and motorways, 3000 km of improved road networks, 129 km of new high speed railtrack and 255 km of improved links. 552326 new telephone lines, 3914 km of optical fibre cables. Digital telephone exchanges increased by 27%. 5000 km of new pipelines, 68 water barrages and reservoirs. Projects to improve water management, such as the hydrogeological research programme at Castilla-La Mancha have contributed. Construction of 250 treatment centres.
F	In Réunion: two new wharfs for Port de la Pointe des Galets, airport runways upgraded, more than 10 km water mains, 1500 additional hectares irrigated in 1994. In Corsica: several major works to upgrade ports (eg Ajaccio, Tizzano, Galeria, Santa Severa) and airports (eg Bastia, Figari, Calvi). New sewage treatment equipment for 150000 inhabitant-equivalent. Barrages of Padula and Ortole. Set up of several training centres (eg Borgo), extension of Lycée Fred Scamaroni, equipment of the University of Corte.
IRL	28 major improvement projects on national primary roads completed, investment in about 300 km national primary roads, 200 bridges strengthened (target), upgrading of the main Dublin-Belfast railway. Transport infrastructure projects in ports and airports. Reconstruction and refurbishment of the Ballinamore and Ballyconnell canal to link the river Shannon in the Irish Republic with the lake system of the Upper and Lower Lough Erne in Northern Ireland.
I	Construction of a major multiservice centre in Naples (Interporto-Autoporto de Nola). Extension of the "periurban" rail network in Naples. Extension of telephone network with 4921 km of optical fibre cable laid and 444587 new numbers attributed, reduction in waiting time for connection by 30%. Increase of the annual supply of drinking water in the Mezzogiorno by 169 million m <sup>3</sup> . New purification stations (Apulia) to use recycled water for agricultural purposes instead of salt water from old wells. In Sicily: treatment plants for urban waste for 1m inhabitants, 200 kms of sewers. Construction of aqueducts in Sardinia and Fortore (Campania). Expansion by 50% of urban methane distribution network, 670000 new users connected in 459 municipalities.
P	About 140 km highways and 5400 km roads built or improved, including the motorway link Braga-Lisbon. 640 km railways improved. 180000 new telephone connections, creation of new advanced telecommunication services. Several investments in airport and port infrastructure. Construction of a sewage plant to clean up the coastline between Estoril and Cascais. In eastern Algarve, construction of the Odeleite dam and of a water distribution network. In the Azores, new marine infrastructure for the island of Flores.
UK	In the transport sector: improvements to the rail network (notably on the Belfast to Dublin line), road/rail access to Belfast harbour. A major investment programme in Belfast harbour of port facilities, relocation of port facilities in Derry. In the air transport sector, support to improvements to the airports in Belfast and Derry, 11500 m <sup>2</sup> of new or improved airport terminals, 1.5 km of new runway. Funding of the first phase of the Northern Ireland to Scotland gas interconnector.

*Support to the productive sector:* Activities in support of the productive sector proved effective in Ireland, Portugal and Spain, in each of which some 8 000 projects were supported. The 8 100 projects assisted in Portugal generated a very large volume of investment. In Greece, the emphasis was on training and skills (122 000 people received training), and on increasing hotel capacity (by 3.4%).

*Accomplishments and significant effects of implementing CSFs: productive sector*

GR	New SMEs support agencies set up in Patras. 330 new advisory services set up. 22 industrial estates improved. Completion under the CSF of the Integrated Mediterranean Programmes (IMP), instrumental in supporting SMEs and local and rural development. Stimulation of research and technology (eg Salonika and Heraklion).
E	Assistance for the productive sector took the form of 8000 projects, including the development of local resources (agro-industry, wood, cork) in Extremadura, the establishment of technological innovation centres for small industry in the Canary Islands, the new aircraft factory at Illescas in Castile-Leon and the global grants to Andalusia and Murcia to promote SME services and investment in tourism.
F	In Réunion: increase by about 100 beds of tourism capacity (800 expected at completion). 350 new moorings. 50 hectares of industrial zones equipped and 20000 m <sup>2</sup> built. Set up of regional centres for technology and of the "Maison Régionale des Sciences et Technologies". In Corsica: investment grants in tourism sector (Val d'Ese and Coscione). 20 large investments financed to upgrade storage and packaging facilities. Recruitment of 40 technicians to provide advisory services to more than 2000 farms. About 56 hectares fitted up as economic (industry and crafts) zones in 1986-1993.
IRL	Promotion of small business development: 120 project assisted, 22 niche studies, 20 new projects from Business Information Centres. Promotion of medium-sized firms development: 182 companies assisted (Advisory Support measure), 51 studies. Promotion of inward development: 1250 projects aided (Advisory/Support Studies measure). Marketing development: about 4000 companies assisted by Sectoral Marketing measure, 731 projects aided (Market Development measure), 52580 trade enquiries (Market Information measure), 9127 companies assisted (Regional Development measure). Science and Technology: 543 technology audits, more than 2000 contacts in progress (Programme in Advanced Technologies).
I	Approximately 1800 initiatives in favour of industry and craft businesses. Global grant allocated to the Adriatic area: some 200 SMEs benefitted, 60 business audits carried out. A dozen improvement projects for industrial estates have been completed as part of the multiregional programme. Business and innovation centres (BICs) set up in areas such as Basilicata (with three branches in Potenza, Matera and Melfi) and Abruzzi (Pescara and Chieti provinces). Development of the activities of the Oristano International Marine Centre in Sardinia (STRIDE programme). Tourism global grant: more than 5800 new beds expected at completion. OP Molise: 200 SMEs assisted, 191 km of new or improved water mains, 100 km of new or improved electric lines.
P	New industrial park in Caniçal and 135-hectare free zone in island of Madeira. In region of Alentejo, industrial project to improve the technology for extracting and processing decorative stone (marble and granite). Creation of two science and technology parks, 40 technological and research centres. 8100 investment projects aided.
UK	Industry OP focused on areas of weaknesses such as R&D, marketing and management training: more than 4000 projects assisted. 121700 m <sup>2</sup> new premises for local enterprises, part funding of the initial phase of the Northern Ireland to Scotland gas interconnector. Tourism: 6 new key attractions, 7 new facilities for youth accommodation, 3 new private sector tourist amenities, 14 projects in activity-based tourism.

Development of locally-generated potential: The efficiency of measures for the development and strengthening of agricultural structures varies with the type of measure and the country concerned. It is very high in Ireland and Portugal and, for certain types of measure, in Greece, where special mention should be made of successful efforts to diversify out of the cultivation of olives and oranges.



***Accomplishments and significant effects of implementing CSFs: development and strengthening of agricultural structures, tourism***

GR	Assistance for a number of local development initiatives. One example is the special programme for the integrated development of the Evrytanian region, in continental Greece, which included provision of socio-economic infrastructure, projects for industry, craft businesses and tourism. 3 195 hectares of apricot trees reconverted, 6900 hectares of vineyard reconverted, more than 1.6m olive and orange trees reconverted, 100000 olive trees reconverted. More than 10000 hectares of irrigation new or improved.
E	Actions to improve the environment, in particular to reduce the contamination of sea water and to protect coastal areas. New equipment to reduce industrial pollution. Programmes of reforestation (more than 14000 hectares in the sample). Improvement of forest tracks (1148 km in the sample).
F	In Réunion: more than 11600 dossiers dealt with in developing agricultural resources, 3568 hectares covered by these actions. Sugar production capacity increased by 870000 tonnes. More than 2000 hectares planted or regenerated. In Corsica: 450 farms benefitted from grants to modernise. 4000 hectares vineyards restructured. 2600 hectares irrigated, 320 farms. More than 1000 hectares of fruit trees planted. 45 small-scale projects in food-processing industry.
IRL	Grants for private investments in tourism facilities: 12 new facilities for conferences, 39 new hotels with leisure/health facilities, 4 new theme towns, about 38000 trainees in basic skills. Public sector tourism development: 1452 kms walking routes improved, 73 new and improved historic houses and castles, improved facilities in 4 natural reserves, 3 new literary museums. Measures to control farmyard pollution. Improvement of conditions for marketing and processing fish and aquaculture. More than 60000 hectares afforested.
I	Tourism: route traced in Basilicata (part of the Magna Grecia); in Campania, architectural renovation of the Paestum site; renovation of the Belvedere and San Leucio in Caserta; redevelopment of nine tourist resorts in Sardinia. In the rural areas of Molise: inauguration of an experimental programme for the biological culture of spelt, establishment of a computerised cartographic system for grazing land, reforestation. OP Strengthening of Agricultural Production: 6500 farms aided, improvement in production quality in more than 50% of farms assisted.
P	Tourism: 24 new museums, 11 museums upgraded; 32 renovation projects for historical sites, 246 for buildings and monuments. Investment in 25 castles and fortresses. 11 new hotels supported. More than 100 establishments in rural areas assisted. Agriculture: 59000 projects approved, compensatory indemnities to 230000 farmers. More than 132000 hectares afforested.
UK	Agriculture programme helped to arrest the decline of agriculture in rural society: about 16700 hectares of land improved, 2257 new silos and 2483 repairs of existing silos, 21818 students on agricultural training courses, 8890 overwintering houses provided. More than 4500 farms participating in measure Rural Environmental Enhancement. About 280 hectares of land restored after flood damage.

