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Partnership and Regional Development

EUROPEAN
COMMUNITIES

 ECONOMIC AND
SOCIAL COMMITTEE

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**ECONOMIC AND SOCIAL
CONSULTATIVE ASSEMBLY**

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FOREWORD

For many years now, one of the main concerns of the Economic and Social Committee has been to recognize the importance of the role played by the economic and social partners in drafting and implementing the various Community policies.

The re-drafting of the Structural Fund Regulations - particularly the new Article 4 of the Framework Regulation - provided the Committee with the opportunity to look once again at the partnership question. Two Own-initiative Opinions were drawn up, not just to look into the different ways in which the economic and social partners are involved at a national level, but also at the role played - and which should be played - by the public authorities when structural policy is in the planning stage.

This ambitious project involved much research and analysis of existing practices, and provided several useful pointers for making concrete proposals for the sound, effective implementation of the new Article 4 - now at the very heart of the partnership in regional development.

This brochure presents the two Opinions adopted by the Economic and Social Committee, and gives an overall picture of the current situation and the problems involved in the partnership and regional development.

OWN-INITIATIVE OPINION

of the

Economic and Social Committee

on the

Involvement of the economic and social partners in Community regional policy

On 25 March 1993 the Economic and Social Committee, acting under the fourth paragraph of Article 20 of its Rules of Procedure, decided to draw up an Opinion on the

Involvement of the economic and social partners in Community regional policy.

The Section for Regional Development and Town and Country Planning, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 18 January 1994. The Rapporteur was Mr MASUCCI and the Co-Rapporteur was Dame Jocelyn BARROW.

At its 312th Plenary Session (meeting of 27 January 1994), the Economic and Social Committee adopted the following Opinion by a majority vote, with six abstentions:

1. Introduction

1.1. Background

1.1.1. The Economic and Social Committee has stressed the importance of involving the social partners in Community regional policy from the very beginning when the European Regional Development Fund was set up.

The Committee's Opinion on the Proposal for a Council Regulation establishing a European Regional Development Fund, adopted at its 114th Plenary Session of 24/25 October 1973, laid repeated stress¹ on two aspects:

- participation of the regions in drawing up regional policy, "by involving all socio-professional organizations which are representative";
- involvement of the socio-professional organizations "in the work of the Regional Development Fund and the Committee for Regional Policy within these new bodies".

1.1.1.1. The Committee returned to this subject on several further occasions², but its most weighty contribution came with its Opinion on the role and influence of local and regional authorities and socio-economic organizations in the field of the common regional policy³ (Rapporteur: Mr VENTEJOL), which was adopted at the Plenary Session of 24/25 October 1979.

Although the 1979 Opinion was adopted in very different circumstances from the present, the reasons it puts forward to justify involvement of the social partners still hold good today:

- to fully serve the goal of economic and social cohesion,
- to make it easier to check that Community regional aid tops up national aid and does not replace it;
- to help evaluate the regional impact of Community sectoral policies;
- to ensure a more complete upward and downward flow of information;
- to arouse the interest of the general public.

All these are necessary conditions for ensuring the success of regional policy and of the spirit of solidarity which lies behind it.

1.1.1.2. The 1979 Opinion was accompanied by a Report⁴, dated 11 October 1979 and compiled on the basis of a questionnaire. The Report notes that "all in all, local and regional authorities and socio-economic associations have only a slight influence on Community policy guidelines. To have more influence, they would have to be already playing an active part in the drawing-up of their own countries' regional development programmes, which more often than not does not seem to be the case."⁵

The present Opinion can use the 1979 Report as a yardstick for establishing how the situation has changed in the last 14 years, and for assessing the progress made.

1.1.2. The European Parliament has also upheld the importance of involving the trade unions and professional organizations since the very beginning.

1.1.3. Although the ERDF Regulation contained no formal arrangements for involving the social partners, the Commission had already in the 1970s established the practice of holding meetings between the relevant Commissioner, Mr GIOLITTI, and representatives of the socio-economic organizations, in order to discuss Community regional policy guidelines.

1.1.4. On the social partners' side, January 1976 saw the setting-up of a select group of representatives of the European Trade Union Confederation (ETUC) which held periodic information meetings with the Directorate-General for Regional Policy.

