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APPLIES TO THE F. AND E. VERSIONS

INFORMATION NOTE FROM THE COMMISSION TO THE COUNCIL AND

THE EUROPEAN PARLIAMENT

PROCEDURES AND CONTENT FOR THE IMPLEMENTATION

OF AN INTEGRATED APPROACH

I. Introduction

The Integrated Approach was first outlined by the Commission in 1978 as a way to meet the widely felt need to increase the impact of Community and national interventions, particularly in regions affected by serious problems. In 1979 the Commission adopted internal arrangements to promote integrated initiatives. Two Integrated Development Operations were launched in Belfast and Naples within the framework of regional policy. Within the framework of agricultural policy, the Commission proposed three Integrated Development Programmes for the Western Isles (Scotland), Lozère (France) and the South-East of Belgium. These were adopted by the Council in 1981.

In 1981 the Commission introduced priority treatment for operations jointly financed by two or more Community funds in the Guidelines for the Management of the European Social Fund. A series of Integrated Operations Feasibility Studies was initiated in 1982; 39 have been undertaken, fifteen of which are now completed. The concept of the Integrated Approach figured prominently in the Communication from the Commission to the Council of July 1983, "Report and proposals on ways of increasing the effectiveness of the Community's Structural Funds".

In March 1984 the European Council declared that the coordination of the action of the funds should be pursued "for example in the form of integrated programmes. The Council Regulation of June 1984 on the European Regional Development Fund introduced priority for "investments and measures...which form part of an integrated development approach".

In 1985 a decisive step to promote the Integrated Approach was taken when the Council adopted a regulation to implement Integrated Mediterranean Programmes. Also in 1985 the Commission decided to adopt the Integrated Approach as part of its proposals for stronger structural assistance for steel-making areas in 1985.

The further evolution and development of the Integrated Approach will be one of the topics covered by the Commission in its fulfilment of Article 130 D of the Single European Act adopted by the European Council in December 1985. This Article requires the Commission to "submit a comprehensive proposal to the Council, the purpose of which will be to... increase the efficiency of the structural funds and to coordinate their activities between themselves and with the operations of the existing financial instruments".

The diversity of the developments outlined above has inevitably led to different emphases in procedure and content and has caused some uncertainty, particularly at the level of local and regional authorities which are contemplating an Integrated Approach. The present Communication was foreseen in the Commission's Work Programme for 1986, and responds to an earlier invitation of the Council "to present proposals for the procedural provisions necessary for the implementation of integrated operations"¹. It seeks to

¹ Minutes of Council on adoption of Article 34 of EEC Regulation 1787/84, 19 June 1984.

clarify and set out the objectives and scope of the Integrated Approach, the criteria for deciding on Community support, and the procedures which will be followed in assessing applications for an Integrated Action.² This should facilitate the use and interpretation of existing regulations which concentrate Community expenditure on the integrated approach as follows:

- in the Social Fund the Guidelines give priority (without any geographical limitation) to operations forming part of an integrated programme, such operations are given preference in the operation of the linear reduction;
- in the Regional Fund, investments and measures which form part of an integrated development approach may be accorded a priority treatment;
- in EAGGF-Guidance, under Regulation 355/77, a priority is foreseen for projects arising out of approved programmes and which form part of an integrated approach;
- through studies and pilot actions related to the Integrated Approach which can be financed up to 75% out of budget lines 5410 and 5412.

The criteria and procedures set out will also allow the Commission to respond in a structured and transparent way to the Preparatory Feasibility Studies which have been, or will shortly be, completed and to the applications for integrated actions which have been received from a number of Member States.

The present Communication is written within the framework of existing regulations and can therefore be implemented immediately. The eligibility rules, the geographical boundaries and the types of measures which can be covered are not therefore affected. Successful integrated actions are possible within the confines of existing regulations and it is important to press ahead now with the integrated approach as a preferred way of using structural instruments and to take advantage of the extensive interest and expectations at all levels throughout the Community for the Integrated Approach.