*Development of human resources:* Measures for the development of human resources have been implemented efficiently as a rule, although this does not prejudge their results. Portugal is making very good progress with improving the education system: capacity in the university sector has increased by 50 000 places.

## Accomplishments and significant effects of implementing CSFs: human resources

GR	More than 95000 persons trained under the Improvement of Competitiveness scheme, more than 26640 trained under OP Development of Tourism. About 300000 persons trained in programmes covered by the actions sampled.
E	Significant increase in expenditure on education, particularly in higher and technical education. Vocational training courses in science and technology received support from the ESF. ERDF has part-financed infrastructure, equipment and services for 20 universities, a number of centres run by the Higher Council For Scientific Research and science parks in areas such as Malaga, Galicia, the Canary Islands, Valencia, Valladolid and Seville ("Cartuja 93").
F	In Réunion: more than 10000 beneficiaries of training actions. In Corsica: about 7000 trainees in various schemes.
IRL	Programmes for the occupational integration of young people, to combat long term unemployment. Training of trainers: additional space and students at Dublin City University, Bishop Street College, St Patrick's College, University College Cork (4500 m <sup>2</sup> , 250 additional students), University College Galway, Tallagh RTC (9478 m <sup>2</sup> , 1000 full-time students), Dublin College of catering (108 additional students), regional technical colleges.
I	OP Public enterprises: more than 25000 persons trained and 86000 weeks of training. OP Development of Agriculture Training: about 800 persons completed the training course. In Basilicata, 19% of the unemployed have taken part in training programmes. Construction of two new faculties (Engineering and Architecture) in Reggio di Calabria.
P	540 new or upgraded schools, support to 7 technology schools and 116 university and polytechnic departments creating 50000 new student places. More than 110000 trainees in vocational training. About 2900 grants made.
UK	Improvement of general level of skills within the work-force, with particular emphasis placed on tackling the problems of long-term unemployed: training provided for 1215 women and 4910 handicapped persons, limited work and training for 13276 persons, technological and higher training to 7481 people. OP Occupational Integration of Young People: over 139000 persons benefitted from training initiatives.

Impact on employment: Despite methodological and practical difficulties, it was decided to assess the impact of assistance on employment, using a variety of analytical techniques.

Table 46: Unemployment in Objective 1 regions, 1989-93 (% of the labour force)

Year	GR	E(1)	F(2)	IRL	I	P	UK(3)	EUR12
1989	7.5	20.2	9.4	16.1	18.3	4.8	17.3	9.0
1993	7.8	22.9	11.8	18.4	19.0	4.9	15.0	10.4
change 1989-93	+0.3	+2.7	+2.4	+2.3	+0.7	+0.1	-2.3	+1.4

(1) Average for Objective 1 regions

(2) Corsica only

(3) Northern Ireland

By applying a harmonized input-output model<sup>5</sup> to all Objective 1 regions, we find that in 1993, 800 000 jobs, involving about 3.7% of the employed labour force in these regions, were directly or indirectly dependent on the implementation of CSF measures. The estimates resulting from the study suggest that, on average, a subsidy of about ECU 23 000 is needed to finance one job in the Objective 1 regions. This is close to other estimates based on analysis of major investment projects in the years from 1989 to 1993, and on certain Community Initiatives. Although the extrapolations generally applied should be treated with prudence, because of the estimation method used, the figure quoted is to some extent a benchmark against which the relative job-creation performance of the different CSFs can be judged. The Portuguese and Greek CSFs show the best cost-effectiveness, with one job being financed by a subsidy of ECU 13 000 in Portugal, and ECU 18 000 in Greece; the highest ratios are those of the CSFs for Ireland (ECU 40 000) and Northern Ireland (ECU 41 000), while the figure for Spain is ECU 30 700 for each job created.

<sup>5</sup> J.Beutel: The economic impact of the Community Support Frameworks for the Objective 1 regions, 1989-93 (April 1993).

The estimates by the assessors, using a bottom-up approach, are based on a sample taken for the evaluation of each CSF; they provide information on jobs created, usually jobs linked to implementation of the assistance, which cannot therefore be considered representative of the overall impact of structural assistance on employment. According to these estimates, 450 000 jobs were created during the implementation stage.

*Implementation:* The various Objective 1 regions have had implementation problems due to exogenous factors such as economic recession or political instability, but also, and especially, to endogenous factors such as the lack of experience of multiannual programming on the part of national and regional authorities, or unsuitable financial circuits and procedures. However, such problems are not insoluble. Experience in 1989-93 implies that the first necessary step is to involve national and regional partners more closely in the programming process, and to fill gaps in the administrative departments through intensive and appropriate use of the resources earmarked for technical assistance. But the Commission can also contribute to increasing the efficiency and effectiveness of the financing committed through arrangements for operational monitoring and assessment, in partnership with the national and regional authorities.

## 1.2. Objective 2

### *General considerations*

The review of Community assistance under Objective 2 in the period 1989-93 is based mainly on data in the SPDs for 1994-96, which have been integrated into the new programming period. It is worth pointing out, first of all, how difficult it is, at such an early date and without the benefit of hindsight, to draw any conclusions on the action taken from 1989 to 1993, and derive lessons for future programmes in the second stage of programming (1997-99). Such conclusions could be at best only partial, since they would depend on the availability of sufficiently precise statistical tools, and at worst wrong. Most of the measures introduced in the preceding period had not been completed by the end of 1994, and consolidated data, both physical and financial, will not be available until mid-1996. Moreover, it is not easy to undertake measurement of the specific impact of Community aid, for which the information base is still largely inadequate, and which often involves isolating within a set of public measures the special impact of Community assistance. The approach below is therefore essentially qualitative, attempting, where the situation is particularly amenable to analysis, to identify the main lines of an initial appraisal.

### *Initial points for assessment*

*Effects on the conversion process:* In most Objective 2 areas, Community support enabled economic development policy to be speeded up and intensified by topping up the main business aid schemes, so that the number of recipient firms could be increased considerably, and rates of support could be optimized. From this point of view, it is clear that over the period concerned, firms' expectations were mainly oriented to production capacity optimization and finding new outlets, both vital priorities in the industrial conversion process.

It is worth noting here the impact, at both macro and micro levels, of assistance intended mainly to contribute to the modernization of businesses. For example, an assessment of aid to productive investment in Upper Normandy in 1993 revealed that, in that region: ERDF assistance considerably increased the financing available for aid, and the number of recipients; aid was concentrated geographically in travel-to-work areas with a high density of industrial firms, and sectorally in traditional activities with strong regional specialization, with a view to converting economic activity; industrial subcontracting was reinforced through investment in advanced technology; and finished-product competitiveness was improved through investment in diversification.

It is, however, true that in certain areas, especially those strongly dependent on textiles and clothing, jobs were actually lost rather than created, because of productivity gains and the improvement of financing margins, where even small businesses achieved progress.

*Some examples of achievements in the field of productive structures and support infrastructure*

<b>Denmark</b>	<b>North Jutland:</b> 70-80% of the firms concerned developed new export activities
<b>Germany</b>	<b>Saarland:</b> 1 350 sessions of consultancy services to SMEs in 1992-93; 39 firms assisted with technology transfer; 780 solar energy installations
<b>Spain</b>	In the province of <b>Guipuzcoa</b> , construction of 2 dams (volume of water: 3 250 000 m <sup>3</sup> ); construction of <b>Bilbao</b> metropolitan railway, reducing travelling time by 50% and energy consumption by 4%. Construction of the Tarragona by-pass motorway (reduction in journey time of over 40 minutes). Installation of 186 000 digitalized lines and over 400 km of optical fibre; support for innovation, in particular the INTA project for the construction of platforms for mini-satellites and land-station infrastructure for the implementation of the service in the province of <b>Madrid</b> .
<b>France</b>	Help or support provided for almost 8 000 firms (700 industrial SMEs in receipt of consultancy aid, and 1 700 diagnostic studies in <b>Nord/Pas-de-Calais</b> ; 700 industrial SMEs assisted in <b>Rhône-Alpes</b> , and almost 600 in <b>Upper Normandy</b> . 14 business start-up facilities and five advance factories in the <b>Loire Region</b> (out of a total of 17) Some 50 tourism projects (improvement of sites, creation of poles in <b>Loire Region</b> , <b>Upper Normandy</b> and <b>Lower Normandy</b> ) Fifteen or so R&D projects, including setting up R&D centres in <b>Upper Normandy</b> , and a technological estate in <b>Poitou-Charentes</b> .
<b>Italy</b>	<b>Tuscany:</b> two works packages for the Interporto intermodal centre and a recycling system for water for industrial use in Prato; 49 initiatives relating to the supply of business services, including 29 to encourage innovation and R&D; 304 investment projects in tourism (1989-91), to provide extra capacity (for 1 200 guests) or improved facilities (9 000 guests). <b>Piedmont:</b> Tecnoparco del Lago Maggiore. <b>Lazio:</b> 100 businesses assisted by business and quality consultants.
<b>United Kingdom</b>	<b>Yorkshire and Humberside:</b> 230 industrial units constructed; 9 railway stations built or improved; <b>Industrial South Wales:</b> about 300 000 visitors involved in tourist projects. <b>North East England:</b> 9 309 businesses assisted (compared with plans for 5 500); 23 infrastructure projects (ports and airports) assisted; 71 tourist attractions created or improved. <b>West Midlands:</b> over 3 000 businesses assisted (consultancy and marketing services); renovation of Birmingham City Centre; development of tourism (over 100 000 extra visitors); creation of 45 technological units in Aston Science Park. <b>Western Scotland:</b> 385 SMEs created and 9 909 assisted; 23 tourist attractions created or improved; 47km of roads built or improved; 119.5 km of railway track and signalling built or improved.