However, it was not until the second half of the 1980s, when discussions began on the reform of the Structural Funds adopted by the Council at the end of 1988, that ETUC and UNICE stepped up their efforts to ensure that the social partners were informed and consulted at national and regional level.

1.1.4.1. The upshot of this lobbying, and of constant support from numerous ESC Opinions, was that Article 31 of Council Regulation (EEC) No.4253/88 of 19 December 1988 provided for annual consultation of the social partners on Community structural policies.

More importantly, the Directorate-General for Regional Policy agreed to hold consultation meetings on the Community Support Frameworks in each Member State, bringing together national and regional authorities and national and regional representatives of trade unions and employers' organizations. The meetings took place during 1989 and 1990, firstly on Objective 1 and later on the other Objectives. They represented the first large-scale consultation of the socio-economic organizations, the aim being to convince the national authorities of the case for launching a similar practice at national level.

¹ Points 5.1., 5.2., 5.2.1., 5.2.2., 5.2.3. and 7.2.2.

² Point 5.1.

³ Point 5.2.3.

⁴ CES 654/79 fin, CES 537/79 fin

⁵ CES 1220/79

⁶ CES 537/78 fin

⁷ bid, Point 3.1.1., page 7

1.1.4.2. The ETUC executive committee has approved a Resolution⁸ on regional policy which focuses on two aspects:

- matters which EC regional policy must address if it is to achieve economic and social cohesion and tackle de-industrialization;
- levels and ways in which the social partners can be involved.

1.1.4.3. UNICE has also stressed the need for a stronger and clearer framework for involvement of the social partners at both national and local level⁹.

1.1.4.4. This concern is shared by all the social partners, as is clear from the letter which they sent the Commission and the Member States in June 1992, calling for the active participation of their representatives in the formulation, implementation and evaluation of the various stages of the programming procedures to be clearly laid down as part of the partnership.

1.2. Article 4 of the new Framework Regulation

1.2.1. The new Commission proposal amending the Structural Fund regulations makes a few important changes to the 1988 reform. Further details are contained in the Committee's Opinion of 26 May 1993¹⁰.

One key innovation is the revised version of Article 4 of Regulation 2052/88, in the definitive form adopted by the Council on 20 July 1993, which reads as follows:

"Article 4

Complementarity, partnership, technical assistance

1. *Community operations shall be such as to complement or contribute to corresponding national operations. They shall be established through close consultations between the Commission, the Member State concerned and the competent authorities and bodies - including, within the framework of each Member State's national rules and current practices, the economic and social partners - designated by the Member State at national, regional, local or other level, with all parties acting as partners in pursuit of a common goal. These consultations shall hereinafter be referred to as the 'partnership'. The partnership shall cover the preparation and financing, as well as the *ex ante* appraisal, monitoring and *ex post* evaluation of operations.*

The partnership shall be conducted in full compliance with the respective institutional, legal and financial powers of each of the partners.

2. *Acting in accordance with the provisions of this Regulation and with the provisions referred to in Article 3(4) and (5), the Commission shall take steps and implementing measures to ensure that Community operations are in support of the objectives set out in Article 1 and impart an added value to national initiatives.*

3. *Within the framework of the partnership, the Commission may, in accordance with the provisions referred to in Article 3(4), contribute to the preparation, implementation and adjustment of operations by financ-*

ing preparatory studies and technical assistance operations locally, in agreement with the Member State concerned and, where appropriate, with the authorities and bodies referred to in paragraph 1.

4. *For each objective, tasks shall be shared between the Commission and the Member State during the preparation of operations in accordance with Articles 8 to 11a."*

1.2.1.1. The definitive wording of Article 4 differs from the Commission's original proposal which did not contain:

- the phrase "within the framework of each Member State's national rules and current practices";
- the last sentence of (1): "The partnership shall be conducted in full compliance with the respective institutional, legal and financial powers of each of the partners."

1.2.1.2. Although by including the social partners in a partnership which is to take the form of "close consultations", Article 4(1) represents the culmination of twenty years of concerted lobbying by the European Parliament, the Economic and Social Committee and the social partners, there is no denying that the first of the two alterations represents a compromise, even if it does not reduce the significance of this provision.