II. Objectives, content and scope of the Integrated Approach

(i) The general objectives of the integrated approach are:

- to bring out the potential for endogenous development;
- to concentrate financial flows in favour of a region or sector.

These objectives are to be achieved by:

- providing or reinforcing the basis for partnership between the Commission and national, regional and local authorities in the development process;

² The Communication does not concern Integrated Mediterranean Programmes, procedures and content for which are laid out in Council Regulation (EEC) No 2088/85.

reinforcing the complementarity of Community structural interventions with national, regional and local sources of financing and thus increasing their efficiency and impact;

- developing multi-annual programming to reduce financial and administrative bottlenecks and accelerate development.

The Integrated Approach demands an effort to promote coherence between the different realities of aims, actors and policies:

(a) the aim is to achieve integration on the ground, i.e. between investments and activities in order to create and exploit to the maximum synergies and multiplier effects;

(b) the actors are

- the Community (integration of the actions of the different Funds and instruments),

- National authorities (an integration of the activities of the government departments and national organisations concerned),

- Regional and local authorities (an integration of the efforts of authorities and bodies concerned).

(c) The policies and actors are to be integrated between the levels of the various authorities and organisations (Community, national, regional and local) all of which must intervene simultaneously in the integrated action.

(ii) The effort of integration should manifest itself in the following elements which constitute its basic content:

- an overall programme of public and private measures and investments over a number of years coherent between themselves and with Community policies and responding to the specific problems of the area or sector concerned;

- integrated financial planning - a schedule for the coordinated use of the financial resources of the actors concerned translated into financial terms the commitments under the overall programme.

- implementation - the setting-up of an organised coordination and partnership at all levels in the implementation of the programme of measures, in particular the establishment of an organised coordination between the agencies (national, regional and local) responsible for the management of financial measures; the setting up of a local monitoring committee with the mandate of following the implementation of the Integrated Action and assuming evaluation and feedback. The Commission will be represented on this Committee.

(iii) Where appropriate, the Integrated Approach is a preferred Commission formula for structural interventions. It aims to bring about a quantum improvement in the quality of public administration (including that provided by the Services of the Commission) in the development process. It should confer a

clearly identifiable benefit for the area or sector concerned in terms of a more coordinated use of both structural funds and financial instruments and an improvement in their quality, relevance and impact.

The Integrated Approach can apply to regional and sectoral situations as well as to rural and urban areas throughout the Community. For the immediate future priority will be given to regional-based interventions as these are where the greatest experience to date has been obtained and where preparations are most advanced. However, the Commission is open to the possibility of sectoral-based Integrated Actions.

For regional situations the Integrated Approach relates to a limited geographical area of a minimum size affected by particularly serious problems involving, in particular, delayed development or industrial and urban decline which is likely to affect the development of the region in question.

The Commission will seek to facilitate and encourage the access of all Member States to the Integrated Approach; the initiative can come from the Commission or from a Member State. Their implementation will become progressively more feasible as Community, national, regional and local authorities gain from the experience of working together in such a framework.

However, because of the ambition and rigour of the Integrated Approach, it is not a simple recipe and its systematic use in every situation is excluded; a full reciprocity of commitment between the Community and national, regional or local authorities is required together with a sustained effort of coordination; there must be a concentration of efforts and of limited financial resources in situations where the Integrated Approach is to apply. By its nature, the merits of each application for an Integrated Approach must be examined, but nevertheless some general criteria can be outlined.

III. Criteria

The assessment by the Commission as to whether an application or proposal for an Integrated Action should be pursued and implemented will be based on three broad sets of criteria:

- (i) Economic and social: The size of the population to be covered, the seriousness of the economic and social situation, the pertinence of the proposed development strategy, the perspectives of synergy between the different measures proposed, the estimated impact on employment, incomes, productivity and standards of living, the coherence of the strategy with the different relevant Community policies; its estimated environmental impact;

¹ The Commission notes the welcome given to its proposals at the European Council, The Hague, 26-27 June 1986, to "coordinate actions under the Community structural instruments in regions in need of industrial restructuring".