The didactic impact of these support schemes is also worth noting: direct aid to firms is effective only if thought has been given beforehand to strategy when drawing up projects. Measures in favour of the productive sector have also been accompanied, virtually systematically, by staff training. Thus beyond the financial stimulus, which is often quite important in the private sector, these schemes have helped not only to set in motion a new process that will generate jobs and create wealth, but also to promote a new business culture reflected in the development of intangible investment. For the future, however, the question to consider is whether the propensity of firms to invest in intangibles should not be channelled more specifically into basic factors such as human resource management, innovation and, especially, enterprise strategies. It is interesting that several of the programmes concentrate in particular on *innovation*, especially in traditional sectors, which had not previously paid much if any attention to it.

These initial observations tend to show that the process of restructuring activities has begun. However, its intensity varies from one region to the next, as a function of each region's development potential and of the strategy adopted in the period considered. In particular, so-called traditional activities have been restructured and modernized on a large scale, especially in coal-mining and steel-working regions. But the major importance of these activities in a significant number of areas also shows that structural adjustment is still required, with appreciable effects on employment in the next few years.

*Intensity of the conversion process in Objective 2 areas*

<b>Low to moderate</b>	-23 areas: Aubange; Balearic islands, Brittany; Catalonia; Emilia-Romagna; East London; East Midlands; Eastern Scotland; Franche-Comté; Greater Manchester; Groningen-Drenthe; Gibraltar; Upper Normandy; Lorraine; Luxembourg; Nord/Pas-de-Calais; Piedmont; Schleswig-Holstein; Twente; Tuscany; Valle d'Aosta; West Berlin; South-East Brabant
<b>Moderate to high</b>	- 32 areas: Alsace; Aquitaine; Aragon; Auvergne; Lower Normandy; Bavaria; Bremen; Burgundy; Champagne-Ardenne; Hesse; Industrial South Wales; Languedoc-Roussillon; Lombardy; Lazio; Madrid; Marche; Midi-Pyrénées; Navarre; Lower Saxony; North-east England; Basque Country; Loire Region; Picardy; Poitou-Charentes; Provence-Alpes-Côte d'Azur; Rhineland-Palatinate; Saarland; Turnhout; West Midlands; Western Scotland; Yorkshire and Humberside; Zuid-Limburg.
<b>High</b>	-14 areas: Centre; Friuli-Venezia Giulia; Liège; Liguria; Limburg; Lolland; North Jutland; North Rhine-Westphalia; Plymouth; Rioja; Rhône-Alpes; Umbria; Veneto; West Cumbria

**Economic and urban environment:** Beyond the conversion process, the economic and urban environment now shows some tangible signs of improvement. The policy for dealing with derelict industrial sites has meant a radical change in the appearance of these sites in many areas, and has prepared them for new productive uses. Upgrading is sometimes an end in itself, but more often it is a vital step in converting sites for new activities. The purposes to which these sites are put vary enormously, but re-use for economic ends is still the dominant tendency. However, a significant development towards conversion to leisure uses (in the broad sense) has been observed. More generally, there are still large amounts of land available, especially in steel areas.

The degradation of sites due to the decline in traditional industries is still going on. There are still some abandoned sites to be dealt with, and restructuring processes have not yet been completed. The approach to upgrading former industrial sites is linked with the policy on urban sites, which has gone beyond the physical effects on the spot to foster collective awareness of the problems requiring attention and the achievement, sometimes not without difficulty, of a certain dynamic through partnership. These obstacles encountered are far from having been solved; while it is true that there have been major achievements, the action to promote urban upgrading should be given a higher profile.

A number of upgrading operations in industrial areas have also concentrated on the difficult problem of supplying drinking water supplies, particularly to communities bordering on mining areas, to make them autonomous in the medium to long term.

### *Some examples of achievements in ecological and site improvement and restoration*

<b>Belgium</b>	<b>Turnhout:</b> 293.7 ha occupied (with 2 933 jobs created, or 10 jobs per hectare); <b>Liège:</b> 200 ha developed; <b>Aubange:</b> 37 ha developed (out of a total of 88 ha)
<b>Germany</b>	<b>Saarland:</b> 89 ha recovered; <b>Emden, Salzgitter-Peine:</b> 39 ha provided with services; 9 300 m <sup>2</sup> of new industrial estates; <b>Bremen:</b> 265 ha provided with services, 250 m of quayside reclaimed in the new port; 3 sites decontaminated (29 ha); 56 pilot environmental technology projects under the special waste disposal programme. <b>West Berlin:</b> 190 000 m <sup>2</sup> recovered, some 65% reduction in gas emissions
<b>France</b>	Over 8 000 ha of industrial sites rehabilitated or created (7 200 ha in <b>Nord/Pas-de-Calais</b> , i.e. 222 sites rehabilitated; 86 business parks developed, including 14 new ones in <b>Auvergne</b> , and 20 in the <b>Loire Region</b> ). Some 50 urban upgrading operations including 22 in <b>Nord/Pas-de-Calais</b> and 12 in <b>Province-Alpes-Côte d'Azur</b> . Almost 200 business property projects, 60 measures in favour of the environment (including 8 container parks), one factory for the incineration of industrial by-products in <b>Provence-Alpes-Côte d'Azur</b> , 3 purification plants in <b>Picardy</b> .
<b>United Kingdom</b>	<b>Yorkshire and Humberside:</b> 162 ha of industrial area created; 50 ha recovered or provided with services; <b>Industrial South Wales:</b> 30 000 m <sup>2</sup> of land recovered or improved environmentally. <b>North-East England:</b> 41 498 m <sup>2</sup> of factories constructed; 182 ha of industrial sites recovered. <b>Western Scotland:</b> 459 industrial or commercial sites available; 900 ha of industrial sites created or improved; on the environmental side: 1 787 ha of land recovered, enhanced attractiveness to tourists (30 sites); 4 purification plants and 3 waste processing units.

**Human resources and employment:** Measures for human resources reflect the need to back up economic development of businesses with a view to slowing down the decline in industrial employment. Training arrangements have been introduced to combat the shortage of qualified labour and the rapid obsolescence of skills, which eventually pose problems for jobs and the competitiveness of the productive apparatus.

### *Some examples of achievements in the domain of human resources*

<b>Belgium</b>	48 582 people trained: 41 987 in <b>Limburg</b> and 6 595 in <b>Liège</b>
<b>Denmark</b>	<b>North Jutland:</b> training courses for 6 159 workers and 1 546 unemployed.
<b>France</b>	Creation of a professional university centre ( <b>Upper Normandy</b> ), technological support for 17 high schools and a technical training centre in <b>Champagne-Ardenne</b> , extension of the university of <b>Picardy</b> , aid to the Mining College of <b>Albi-Carmaux (Midi-Pyrénées)</b> , construction and equipment of an engineering school in <b>Poitou-Charentes</b> . About 175 000 persons trained, including: - <b>Nord/Pas-de-Calais:</b> almost 92 000 beneficiaries (1990-92); - <b>Upper Normandy:</b> 9 138 persons trained, including 2 120 unemployed and 727 recipients of business start-up aid; - <b>Lorraine:</b> 5 158 beneficiaries, including 31 FNE-ESF agreements involving 1 690 employees and 559 094 hours of training., 1 858 unemployed, 1 541 employees for training leading to a qualification and 69 for business start-up training; - <b>Brittany:</b> 6 500 beneficiaries (including 3 800 unemployed, with a return-to-work rate of 65%).
<b>Italy</b>	<b>Liguria:</b> 3 400 people trained.
<b>Netherlands</b>	7 405 people trained, comprising 1 800 in <b>Zuid-Limburg</b> (48 projects) and 5 605 in <b>Twente</b> .
<b>United Kingdom</b>	<b>Yorkshire and Humberside:</b> 5 vocational training centres built or renovated. <b>North-east England:</b> 27 946 people trained. <b>North-west England:</b> about 90 000 people trained. <b>Western Scotland:</b> 11 849 m <sup>2</sup> built or fitted for training activities: 1 598 full-time and 269 part-time students

In terms of jobs, the available data are partial, since they concern only certain measures and certain regions. A significant impact can already be observed in some areas, however. For example, in North Rhine-Westphalia, 32 784 jobs so far have been created or safeguarded by one measure: the diversification of economic activity; the number rises to 50 000 if we also take account of the effects of the improvement of industrial sites. But beyond the figures, it is clear that the number of jobs created or consolidated cannot be significantly determined until after completion of the programmes.

*Some data on impact on employment: Objective 2 (1989-93)*

	Jobs created or safeguarded		Jobs created or safeguarded
<b>Belgium</b>		<b>Italy</b>	
- Limburg	24 078	- Liguria	4 993
- Turnhout	10 580	- Tuscany	8 506
- Antwerp	1 173	- Piedmont	13 222
<b>Denmark</b>		- Umbria	5 680
- North Jutland	1 400	<b>Luxembourg</b>	
- Vestlolland	500	- Esch Capellen	314
<b>Germany</b>		<b>Netherlands</b>	
- North Rhine-Westphalia	59 784	- Zuid Limburg	1 800
- Bremen	23 000	<b>United Kingdom</b>	
- Berlin (West)	11 300	- West Midlands	19 517
<b>France</b>		- Eastern England	26 375
- Upper Normandy	4 562	- Eastern Scotland	38 619
- Franche Comté	8 570		
- Burgundy			
- Lorraine			

To provide fuller criteria for all assistance in regions eligible under Objective 2, the Commission will begin *ex post* evaluation in partnership with the Member States early in 1996. Its purpose will be to verify in more depth the effectiveness of the conversion measures in the various programmes, and to draw conclusions for the preparation of new programming documents for the period 1997-99. This study will cover all 60 areas eligible under Objective 2 and will include detailed and thematic evaluations.