The reference to national rules and current practices (and especially the latter) could be misinterpreted by those governments which are loath to involve the economic and social partners, and could be used as a way of excluding them from EC structural policies too. However, such an interpretation would run counter to the thinking behind the new Article 4, which is clearly designed to include the socio-economic partners in the partnership. This is in line with the belief that development necessitates the synergic involvement of all the main interest groups.

1.2.1.3. In countries where the social partners already participate in other spheres and decisions, on the other hand, the provision set out in Article 4 should be made operative at national and regional level. This means that the national and regional authorities and the socio-economic organizations must be equipped to implement it effectively in an appropriate forum and within the framework of agreed procedures.

1.2.1.4. Thanks to the initiatives mentioned in Point 1.1.4 above, a number of Member States and regions already have experience in this field, and studies and research have been undertaken with financial support from the Commission¹¹.

It is a pity that the Commission's annual report gives no details of these experiences. This shortcoming was highlighted in the ESC Opinion on the third annual report on the reform of the structural funds (1991), adopted on 29 April 1993¹².

⁸ Resolution on economic and social cohesion and the participation of the trade unions in regional policy - Rome, 13 and 14 December 1990.

⁹ UNICE comments on the Commission Communication on Community structural policies - assessment and outlook (9 November 1992).

¹⁰ Framework Regulation, Coordinating Regulation, and ERDF, ESF, EAGGF-Guidance and FIG Regulations (COM(93) 67 final and 67 final/2 - SYN 455, COM(93) 124 final and 124 final/2 - SYN 457)

¹¹ There is also a special budget line which was approved at the initiative of the European Parliament.

¹² CES 477/93, OJ No. C 161 of 14 June 1993, page 46.

1.2.2. A systematic picture of practical examples of participation and information-swapping would be a definite help in implementing the abovementioned Article 4.

The present Opinion accordingly seeks to assess the participation of the social partners in regional policy since the reform of the Structural Funds became operative in 1989.

2. The involvement of the socio-economic organizations

2.1. In order to ascertain the social partners' familiarity with EC structural policies and their degree of participation in them, a tried-and-tested, detailed questionnaire¹³ was sent to the national and regional organizations which in 1988-1990 had taken part in a series of information briefings regarding the Community Support Frameworks. The briefings were held by the Commission, in the twelve national capitals, at the request of ETUC and UNICE, and were attended by the national and regional authorities.

2.1.1. The first point worth noting is the high response rate, totalling around 25% of the questionnaires sent out. This is a very satisfactory sample in sociological terms.

2.1.2. The replies highlight two apparently contradictory aspects: although the respondents express a strong interest in structural policies, their familiarity with them becomes much shakier when it comes to more specific problems.

This can be seen as a result of the low level of participation generally observed. The social partners are interested but there are no procedures and, more often, practices for translating this interest into action.

2.1.3. It also emerges that two thirds of respondents are acquainted with the content of the overall development plan for their region (although this means that one third are not).

2.1.4. It is significant that most respondents say that they were not consulted during the drafting of the plan. A majority also only became aware of its content after it was issued.

2.1.5. As regards the negotiation of the Community Support Framework, there is a clear gap between the number who are familiar with the content of the CSF (the majority) and the very small number (a mere 6%) who say that they were consulted on it.

2.1.6. The same trend emerges with regard to the operational programmes. While levels of awareness vary, consultation of the social partners during the programming procedures is invariably low. In the case of the European Social Fund, on the other hand, most respondents say that they received good prior information.

2.1.7. On the question of programme monitoring, the replies confirm that only a minority of the social partners are admitted to Monitoring Committee meetings (and more of these attend as members than as observers).

2.1.8. Respondents speak positively and optimistically (perhaps too optimistically - this is something that needs checking) about the level of technical and organizational facilities enjoyed by the individual bodies involved in regional policies (it is fair to assume that the social partners

also need to target their activity more firmly in this direction).

2.1.9. In short, the responses bear out the imbalance which has long been apparent between the importance of regional policies and the practical conditions for active involvement of the social partners. The practices followed in past years do not appear to have secured significant progress on this front, even though the social partners seem to have gleaned more information of EC policies and programmes via other channels (seminars, conferences, training courses).