(ii) The quality of the coordination: whether the area or sector concerned has an adequate administrative structure and whether suitable arrangements for monitoring and evaluation can be established; the degree of coordination and involvement of local, regional, national and Community measures and agencies;

(iii) The suitability and scope of the proposed structural intervention.

Normally, at least two of the three major Community structural funds should be involved (i.e. ERDF, ESF, EAGGF (Guidance Section) together with at least one Community financial instrument; Community loans and grants should be combined in a cost-effective manner; assessment will also be made of the importance of the financial commitment made by the national, regional and local authorities.

IV. Procedures and implementation

A. PREPARATORY STAGE

(i) In many situations the initial step towards an Integrated Approach is to carry out a Preparatory Feasibility Study; this can be financed by the Commission under budget line 5410.

(ii) Budget line 5410 studies may be undertaken on the initiative of:

- the Commission, notably where they are concerned with general problems linked to implementation of the Integrated Approach (methodology), or with sectoral or regional aspects that are of manifest interest to the Community. In such cases, the cost of the study may be borne in full by the Commission;

- the competent authorities in the Member State concerned (or with their approval), where the studies relate to the preparation necessary for implementing a measure, element or phase under the integrated approach in a particular area or sector. In such cases, the Community's financial contribution may not normally exceed 75% of the total cost.

(iii) The results of a Preparatory Feasibility Study are not in themselves a formal application for an Integrated Approach, but constitute a basis for the formulation of the application. For studies undertaken so far, the Commission will be in contact before the end of the year with the Member State concerned in order to assess whether, on the basis of the criteria (outlined in Section III above), an application for an Integrated Approach is to be encouraged. For the future, the foreseeable results of a Preparatory Feasibility Study should have the potential of leading to an Integrated Action.

B. APPLICATION

(i) A proposal for an Integrated Approach can be made without a prior Preparatory Feasibility Study.

- (ii) Integrated Approaches may be proposed:
 - (a) by the Commission which will enter into discussions with the relevant authorities in the Member States (see point D below);
 - (b) by the competent authorities in the Member State or Member States (for cross-border actions) concerned;
- (iii) Applications to the Commission for an Integrated Approach should set out a draft programme containing the following elements:
 - (a) a description of the region or sector to be covered and of the social and economic situation,
 - (b) objectives, content and estimated results of the Integrated Action,
 - (c) administrative arrangements,
 - (d) financial planning,
 - (e) an initial estimate of the probable impact on the environment.

C. ASSESSMENT

(i) The application will be assessed on the basis of the criteria outlined in Section III above. If it is considered suitable for an Integrated Approach, the Commission services will enter into discussions with the national and regional authorities with a view to drawing up an Integrated Action.

D. PREPARATION

(i) The aim of the discussions is to draw up an agreed draft pluri-annual outline of action covering, in particular:

- (a) a list of the operations to be financed,
- (b) an indicative schedule of national, regional and local financial measures in support of the operations,
- (c) an indicative schedule setting out the participation of supporting Community structural instruments and measures,
- (d) the conditions under which financing will be made available,
- (e) administration and regulatory dispositions necessary for implementation of the Integrated Action,
- (f) monitoring and adaptation procedures.

E. DECISION

(i) There will be a Commission decision based on the agreed outline of action and the undertakings of the parties concerned to proceed with the Integrated Action. This Decision will manifest itself in a

description of the agreed outline of action and a Declaration of Intent to provide a total amount of Community assistance over a number of years drawing on the different structural instruments and financial measures, as set out in a financial statement. These will be published in the Official Journal.

For the Commission it will be specified that the financial commitment of amounts contained in the agreed outline of action and the Declaration of Intent will be subject to the compliance of implementation applications with the existing relevant rules and guidelines governing the structural instruments and will be subject to the availability of financial resources for implementation at each stage as established annually in the Community budget.

F. IMPLEMENTATION

(i) The existing rules and procedures of the structural instruments and the arrangements for the processing of the specific implementation applications remain unchanged.

(ii) The procedures outlined above may be modified in the light of the results of the implementation of Article 130D of the Single Act.