### 1.3. Objectives 3 and 4

When this report was drafted, the Commission was gathering together the reports on *ex post* evaluation for former Objectives 3 and 4. The results below are thus incomplete, since they are based on a preliminary analysis of the reports on five Member States only: Belgium, Denmark, Spain, France and the Netherlands. These *ex post* evaluations, for which the national authorities received financing to recruit specialized evaluation teams under technical assistance, began in 1992 with an agreed joint reference framework for the Member States. The methodology adopted provides for *ex post* evaluations on the basis of a number of criteria: the effectiveness and efficiency, from the point of view of recipients, of part-financing measures for integration into working life; the implementation of assistance; specific target groups that actually received assistance under the programmes and the net impact of assistance; added value of programmes in receipt of ESF financing in relation to national programmes; the socio-economic background to the measures.

**General remarks:** It should be borne in mind that the 1989-93 programming period coincided with a serious economic recession, during which several Member States recorded a considerable net decline in employment. In such unfavourable circumstances, ESF programmes could therefore be expected, at best, to help slow down the rise in unemployment. The fact that long-term unemployment has not increased very much during this recession period may be taken as evidence that active measures in favour of the labour market in general, and those by the ESF in particular, were, in this limited sense, effective. It should also be remembered that before the beginning of the first programming period, many Member States began to change their labour market policy from a policy of passive benefits to more active job-creation and training measures. The ESF probably helped significantly to reinforce this tendency towards more active measures in favour of the labour market.

Against this background of excessive unemployment, the overall effect of measures such as training and job creation is limited. But it is important to stress that these measures may have had a major impact on the relative situation of target groups by comparison with the total unemployed population. The final effect will

then be reflected in the same unemployment rate at macro-economic level, but unemployment will be spread more equally across the various populations affected.

**Scope of measures:** Despite the limited size of the ESF budget in relation to the national budgets available for active measures in favour of the labour market, ESF action seems to have had a very wide-ranging impact. For example, in the Netherlands in 1992, almost 60 000 people benefited from Objective 3 and 4 programmes, compared with 200 000 participants in national programmes. In Denmark, participants in ESF programmes represented over 2% of full-time workers, and about 6 or 7% of the people that had benefited from national measures in favour of the unemployed. The impact of the ESF is visible for the long-term unemployed, such as young people (in Spain), those with a low level of skills and women seeking a new job after a period outside the labour market. To the question whether the people actually affected by the measures were those the ESF measures were designed to reach, the evaluation gives an ambivalent answer. Despite the clearly stated objective of targeting priority groups because of their exclusion from the labour market, there seems to have been some creaming off of the candidates most likely to be integrated into working life, at the expense of weaker candidates. The groups with the greatest problems, older, unskilled jobseekers, immigrants, unskilled women, are practically all under-represented among participants in these measures compared with their share in total unemployment.

**Effectiveness:** The effectiveness of ESF programmes depends to a very great extent on the target group concerned by the measures. For most target groups, programmes are about 50% effective, i.e. after a certain period, 50% of the participants have found jobs. Net effectiveness for these groups is actually much lower, however (less than 10%), because of losses through inertia, which means that many of the participants would have managed to find employment even if they had not taken part in the ESF programmes. For underprivileged target groups, the most exposed, net effectiveness is much higher, since those concerned have great difficulty in finding a job on their own initiative and through their own unaided efforts. It would be a mistake, however, to measure the effectiveness of the programmes only by the rate of placement. Using rates of placement on completion of the measure as an evaluation criterion contributes to exacerbating the creaming-off effect. Account should also be taken of the indirect effects on integration into working life; social and psychological effects are also significant in improving chances of future recruitment. Participating in a programme helps the person to regain self-confidence, to restore social contact, to get into a working rhythm etc. All these factors are very difficult to quantify, but they are vital for the marginalized groups. The evaluation reports note that, among the types of measures in receipt of financing, training predominates over other active policies, although in general the more closely the measure involves an actual firm, and the more it relates to actual working conditions, the better its chances of leading to a job. Some reports remark that, whatever the direct effects of certain measures on return to work, participation in any measure at all increases the chances of finding a job. In conclusion, the effect of the various measures depends largely on the process of which it is part; rates of placement should be assessed, not after an isolated training measure, but at the end of a more complex integration process.

**Value added:** The ESF has made it possible to reinforce many active measures in favour of the labour market, by helping them to target specific groups more precisely than the corresponding national measures. Similarly, because of the approach to programming, the quality of implementation of measures part-financed by the ESF is better than the average for national programmes. But it is also apparent that in certain Member States, ESF aid has been used in part to fill the gap left by cuts in national programmes. Would these cuts have been made if ESF aid had not been forthcoming? As many of the ESF objectives are the same as national objectives, very few genuinely new projects have been developed. The situation in Spain, where ESF financing is more substantial, is somewhat different from that in the other four Member States studied. In Spain, the relatively high level of ESF financing seems to have had a very positive impact on the level of training and the professional quality of the youngest component of Spain's labour force, which certainly helped to improve their job prospects significantly. The net effect of ESF measures on education has been much stronger than that obtained in the other four Member States. Moreover, these measures have also had a positive indirect effect on the productivity of firms, which has in turn helped to safeguard and create jobs.



**Recommendations:** With these preliminary results of evaluations carried out for the five Member States, we can now define some guidelines and recommendations for implementing programmes in the period 1994-99. First of all, it will be necessary to define target groups carefully, to limit loss from inertia and the creaming-off effect. The resources of the ESF should be more concentrated on groups running a real risk of social exclusion, because they are often crowded out of the labour market by other groups that are better skilled and/or less subject to discrimination. Secondly, training along with placement and counselling services gives better results than training alone. By providing timely assistance in the form of counselling, it is possible to prevent jobless people from falling into the trap of long-term unemployment. Thirdly, more account should be taken of frictions that can occur on the supply side, and in some cases the attitude of workers to their work should be improved, e.g. through better financial incentives. Fourthly, when the aim of the project is to provide the participants with jobs, they must be put into contact with the labour market in some way or another, e.g. through placement structures. Finally, the main problem posed in preparing the evaluation was that data on what became of participants were available only after the programmes had finished. It is very important for future programmes that this information should be collected as soon as the measures are implemented. To this end, it is important for the programmes to include a suitable follow-up system relating to the various programming levels.

#### 1.4. Objective 5(b)

For Objective 5(b), *ex post* evaluation was carried out in 21 regions from all the relevant Member States. Assessors were selected in the second half of 1993. The interim reports were examined in the spring of 1994, and final reports were submitted towards the end of the year. A summary report for the work as a whole was completed in the spring of 1995 on the basis of data for 1994, a year in which many of the programmes were still under way. Consequently, the results are not definitive.

In the period 1989-93, Objective 5(b) areas covered 17% of geographical area, and 5.1% of the population (or 16.3 million inhabitants). Community aid totalled ECU 3 000 million, or about 5% of total available Structural Fund financing.

**General remarks:** On the whole, the general aims of the programmes will have been met. As Objective 5(b) programmes were an innovation in many regions, and as the integrated approach to rural development might have caused problems to the various administrations concerned, the final result may be considered positive; the experience gained in the first period will be very valuable for the implementation of programmes in the second period, and will make them more effective. Partnership worked well, also contributing to the positive result; all the partners were determined to achieve the aims set. Here again, although some problems occurred for administrative reasons, experience of the operation of Monitoring Committees will make their job easier in the present period. A final point to stress is the incentive effect of programmes that make possible a number of works projects: without their help, over half the measures would have been carried out later, or not at all.

**Lessons learned:** Evaluation related to five types of measure: development aid and diversification of agricultural and forestry activities (37% of financing); economic development and aid to SMEs (24%); rural tourism (13%); protection and enhancement of the natural environment, and development of human resources. The purpose of measures financed in the agricultural sector was to improve the efficiency of agricultural holdings, either by upgrading the final product, reducing production costs and using more efficient techniques, or by improving infrastructure. All the measures were introduced in compliance with the requirements and constraints of the common agricultural policy, and their aim was usually to increase the range of activities on holdings to as to ensure lasting results in the longer term. In the forestry sector, the introduction of programmes (road-building, replanting etc.) enabled a start to be made on work that would not have been undertaken until much later had the Community contribution not been forthcoming.

Development of economic activities outside the agricultural sector is a basic objective of aid, since it is vital to create replacement jobs to offset job losses in farming and to keep the population from dropping below a critical level. Investment carried out falls into two main categories: industrial infrastructure (equipping industrial sites, improving communications infrastructure, adapting existing buildings) and investment of direct relevance to SMEs, with direct job-creating or job-safeguarding effects. Village renewal work is also a good opportunity for job creation while pursuing various aims, such as the protection of the heritage or the improvement of living conditions.