2.2. A number of studies have been conducted in recent years to ascertain trends with respect to regional policy and the social partners' position. However, it should be noted that these studies have tended to focus on the role of the trade unions, and more indirectly on that of employers, and that not enough attention has been paid to other interested parties.

2.2.1. EC regional policies are viewed as an important channel for the development of a Community social dimension - a body of rights and issues on which the Community can help to alleviate the problems and disparities faced by individual Member States.

"Cohesion" policies are viewed as a key plank in the building of the Community and the social dimension. At the same time they help to provide an idea of the current and future role of the social partners. In particular, they can help to show whether the social partners are set to play a similar role on the Community stage to their role in the Member States.

2.2.2. These studies can help us to answer two key questions:

- whether the social partners' influence on regional policies has increased, in both qualitative and quantitative terms;
- what aspects help or hinder their influence and what ways are proposed for improving it.

2.2.3. The abovementioned studies suggest that the present situation is unsatisfactory in various ways.

The involvement of the social partners is deemed incomplete or unsatisfactory.

It has not hitherto been the practice for social partners to have a joint decision-making or a joint management role. It is agreed that the social partners' influence on individual policies is not backed by direct steps to give them management responsibility.

2.2.4. At national level, the social partners use the resources typical of their systems; these generally include machinery - informal or otherwise - for involving them in the framing of key decisions.

2.2.4.1. The national authorities have always tended to feel that all EC policies are a matter for governments and public administrations. This is due to the inherent nature of

¹³ The questionnaire was used in Sicily and Calabria by the Italian trade unions CGIL, CISL and UIL, as part of an ETUC research project.

the EC institutions - the "democratic deficit" - and to the emphasis placed on the economic and commercial side of the Community, at the expense of social issues.

This attitude has affected EC structural policies, and participation by socio-economic organizations has not been the only casualty. Decentralized state institutions have also suffered, and the general public has been poorly aware of Community activity as access to information has been very difficult.

2.2.4.2. The situation improved, although not sufficiently, in the 1980s partly thanks to the efforts of the Committee, the European Parliament and the socio-economic organizations and, above all, thanks to the gathering momentum of the European integration process which highlighted the cohesion problem.

2.2.4.3. In some countries involvement of the social partners is significant and systematic. This is the case in Denmark, Germany and to some extent in Italy (it should be noted that although in Germany there are no special bodies, the social partners nevertheless enjoy a high level of institutional recognition). In other countries involvement is less pronounced, and at the far end of the spectrum come countries such as the UK which have openly discouraged the involvement of the socio-economic organizations (and, in particular, have limited the involvement of the trade unions). The country with the greatest formal participation in regional policies is Ireland, which has included the social partners on the national monitoring committee.

The Committee has learned of a decision by the Irish Government to replace the sub-regional Review Committees by a structure which downgrades the social partners. The Committee views this as a serious step backward from an experience which was felt to constitute an important reference point, and calls for the social partners to be restored to their previous level of participation.

2.2.4.4. The differing institutional traditions and industrial relations practices obviously affect the choice of decision-making forums, and this in turn affects the nature and effectiveness of the social partners' involvement.

In countries where interest groups are stronger and have a more formal structure, such groups can exert a greater influence on regional policies. Various studies have shown that their influence is strongest in Germany and Denmark, where the social partners have long been closely involved in decision-making. The situation of Italy falls midway between the two extremes, with the recent conclusion of a major national tripartite agreement. In Spain the attempts at highly formalized consultation which occurred in the early 1980s have not been kept up, due to the worsening relations between the trade unions and the other parties involved (government and employers). The situation of most other Member States falls somewhere in the middle, but the social partners are by no means without influence at national level.

2.2.5. The differences in arrangements for involving the social partners, and in the results achieved, are particularly apparent at sub-national level. Here most analysts agree that the situation is generally disappointing.

This is due principally to Member States' differing degrees of formal regionalization.

2.2.5.1. There is no doubt that the institutional structure greatly influences the organizational set-up of the social partners and their ability to liaise with the administration.

A highly decentralized administration which is based on elected assemblies makes participation easier, if only because it provides more forums for it.