One highly successful diversification activity for agricultural holdings is farm tourism (or "green" tourism). Measures in this sector relate both to investment in good-quality accommodation facilities on the farm and to general infrastructure, as an essential back-up to the development of tourism (sports facilities, marked trails, recreation areas, natural parks, natural and artificial lakes, etc.). One of the advantages of green tourism is that it brings in extra income while keeping the farmer and his family on the farm. However, while this type of activity is to be encouraged, it should not be taken too far, since excessive tourist activity can damage the environment or the life style of the local population; moreover, the financial repercussions of the investment cost should be assessed in the light of the fairly short useful life of the investments. If depreciation costs are excessive owing to expensive initial investment, the intended increase in farmers' incomes might even be wiped out.

Environment protection in rural areas involves varied measures, from control of agricultural output limiting the use of fertilizers, pesticides, insecticides etc., or maintaining the landscape and natural sites, to the treatment of waste and waste water. Forestry conservation measures and the establishment of nature parks also contribute to the achievement of this objective. All the activities may create jobs, but they have received insufficient attention in certain programmes, perhaps because of lack of financing or lack of motivation among local people.

Conversion to new activities, diversification of farming activities, new job creation or new business start-ups - none of these can succeed properly unless they are backed up by suitable and solid training for all those involved in the changes. This policy implies that information should circulate as widely as possible, prior vocational training should be provided, and support should be available, at least in the early years, to perfect the know-how needed for the conversion to succeed. Such a policy creates jobs at two levels, since any new activity generates a new job, and qualified staff are also needed to provide information and training.

The overall final impact should be assessed with much caution, in view of the work still to be done before the evaluation is complete, the nature of the task of evaluation, and the features of programmes under Objective 5(b). By extrapolation, however, the number of jobs created or safeguarded in 1989-93 can be estimated at some 135 000, plus those created or safeguarded in the framework of the Leader I Community initiative; there are grounds for believing that the tendency to population loss has weakened, and that incomes have improved.

## **2. Community Initiatives**

Certain Community Initiatives have been evaluated for the first programming period by internal and external consultants: Interreg, Envireg, Regen, Resider, Rechar, Renaval, Stride, Telematique and Prisma. This was a "bottom-up" evaluation, analysing the type and main features of the projects, and how they matched the priorities defined by the Commission for Community Initiatives. Its main purpose was to determine the value added by the Community contribution, and to assess implementing arrangements. Subject to verification, and pending receipt of final reports on the evaluations, some results are already available.

In general, some 30% to 50% of projects were carried out solely because a Community Initiative had been introduced. For a further 20% to 30%, the Community Initiative speeded up realization or reinforced

complementarity with measures under CSFs. The remaining projects - those that would have been carried out even without Community aid - can be estimated at less than 20%. Secondly, cooperation, innovation and dissemination of most appropriate practice are all reinforced at the implementation phase even if it is not apparent in concrete terms while measures are under way, and real progress has been made. Finally, the assessors frequently refer to weaknesses in the monitoring arrangements and there has been little progress in eliminating the distinction between legal, financial and administrative projects in the framework of cross-border measures. Nevertheless, there are good practices in this field, and some are transferable.

Although it is difficult to make comparisons between Initiatives, conclusions can be reached for some of them. It seems, first of all, that Envireg is a success on the whole, and has really given a new lease of life to environmental policy in the Objective 1 regions and appreciably influenced new regional development plans and CSFs. This Initiative has led to healthy competition between local and regional authorities in the environmental field. The justification for Interreg is to be found mainly in the fact that it has encouraged a process of regional collaboration, rather than in the type of project financed, for which there is a relatively large unexpended balance. Regen shows up limits and shortcomings in national planning, and demonstrates how a Community Initiative can contribute to strengthening collaboration (Greece and Italy; Spain and Portugal), diversify the range of products and service (creation of gas distribution systems), promote the establishment of networks and reduce the number of missing links (connection of the Greek electricity grid to the Italian and European grids). The evaluation of Envireg and Regen is complete, and final reports for Interreg, Stride, Telematique, Prisma, Rechar, Resider and Renaval should be available in the autumn of 1995. The evaluation reports will also be submitted to the appropriate national authorities.

### **3. Ex post evaluation of additionality (1989-93)**

In 1994, the Commission continued work on verification of the principle of additionality by collecting the relevant financial information. The evaluation of additionality for the programming period 1989-93, which implies collecting the definitive figures for the period, cannot be undertaken until reliable data is available for all the Member States, i.e. in 1995.

### **4. The Fifth Periodic Report on the Social and Economic Situation and Development of the Regions of the Community**

The Commission's periodic reports,<sup>6</sup> published every three years, give an overall view of the economic and social cohesion of the regions, of regional policy and of the challenges facing the regions. The Fifth Periodic Report<sup>7</sup> confirms that there are still major disparities between the regions from the point of view of per capita income (measured as per capita GDP expressed in purchasing power parities) and unemployment. For example, in the Community of 12 in 1991, the ten most prosperous regions had an average per capita income 4.5 times that of the ten least prosperous regions. For unemployment rates, the gap is even wider: in 1993, the ten worst hit regions recorded an average rate of unemployment of 25.3%, about seven times that of the ten least affected regions (3.6%). This shows the strongly regional nature of the general problem of unemployment in the Community, which was the subject of the Commission's White Paper on "Growth, competitiveness and employment".

As time passes, per capita incomes are very gradually converging (although the effect has been less smooth in the weakest regions); but regional disparities between rates of unemployment are widening. They are due not only to differences in economic performance and job-creation, but also to differences in the rate of increase in the supply of labour. Many of the regions where unemployment rates are highest are also those where the labour supply is largest.

<sup>6</sup> Legal basis: Article 8 of Regulation (EEC) No 4254/88.

<sup>7</sup> Competitiveness and cohesion: regional trends. COM(94) 322 final.

These disparities reflect underlying differences in the competitiveness of the regions. One way of analysing these differences is to measure disparities in basic material conditions of production. This approach shows major disparities between the prosperous and the less prosperous regions in terms of basic infrastructure (transport, telecommunications, water purification), as well as "know-how gaps" (availability of skilled labour) and "technological gaps" (research capacity), factors which businesses themselves regard as basic to a region's competitiveness. Compared with the other Community regions, the regions of Greece, Spain, Ireland and Portugal are short of roads (especially motorways), of railway lines (especially modern ones), telephone lines, good access to the main energy networks, and connections to systems of waste elimination and water supply networks. With the exception of Ireland, these regions have fewer scientific and technical workers than other Community regions, and a substantial proportion of the population has not completed secondary education.

This analysis, along with statistics on the main disparities in terms of facilities available in the regions, was the basis for negotiations between the Commission and the Member States with a view to preparing the new generation of Objective 1 programmes for 1994-99. In many cases, the quantitative gaps were converted into targets for the regions, which will be used for the overall evaluation of the outcome of expenditure in the current programming period.

The report also analyses certain challenges, and supplies a number of factors which can be used to assess the outlook for the regions, especially in terms of reducing regional disparities. Among the favourable factors, we may mention the effect of economic growth in the Community, which in the past provided favourable conditions for reducing income disparities. Considered jointly with the stability that should be engendered by macro-economic adjustment designed to satisfy the criteria fixed by the Maastricht Treaty, an improvement may be expected in the conditions for a recovery in private investment. This will also facilitate the implementation of measures provided for by Structural Funds to develop investment in the weakest regions and bridge gaps, especially in terms of infrastructure, as well as helping the four poorest Member States to raise their growth rates above the average level, without which they cannot catch up. For 1999, the Community will supply from 7% to 13% of total investment in these Member States.

However, the future does hold some risk for the poorest regions. For unemployment, certain factors reflect the difficulties that beset attempts to improve the situation, and these difficulties will often seriously affect the weakest regions. They arise from the effects of restructuring in the traditional industries and agriculture, and the possible increase in the labour supply, especially in the many southern regions where there will be a higher proportion of women entering the labour market. The short-term effects of the macro-economic adjustment measures in the weakest Member States may also tend to depress employment linked to certain categories of public expenditure, while the management of exchange rates may have an unfavourable impact, at least temporarily, on competitiveness. Other challenges include the effects of the latest enlargement. Meanwhile, geo-political change in the wider Europe is likely to import new competition from the east, for certain products in which the weaker Community regions are specialized (e.g. textiles and agricultural products).

On the whole, the analyses in the report reinforce the conviction that the economic convergence process is a long-term one, because of the size of existing disparities and of the long-term investment needed to reduce them, and that it is a process that does not often go smoothly. It will take some time for national and Community policies to enable the weaker Member State and regions to take their full part in economic growth, and transform that growth into an increase in the rate of job creation at regional level.

# ANNEXES

**ANNEX 1**

**FINANCIAL EXECUTION BY OBJECTIVE**

**in 1994**

Table 1. OBJECTIVE 1 - CSF

1994

Ecu million (1994 prices)

Member State	Fund	Commitments (1994-1999)	Payments (including carry-overs, appropriations made available again and repayments of advances)
Belgium	ERDF	65,96	33,01
	ESF	24,70	12,35
	EAGGF	7,00	4,69
	FIFG	0,37	4,37
	<i>Total</i>	<i>98,03</i>	<i>54,42</i>
Germany	ERDF	923,07	582,17
	ESF	560,51	376,22
	EAGGF	379,00	263,80
	FIFG	7,00	10,92
	<i>Total</i>	<i>1869,59</i>	<i>1233,10</i>
Greece	ERDF	1338,23	910,22
	ESF	337,33	444,57
	EAGGF	247,00	293,11
	FIFG	17,80	38,30
	<i>Total</i>	<i>1940,35</i>	<i>1686,21</i>
Spain	ERDF	2165,09	1246,40
	ESF	828,35	474,70
	EAGGF	408,55	290,05
	FIFG	136,53	125,03
	<i>Total</i>	<i>3538,51</i>	<i>2136,18</i>
France	ERDF	140,47	86,91
	ESF	69,83	35,53
	EAGGF	59,71	48,20
	FIFG	5,19	12,44
	<i>Total</i>	<i>275,20</i>	<i>183,08</i>
Ireland	ERDF	250,47	213,32
	ESF	324,18	339,78
	EAGGF	177,76	124,04
	FIFG	3,00	4,93
	<i>Total</i>	<i>755,41</i>	<i>682,07</i>
Italy	ERDF	459,15	519,15
	ESF	239,16	178,09
	EAGGF	66,09	157,25
	FIFG	31,97	33,85
	<i>Total</i>	<i>796,37</i>	<i>888,35</i>
Netherlands	ERDF	14,30	8,39
	ESF	3,20	1,67
	EAGGF	1,90	1,01
	FIFG	0,60	0,80
	<i>Total</i>	<i>20,00</i>	<i>11,88</i>
Portugal	ERDF	2215,54	1120,71
	ESF	425,02	260,79
	EAGGF	501,03	397,58
	FIFG	28,08	52,43
	<i>Total</i>	<i>3169,68</i>	<i>1831,51</i>
United Kingdom	ERDF	172,53	135,75
	ESF	103,24	124,33
	EAGGF	32,49	40,01
	FIFG	5,46	13,59
	<i>Total</i>	<i>313,72</i>	<i>313,68</i>
	ERDF	7744,81	4864,38 (2)
	ESF	2915,52	2248,04 (3)
	EAGGF	1880,53	1619,75 (4)
	FIFG	236,00	324,92
	<b>TOTAL</b>	<b>12776,86 (1)</b>	<b>9057,08</b>

(1) Of which ECU 50.93 million for the 1989-93 programming period.

(2) Of which ECU 6.84 million in appropriations carried over or made available again.

(3) Of which ECU 20.69 million in appropriations carried over or made available again.

(4) Of which ECU 22.47 million in appropriations carried over or made available again.

168-9

Table 2. OBJECTIVE 2 - CSF

1 9 9 4

Ecu million (1994 prices)

Member State	Fund	Commitments (1994-1999)	Payments (including carry-overs, appropriations made available again and repayments of advances)
Belgium	ERDF	49,12	41,56
	ESF	8,41	7,93
	<i>Total</i>	<i>57,53</i>	<i>49,49</i>
Denmark	ERDF	18,84	11,07
	ESF	5,45	2,35
	<i>Total</i>	<i>24,29</i>	<i>13,42</i>
Germany	ERDF	177,72	99,97
	ESF	71,12	51,76
	<i>Total</i>	<i>248,84</i>	<i>151,73</i>
Spain	ERDF	0,00	99,50
	ESF	0,14	26,76
	<i>Total</i>	<i>0,14</i>	<i>126,25</i>
France	ERDF	489,79	289,39
	ESF	101,52	62,47
	<i>Total</i>	<i>591,31</i>	<i>351,87</i>
Italy	ERDF	239,29	129,53
	ESF	60,66	40,67
	<i>Total</i>	<i>299,95</i>	<i>170,20</i>
Luxembourg	ERDF	6,03	3,01
	ESF	1,94	1,02
	<i>Total</i>	<i>7,97</i>	<i>4,04</i>
Netherlands	ERDF	66,86	46,47
	ESF	29,01	22,78
	<i>Total</i>	<i>95,87</i>	<i>69,25</i>
United Kingdom	ERDF	551,26	609,12
	ESF	180,53	123,60
	<i>Total</i>	<i>731,79</i>	<i>732,73</i>
	ERDF	1598,91	1329,62 (1)
	ESF	458,77	339,36 (2)
	<b>TOTAL</b>	<b>2057,68</b>	<b>1668,98</b>

(1) Of which ECU 72.725 million in appropriations carried over or made available again.

(2) Of course ECU 0.319 million in appropriations carried over or made available again.



**Table 3. OBJECTIVE 3 - CSF**

**1 9 9 4**

ECU million (1994 prices)

Member State	Fund	Commitments (1994-1999)	Payments
Belgium	ESF	64,36	64,13
Denmark	ESF	44,00	35,20
Germany	ESF	259,56	156,21
Spain	ESF	219,62	125,96
France	ESF	381,60	275,12
Italy	ESF	200,47	128,63
Luxembourg	ESF	3,17	2,80
Netherlands	ESF	138,43	136,25
United Kingdom	ESF	478,00	431,02
	<b>TOTAL</b>	<b>1789,21</b>	<b>1355,31</b>

**Table 4. OBJECTIVE 4 - CSF**

**1 9 9 4**

ECU million (1994 prices)

Member State	Fund	Commitments (1994-1999)	Payments
Belgium	ESF	4,63	2,32
Denmark	ESF	1,00	0,50
Germany	ESF	29,61	14,81
Spain	ESF	55,40	27,70
France	ESF	95,39	47,70
Italy	ESF	60,61	30,31
Luxembourg	ESF	0,26	0,13
Netherlands	ESF	22,23	11,12
United Kingdom	ESF	0,00	0,00
	<b>TOTAL</b>	<b>269,13</b>	<b>134,56</b>

**Table 5. OBJECTIVE 5(a) - CSF**

**1994**

ECU million (1994 prices)

Member State	Commitments (1994-1999)				Payments			
	(A)	(B)	(C)	TOTAL	(A)	(B)	(C)	TOTAL
Belgium	38,26	7,47	4,79	50,52	22,82	3,55	2,05	28,43
Denmark	35,65	4,28	23,31	63,23	19,67	0,61	13,27	33,55
Germany	152,71	92,09	12,41	257,21	82,31	53,51	6,21	142,03
Spain	43,51	41,08	20,15	104,73	38,19	26,03	9,97	74,19
France	230,89	208,76	32,40	472,05	96,85	72,34	15,97	185,16
Ireland	0,00	0,00	0,02	0,02	0,00	0,00	0,00	0,00
Italy	117,04	36,43	22,43	175,90	75,06	21,56	11,23	107,85
Luxembourg	7,25	2,25	0,21	9,71	5,21	1,12	0,11	6,44
Netherlands	22,91	2,34	7,76	33,01	16,74	1,26	3,88	21,88
Portugal	0,00	0,00	0,04	0,04	0,00	0,00	0,00	0,00
United Kingdom	56,64	32,04	15,13	103,81	43,66	11,62	7,40	62,68
<b>TOTAL</b>	<b>704,86</b> (1)	<b>426,73</b> (2)	<b>138,64</b> (3)	<b>1270,24</b>	<b>400,50</b>	<b>191,61</b>	<b>70,08</b>	<b>662,19</b>

A) Objective 5(a) outside Objective 1 and 5(b) areas (EAGGF).

B) Objective 5(a) in Objective 5(b) areas (EAGGF).

C) Objective 5(a) fisheries (FIG).

(1) Including ECU 152.12 million for the 1989-93 programming period.

(2) Including ECU 62.74 million for the 1989-93 programming period.

(3) Including ECU 2.43 million for technical assistance not covered by the SPD (Article 4 of the FIG Regulation).

Table 6. OBJECTIVE 5(b) - CSF

1994

ECU million (1994 prices)

Member State	Fund	Commitments (1994-1999)	Payments
Belgium	ERDF	0,00	3,35
	ESF	0,00	0,00
	EAGGF	0,00	3,41
	<i>Total</i>	<i>0,00</i>	<i>6,76</i>
Denmark	ERDF	2,57	3,75
	ESF	1,29	0,64
	EAGGF	2,57	1,29
	<i>Total</i>	<i>6,43</i>	<i>5,68</i>
Germany	ERDF	49,57	44,66
	ESF	22,36	12,87
	EAGGF	54,05	43,22
	<i>Total</i>	<i>125,97</i>	<i>100,75</i>
Spain	ERDF	19,43	15,32
	ESF	8,00	5,05
	EAGGF	46,09	32,54
	<i>Total</i>	<i>73,51</i>	<i>52,90</i>
France	ERDF	112,09	84,46
	ESF	34,98	32,44
	EAGGF	115,66	120,50
	<i>Total</i>	<i>262,73</i>	<i>237,40</i>
Italy	ERDF	31,46	16,38
	ESF	11,08	8,77
	EAGGF	32,96	22,59
	<i>Total</i>	<i>75,50</i>	<i>47,74</i>
Luxembourg	ERDF	0,43	0,00
	ESF	0,11	0,06
	EAGGF	0,30	0,15
	<i>Total</i>	<i>0,84</i>	<i>0,21</i>
Netherlands	ERDF	12,08	5,16
	ESF	1,30	1,33
	EAGGF	4,92	6,07
	<i>Total</i>	<i>18,29</i>	<i>12,56</i>
United Kingdom	ERDF	29,59	43,73
	ESF	7,23	6,41
	EAGGF	9,29	4,65
	<i>Total</i>	<i>46,11</i>	<i>54,79</i>
	ERDF	257,21	216,81 (1)
	ESF	86,34	67,57
	EAGGF	265,84	234,42
	<b>TOTAL</b>	<b>609,39</b>	<b>518,80</b>

(1) Including ECU 432 000 in appropriations carried over or made available again.