An efficient, centralized administration tends to overestimate its self-sufficiency and to channel its regional activity via technocratic bodies such as development agencies.

2.2.5.2. Among the larger Member States, there is a contrast between Spain, Italy and Germany which give the regions constitutional recognition (and the powers of the German Länder go even further), and France and the UK which have a more centralist tradition. However, even the latter two countries took diverging paths during the 1980s, with France setting up a "light" regionalization process while the UK heightened the role of central government.

2.2.5.2.1. As a general rule - with the exception of the UK, Portugal and Greece - there is some degree of regional autonomy, particularly as regards social and administrative matters.

2.2.5.3. While it is generally felt that the social partners are showing an increasing interest in regional policies, stress is also laid on the need to give them a more active role in industrial and employment policies. The Italian and Spanish social partners (particularly the trade unions) are taking a keen interest in the expansion of the Structural Funds.

2.2.5.4. In the UK, the type of partnership established by the central government has focused on a network of relations involving the EC, the national and local public authorities, and local economic operators. There is thus no real "social partnership".

2.2.5.5. In Ireland, the centralized concentration of decision-making has created a number of problems. These are aggravated by the absence of sub-regional executive institutional bodies.

2.2.5.6. In Spain too, it is accepted that the final drafting of the Structural Fund plans is a matter for the central administration. Some studies of individual regions (e.g. Asturias) say there is "no participation whatsoever". The tight deadlines laid down for submission of the plans has favoured an administrative and technocratic decision-making procedure.

2.2.5.7. In some of the Italian regions studied (for example, in Southern Italy), protocols of understanding provide for systematic contacts between the regional government and the social partners in connection with the planning of Community assistance. In theory at least, these are highly advanced procedures, although they have yet to be tried in practice.

2.2.6. Another factor which can greatly influence the location and quality of participation is the existence, at the various national and regional levels, of economic and social councils, development committees, employment commit-

tees, vocational training committees and the like, as they can provide forums for participation.

In this case the quality and impact of participation depends on the real powers and remits of these committees. If, as often happens, they are only consulted or informed a posteriori, they will not meet the requirement for "close consultations" between the partners in accordance with Article 4 of the Framework Regulation, and cannot provide an overall picture of structural policies.

2.2.6.1. But while such bodies are frequently operative at national level, they are much less common on a regional scale. Some were set up in France as part of the regionalization process. They also exist in Spain, largely on the basis of moves taken by the autonomous regions since 1984 (later consolidated by a national law). In Italy too, the National Economic and Labour Council (CNEL) is flanked by a similar regional body in Sicily; however the Sicilian region has special status and the practice does not extend to other regions. There are also some signs of greater regional autonomy on economic and social matters in the UK (limited to certain regions such as Scotland).

2.2.6.2. Hence only certain Member States have sub-national bodies for developing the partnership, and even in these countries the results are not wholly satisfactory. Participation does not depend only on the existence of appropriate institutions. In France and Spain, for example, a number of analysts point to the socio-economic partners' low level of participation and influence in the regional decision-making process.

2.2.6.3. The French social partners are keen to participate in the regional economic and social councils. The councils have little practical influence on EC regional policy and even in regions where sub-committees have been set up to deal with "Community aspects", these sub-committees do not issue opinions on the way EC aid is used. It should be noted that in France all firms are represented in the chambers of commerce; these public bodies are partners in the implementation of Community policies.

2.2.6.4. In the present situation it has to be agreed that the influence of the partners is not linked to the existence of *ad hoc* bodies. This fact is clear from the situation in Germany, where there are no economic and social councils but where there is a strong federal structure. Here the social partners and more especially the trade unions have a wide range of possible channels for activity.

Analysts generally agree that where the social partners are consulted, consultation only occurs after the aid plans have been drawn up.

2.2.7. In some countries (such as Italy) it is particularly difficult for the socio-economic organizations to identify the appropriate institutional partners because responsibility for the Structural Funds is shared between several Ministries (EC Affairs, Budget, Agriculture, Industry, Employment, etc.), and this again makes an overall picture more difficult.

This fragmentation is undoubtedly encouraged by the fact that responsibilities are similarly spread among the Commission departments. Conversely, it could be discouraged by amalgamating the Funds, as would be desirable.