**Table 7. Technical assistance, transitional measures and innovative actions  
(commitments in 1994)(1)**

(ECU million, 1994 prices)			
	Fund		
<b>BELGIUM</b>	ERDF	Article 7	-
		Article 10	-
	ESF		20,36
	EAGGF		-
	FIFG		-
	<b>Total</b>		<b>20,36</b>
<b>DENMARK</b>	ERDF	Article 7	-
		Article 10	-
	ESF		0,66
	EAGGF		-
	FIFG		-
	<b>Total</b>		<b>0,66</b>
<b>GERMANY</b>	ERDF	Article 7	-
		Article 10	0,38
	ESF		1,34
	EAGGF		1,33
	FIFG		-
	<b>Total</b>		<b>3,04</b>
<b>GREECE</b>	ERDF	Article 7	-
		Article 10	2,10
	ESF		27,57
	EAGGF		-
	FIFG		-
	<b>Total</b>		<b>29,67</b>
<b>SPAIN</b>	ERDF	Article 7	-
		Article 10	55,00
	ESF		1,08
	EAGGF		5,55
	FIFG		-
	<b>Total</b>		<b>61,63</b>
<b>FRANCE</b>	ERDF	Article 7	-
		Article 10	-
	ESF		1,26
	EAGGF		4,70
	FIFG		-
	<b>Total</b>		<b>5,96</b>
<b>IRELAND</b>	ERDF	Article 7	-
		Article 10	-
	ESF		0,71
	EAGGF		0,56
	FIFG		-
	<b>Total</b>		<b>1,27</b>
<b>ITALY</b>	ERDF	Article 7	-
		Article 10	-
	ESF		5,93
	EAGGF		10,67
	FIFG		-
	<b>Total</b>		<b>16,60</b>

(1) Budget headings B2-1800, B2-1810, B2-1811, B2-1820, B2-1830  
(in particular measures under Article 8 of the EAGGF Regulation,  
Article 4 of the FIFG Regulation, Articles 7 and 10 of the ERDF Regulation and  
Article 6 of the ESF Regulation)

(ECU million, 1994 prices)

	Fund		
<b>LUXEMBOURG</b>	ERDF	Article 7	-
		Article 10	-
	ESF		0,17
	EAGGF		-
	FIFG		-
	<b>Total</b>		<b>0,17</b>
<b>NETHERLANDS</b>	ERDF	Article 7	-
		Article 10	-
	ESF		0,21
	EAGGF		-
	FIFG		-
	<b>Total</b>		<b>0,21</b>
<b>PORTUGAL</b>	ERDF	Article 7	8,66
		Article 10	38,44
	ESF		0,55
	EAGGF		6,33
	FIFG		-
	<b>Total</b>		<b>53,98</b>
<b>UNITED KINGDOM</b>	ERDF	Article 7	-
		Article 10	-
	ESF		1,55
	EAGGF		-
	FIFG		-
	<b>Total</b>		<b>1,55</b>
<b>Community</b>	ERDF	Article 7	12,85
		Article 10	15,27
	ESF		0,01
	EAGGF		3,20
	FIFG		16,55
	<b>Total</b>		<b>47,88</b>
<b>TOTAL</b>	ERDF	Article 7	21,51
		Article 10	111,19
	ESF		61,39
	EAGGF		32,33
	FIFG		16,55
	<b>Total</b>		<b>242,97</b>

**ANNEX 2**

**REGIONAL ALLOCATION OF ERDF COMMITMENTS**

**in 1994**

## Regional allocation of ERDF commitments in 1994

- (ECU million, 1994 prices)

	Obj. 1	Obj. 2	Obj. 5 (b)	Art. 7 AT	Trans. meas.	Innov. measures	Comm. Initiat.
<b>TOTAL</b>	<b>7,866,64(1)</b>	<b>1,404,11(2)</b>	<b>288,94(3)</b>	<b>21,41</b>	<b>107,83</b>	<b>3,38</b>	<b>20,73</b>
<b>COMMUNITY</b>				<b>12,83</b>	<b>11,91</b>	<b>3,38</b>	
<b>BELGIUM</b>	<b>65,96</b>	<b>49,32</b>					
Flanders	-	29,91	-	-	-	-	-
Wallonia	65,96	19,21	-	-	-	-	-
<b>DANEMARK</b>		<b>18,84</b>	<b>2,57</b>				
Øst For Storebaelt	-	7,02	-	-	-	-	-
Vest For Storebaelt	-	11,82	-	-	-	-	-
Multi-regional	-	-	2,57	-	-	-	-
<b>GERMANY</b>	<b>923,07</b>	<b>177,72</b>	<b>49,47</b>		<b>6,38</b>		
Mecklenburg-Western Pomerania	111,53	-	-	-	-	-	-
Brandenburg	145,51	-	-	-	-	-	-
Saxony-Anhalt	171,09	-	-	-	-	-	-
Saxony	272,62	-	-	-	-	-	-
Thuringia	152,55	-	-	-	-	-	-
Berlin (east)	69,77	-	-	-	-	-	-
Schleswig-Holstein	-	10,00	4,09	-	-	-	-
Hamburg	-	-	-	-	-	-	-
Lower Saxony	-	3,00	11,67	-	-	-	-
Bremen	-	9,71	-	-	0,38	-	-
North Rhine-Westphalia	-	80,74	-	-	-	-	-
Hesse	-	17,68	3,84	-	-	-	-
Rhineland-Palatinate	-	15,25	5,30	-	-	-	-
Baden-Württemberg	-	-	-	-	-	-	-
Bavaria	-	8,51	24,67	-	-	-	-
Saarland	-	10,16	-	-	-	-	-
Berlin	-	22,69	-	-	-	-	-
Lower Saxony	-	-	-	-	-	-	-
<b>GREECE (4)</b>	<b>1,399,73</b>				<b>2,10</b>		
Eastern Central and Islands (5)	101,24	-	-	-	-	-	-
Central and Western Macedonia	112,90	-	-	-	-	-	-
Peloponnese and Western Central Gr	133,40	-	-	-	-	-	-
Thessaly	48,64	-	-	-	-	-	-
Eastern Macedonia	-	-	-	-	-	-	-
Crete	41,60	-	-	-	-	-	-
Epirus (7)	53,23	-	-	-	-	-	-
Thrace (8)	68,30	-	-	-	-	-	-
Eastern Aegean Islands (9)	62,42	-	-	-	-	-	-
Multi-regional	774,00	-	-	-	2,10	-	-

1) Including ECU 120.73 million for the period 1989-93 (57.50 for Greece, 14.49 for Italy; 48.74 for Portugal)

2) Including ECU 5.2 million for the period 1989-93 for Italy

3) Including ECU 820 000 for the period 1989-93 for Italy

4) The regional breakdown below does not correspond to the current administrative situation covering the 13 regions.

5) Includes the MOP for Attica.

6) Includes the MOPs for mainland Greece, Western Greece and the Peloponnese.

7) Includes the MOPs for Epirus and the Ionian Islands.

8) Includes the MOPs for Thrace and Eastern Macedonia.

9) Includes the MOPs for the northern and southern islands of the Aegean.

179



## Regional allocation of ERDF commitments in 1994

- (ECU million, 1994 prices)

Obj. 1	Obj. 2	Obj. 5 (b)	Art. 7 AT	Trans. meas.	Innov. measures	Comm. Initiat.
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<b>SPAIN</b>	<b>2,153,09</b>		<b>18,43</b>		<b>55,00</b>	
Galicia	286,80	-	-	-	-	-
Asturias	96,13	-	-	-	-	-
Cantabria	44,15	-	-	-	-	-
Basque Country	-	-	0,45	-	-	-
Navarre	-	-	1,92	-	-	-
Rioja	-	-	1,49	-	-	-
Aragon	-	-	9,46	-	-	-
Madrid	-	-	1,83	-	-	-
Castile-Leon	174,95	-	-	-	-	-
Castile-La Mancha	122,53	-	-	-	-	-
Extremadura	91,69	-	-	-	-	-
Catalonia	-	-	4,28	-	-	-
Valencia	218,38	-	-	-	-	-
Baleares	-	-	-	-	-	-
Andalusia	555,49	-	-	-	-	-
Murcia	80,82	-	-	-	-	-
Ceuta and Melilla	18,76	-	-	-	-	-
Canary Islands	101,64	-	-	-	-	-
Multi-regional	373,75	-	-	-	55,00	-
<b>FRANCE</b>	<b>140,47</b>	<b>489,79</b>	<b>112,08</b>			
Upper Normandy	-	35,64	0,46	-	-	-
Lower Normandy	-	14,80	8,62	-	-	-
Picardy	-	31,42	-	-	-	-
Champagne-Ardennes	-	19,73	2,00	-	-	-
Burgundy	-	13,34	3,22	-	-	-
Centre	-	20,51	1,70	-	-	-
Nord/Pas-de-Calais	42,35	85,17	-	-	-	-
Brittany	-	24,66	12,81	-	-	-
Loire Region	-	34,84	7,21	-	-	-
Poitou-Charentes	-	13,86	6,81	-	-	-
Lorraine	-	32,71	4,39	-	-	-
Alsace	-	16,06	3,21	-	-	-
Franche-Comté	-	13,09	2,60	-	-	-
Limousin	-	-	5,50	-	-	-
Aquitaine	-	29,08	11,41	-	-	-
Midi-Pyrénées	-	11,00	14,09	-	-	-
Auvergne	-	16,09	8,87	-	-	-
Rhône-Alpes	-	25,99	10,34	-	-	-
Languedoc-Roussillon	-	19,05	4,01	-	-	-
Provence-Alpes-C D'Azur	-	32,78	4,85	-	-	-
Corsica	20,15	-	-	-	-	-
Martinique	10,27	-	-	-	-	-
Guadeloupe	23,60	-	-	-	-	-
French Guiana	8,76	-	-	-	-	-
Réunion	35,35	-	-	-	-	-
<b>IRELAND</b>	<b>250,47</b>					
West	-	-	-	-	-	-
Midlands	-	-	-	-	-	-
East	-	-	-	-	-	-
Mid West	-	-	-	-	-	-
South East	-	-	-	-	-	-
South West	-	-	-	-	-	-
Multi-regional	250,47	-	-	-	-	-