2.2.8. The attention which the social partners devote to EC structural policies, and the pressure with which they have therefore lobbied the relevant authorities to involve them, differs considerably from one Member State to another.

This is undoubtedly due partly to the varying magnitude of EC aid, but a number of other factors also come into play.

2.2.8.1. Firstly, in cases where the confederation prevails over the sectoral organizations, greater attention is paid to general and regional issues.

Conversely, where sectoral organizations predominate and the role of the confederation is to provide political leadership and coordination, priority is given to collective-bargaining policies.

2.2.8.2. However, some studies indicate that there are further problems at national level. The social partners and governments have in the past focused their relations on economic and social policies and employment. Because of this, they often lack the technical means and expertise to play an equally active role in regional policy, since this is a topic which they are not used to handling.

2.2.8.3. In countries where there is a deep economic divide (such as Spain) and where this problem has always been at the centre of political and economic debate (such as Italy), the socio-economic organizations are more familiar with regional policy issues.

The reunification of the East German Länder has made economic and social cohesion a major issue in Germany.

In the UK, on the other hand, regional policy is viewed more as an arm of social policy, for redistributing wealth, than as a tool of economic planning.

2.2.8.4. Lastly, two factors significantly influence the attitude of the organizations:

- the degree to which people feel involved in the process of European integration;
- the ideological attitude to partnership and consultation which cannot be just a shopping list of demands, and which also depends on the existing industrial relations system.

2.2.9. All research shows that awareness of Structural Fund policies is generally very low, and more importantly is limited to a small group within the leadership of the organizations concerned.

It goes without saying that greater awareness would enhance the potential offered by participation.

It is not enough to have read the relevant documents and regulations; a broader view is needed of the main Community policies, and a familiarity with Community practices and with the way in which the Commission and the relevant national authorities interpret and apply the regulations.

2.2.9.1. Most information has been gleaned from seminars and conferences held by the Commission and the socio-economic organizations. Increasing use should be made of this channel in the future, but it is not enough.

The only way to achieve solid progress is by means of participation and consultation on the ground.

This is borne out by the qualitative leap in awareness of EC policies that followed the national consultation meetings on the Community Support Frameworks held by the Commission during 1989 and 1990.

3. Conclusions

3.1. General comments

3.1.1. It is clear from Chapter 2, which summarizes the findings of studies and research carried out over the period 1989-1993, that the involvement of the socio-economic partners in regional policy has increased considerably in the thirteen years since the Committee's 1979 report¹⁴, even though some governments still remain opposed to it.

3.1.2. It is not only the actual experience of participation which has changed, and the level of information about EC regional policy procedures and objectives, but also the determination of the European, national, regional and local organizations to play an active part in the partnership, and the relevant authorities' perception of this participation.

3.1.3. Even so, much remains to be done. But we are no longer at the stage of unrealistic assumptions, or even that of preparing the ground: we are beginning to reap the first fruits, and the problem now is how to use the new Regulations in order to generalize existing participation by creating more favourable conditions for it.

In other words, in most Member States we have reached the stage where the only way of tackling the obstacles to practical, worthwhile participation is to test this participation in the field.

3.1.4. A number of problems and weaknesses remain. Some of the main ones are listed below:

- a) The attitude of the relevant authorities varies considerably from one country to another as regards both theory and practice, and also depends on the bargaining clout of the socio-economic partners and the industrial relations system;
- b) Every Member State has a different institutional structure, and the manner and forums in which the partnership can operate vary accordingly;
- c) The cultural backdrop to regional policies varies greatly from country to country, region to region, and organization to organization;
- d) Awareness of regulations, procedures, policies and programmes remains superficial, and, more importantly, is limited to a select group of operators;
- e) Not all organizations have the means and instruments for in-depth, large-scale participation.

3.1.5. The Commission's report accompanying the proposals for the new Regulations mentions the calls by the European Parliament and ESC for closer involvement of the socio-economic partners, and concludes: "the Commission will also ensure full consultation of the economic and social partners at Community level"¹⁵.

3.1.5.1. Point 1.1.1 of the present Opinion explained why for 13 years the Committee has called for an extension of participation. Those reasons remain valid, and they are not only linked to the question of recognition for the role of the socio-economic organizations.