## Regional allocation of ERDF commitments in 1994

- (ECU million, 1994 prices)

	Obj. 1	Obj. 2	Obj. 5 (b)	Art. 7 AT	Trans. meas.	Innov. measures	Comm. Initial.
<b>ITALY</b>	<b>473,84</b>	<b>244,48</b>	<b>32,28</b>				<b>16,46</b>
Piedmont	-	52,12	-	-	-	-	-
Valle d'Aosta	-	5,84	0,23	-	-	-	-
Lombardy	-	18,84	2,15	-	-	-	-
Trentino-Alto Adige	-	-	2,60	-	-	-	-
Veneto	-	18,30	6,75	-	-	-	-
Friuli-Venezia Giulia	-	18,43	-	-	-	-	-
Liguria	-	21,45	-	-	-	-	-
Emilia-Romagna	-	9,60	2,55	-	-	-	-
Tuscany (+IMP)	-	37,93	7,48	-	-	-	-
Umbria	-	27,50	4,63	-	-	-	-
Marche	-	17,90	-	-	-	-	-
Lazio	-	16,58	5,89	-	-	-	-
Abruzzi	-	-	-	-	-	-	-
Molise	3,39	-	-	-	-	-	-
Campania (IMP)	14,49	-	-	-	-	-	-
Apulia	-	-	-	-	-	-	-
Basilicata	25,63	-	-	-	-	-	-
Calabria	37,31	-	-	-	-	-	-
Sicily	0,01	-	-	-	-	-	-
Sardinia	28,85	-	-	-	-	-	-
Multi-regional	363,96	-	-	-	-	-	16,46
<b>LUXEMBOURG</b>		<b>6,03</b>	<b>0,43</b>				
<b>NETHERLANDS</b>	<b>14,30</b>	<b>88,88</b>	<b>12,08</b>				
Flevoland	14,30	-	-	-	-	-	-
North Netherlands	-	15,45	9,38	-	-	-	-
East Netherlands	-	25,20	1,06	-	-	-	-
South West Netherlands	-	-	0,78	-	-	-	-
South Netherlands	-	26,21	0,85	-	-	-	-
<b>PORTUGAL</b>	<b>2.284,28</b>			<b>8,66</b>	<b>38,44</b>		<b>4,27</b>
North	112,44	-	-	-	14,26	-	-
Centre	66,01	-	-	-	-	-	-
Lisbon and the Vale do Tejo	30,56	-	-	-	10,53	-	-
Alentejo	20,92	-	-	-	2,00	-	-
Algarve	3,60	-	-	-	2,20	-	-
Azores	104,69	-	-	-	-	-	-
Madeira	47,09	-	-	-	-	-	-
Multi-regional	1.878,96	-	-	8,66	9,45	-	4,27
<b>UNITED KINGDOM</b>	<b>172,83</b>	<b>551,26</b>	<b>23,59</b>				
North	-	18,82	-	-	-	-	-
Yorkshire & Humberside	-	75,25	-	-	-	-	-
East Midlands	-	18,83	-	-	-	-	-
South East	-	29,54	-	-	-	-	-
South West	-	23,30	17,27	-	-	-	-
West Midlands	-	88,36	-	-	-	-	-
North East England	-	73,42	12,32	-	-	-	-
North West	65,17	73,19	-	-	-	-	-
Wales	-	44,82	-	-	-	-	-
Scotland	21,95	101,63	-	-	-	-	-
Northern Ireland	85,41	-	-	-	-	-	-
Gibraltar	-	4,10	-	-	-	-	-

181-2

## ACRONYMS AND ABBREVIATIONS

<b>Adapt</b>	Community Initiative for the Adaptation of the Workforce to Industrial Change
<b>CAP</b>	Common agricultural policy
<b>CFP</b>	Common fisheries policy
<b>CIS</b>	Commonwealth of Independent States
<b>Cogeca</b>	General Committee for Agricultural Cooperation in the EEC
<b>Copa</b>	Committee of Agricultural Organizations in the EEC
<b>CSF</b>	Community support framework
<b>EAGGF</b>	European Agricultural Guidance and Guarantee Fund
<b>Ecos</b>	European City Cooperation System
<b>ECPE</b>	European Centre for Public Enterprises
<b>ECSC</b>	European Coal and Steel Community
<b>EFTA</b>	European Free Trade Association
<b>EIB</b>	European Investment Bank
<b>EIF</b>	European Investment Fund
<b>Emploi</b>	Community Initiative for Employment and the Development of Human Resources
<b>Envireg</b>	Community Initiative on protection of the environment in the regions
<b>ERDF</b>	European Regional Development Fund
<b>ESF</b>	European Social Fund
<b>ETUC</b>	European Trade Union Confederation
<b>Eurochambres</b>	Association des chambres de commerce et d'industrie européennes (Association of European chambers of commerce and industry)
<b>Europartenariat</b>	Promotion of contacts between firms in assisted regions and firms elsewhere in the Community or in non-member countries
<b>Europeche</b>	Association of National Organizations of Fishermen in the EC
<b>FIFG</b>	Financial instrument for fisheries guidance
<b>Forcem</b>	Foundation for continuing training (Spain)
<b>GDP</b>	Gross domestic product
<b>GFCF</b>	Gross fixed capital formation
<b>GG</b>	Global grant
<b>GNP</b>	Gross national product
<b>Horizon</b>	Community Initiative for improving the employment prospects of the disabled and other disadvantaged groups
<b>IMP</b>	Integrated Mediterranean Programme
<b>INEM</b>	National employment institute (Spain)
<b>Interreg</b>	Community Initiative for the promotion of cross-border and inter-regional cooperation
<b>Konver</b>	Community Initiative for the conversion of areas dependent on the defence industry
<b>Leader</b>	Community Initiative to support rural development projects
<b>NGO</b>	Non-governmental organization
<b>Now</b>	Community Initiative to promote equal employment opportunities for women
<b>OP</b>	Operational programme
<b>Ouverture</b>	Cooperation Network with East European Regions
<b>Pacte</b>	Programme for exchanges of experience between European local and regional authorities
<b>Peace</b>	Community Initiative for reconciliation in Northern Ireland
<b>Pedip</b>	Specific programme for industrial development in Portugal
<b>Pedraa</b>	Specific programme for development in the autonomous region of the Azores
<b>Perifra</b>	European Parliament Initiative for peripheral regions and destabilized activities
<b>Pesca</b>	Community Initiative in the fisheries sector

<b>Phare</b>	Programme to assist the economic conversion of the countries of central and eastern Europe
<b>Popram</b>	Multifund operational programme for the autonomous region of Madeira
<b>Poseican</b>	Programme of options specific to the remote and insular nature of the Canary Islands
<b>Poseidom</b>	Programme of options specific to the remote and insular nature of the French overseas departments
<b>Poseima</b>	Programme of options specific to the remote and insular nature of Madeira and the Azores
<b>Prisma</b>	Community Initiative to prepare firms for the single market
<b>Rechar</b>	Community Initiative for the conversion of coal-mining areas
<b>Recite</b>	Regions and cities for Europe
<b>Regen</b>	Community Initiative for gas distribution networks
<b>Regis</b>	Community Initiative for the most remote regions
<b>Renaval</b>	Community Initiative for the conversion of ship-building areas
<b>Resider</b>	Community Initiative for the conversion of steel areas
<b>Retex</b>	Community Initiative for the conversion of zones heavily dependent on the textile and clothing sector
<b>RTD</b>	Research and technological development
<b>SME</b>	Community Initiative concerning the adaptation of small and medium-sized enterprises to the single market
<b>SMEs</b>	Small and medium-sized enterprises
<b>SPD</b>	Single programming document
<b>Stride</b>	Community initiative on science and technology for innovation and regional development in Europe
<b>Telematique</b>	Community Initiative to promote the use of advanced telecommunications services in the least-favoured regions
<b>TEN</b>	Trans-European networks
<b>UCLAF</b>	Coordination of fraud prevention unit (Commission)
<b>UEAPME</b>	European Union of Crafts and Small and Medium-sized Enterprises
<b>Unice</b>	Union of Industrial and Employers' Confederations of Europe
<b>Urban</b>	Community Initiative for crisis-hit urban areas
<b>VAT</b>	Value added tax
<b>Youthstart</b>	Community Initiative for the integration of young people into working life