The participation of the social partners serves a practical purpose if it is not just a formality and if it helps to:

- stimulate economic growth and convergence;
- make measures more effective;
- make measures more open;
- involve a majority of local residents in the problems of their region;
- articulate the concrete needs of the sections of society which they represent;
- improve the living conditions of local populations by providing greater work opportunities and better infrastructure;
- ensure democratic control of public spending and of programme assessment.

3.1.5.2. The amendment and extension of the Funds' Objectives, focusing on the labour market at a time when the key problem is employment, reinforce the case for involving the social partners.

Here we are referring in particular to the new Objective 3: "integration of those exposed to exclusion from the labour market" and the new Objective 4: "facilitating the adaptation of workers to industrial changes and to changes in production systems".

3.1.6. The abovementioned new Article 4 stipulates that the "competent authorities and bodies, including the economic and social partners" are to:

- be designated by the Member State at national, regional, local or other level;
- act as a partner in pursuit of a common goal;
- act in partnership with regard to the "preparation and financing, as well as the *ex ante* appraisal, monitoring and *ex post* evaluation of operations".

3.1.6.1. Since this Article comes in the framework Regulation, it clearly has general validity and refers to all the objectives and levels of Community regional policy, even though its contents are not repeated in the other Structural Fund Regulations.

3.2. The identity of the partners

3.2.1. The Regulation states that the partners are to be identified and designated by the Member State "at national, regional, local or other level".

3.2.2. This is in line with the subsidiarity principle, and the Committee endorses it; national situations vary greatly and the type of participation will be affected by a number of factors, for example:

¹⁴ See point 1.1.1.2. above

¹⁵ COM(93) 67 final - SYN 455, pages 6 and 21

- whether or not there are any powerful regional institutions in the areas receiving structural policy assistance;
- the existing industrial relations system;
- the way the different socio-economic interests are organized, and the position they occupy.

At all events, the Committee feels that further clarifications are necessary.

3.2.3. Firstly, it is clear that we are talking about a variety of partners, including not only the "social partners" who represent the general interests of management and labour but also organizations representing more specific sectoral interests.

3.2.3.1. These parties all occupy a different niche in the social fabric, and represent different social groups and geographical areas. The partnership will thus operate in varying ways, in line with the degree to which the interests of these parties are involved.

3.2.4. Secondly, when designating the partners account must be taken of how representative the organizations really are at the various geographical levels.

3.2.4.1. Although it is clear from Article 4 that partnership is to operate at Community level too, no specific reference is made to the socio-economic partners at this level.

3.2.4.1.1. There is a lack of clarity and consistency here. Other parts of the Regulations mention the social partners at Community level:

Article 31(2) of the coordinating Regulation states that "each year, the Commission shall consult the social partners organized at European level on the structural policy of the Community";

Article 28 of the same Regulation mentions the Committee referred to in Article 124 of the Treaty (ESF Committee).

3.2.4.1.2. While Article 31(2) explicitly mentions the social partners at Community level (and it is the established practice to consult them in advance), the committee referred to in Article 28 comprises only representatives of national organizations.

The obvious link between development policy and social policy makes the inconsistency even more apparent.

3.2.4.2. There are a number of reasons why the right of the EC-level social partners to take part in the partnership at Community level, as recognized in Article 4, should be formally spelt out in the Regulations. Firstly, EC structural policies aim to achieve economic and social cohesion throughout the Community. Secondly, they include transnational and cross-border measures, such as the trans-European networks and the Community initiative programmes. Thirdly, the Community also has an embryonic regional planning policy, outlined in Europe 2000.

In this case the designation should be made by the Community institutions, thereby institutionalizing a consultation practice which is already followed.

3.3. The role of the partners

3.3.1. Here too clarifications are needed. All the parties in the partnership are put on the same footing under Article 4, and this is right and proper. However, the sentence now added at the end of Article 4(1) provides an important clarification by stating that

"The partnership shall be conducted in full compliance with the respective institutional, legal and financial powers of each of the partners."

3.3.2. The Council has thus adopted an amendment proposed by the European Parliament which draws a formal distinction between the local and regional authorities and the social partners, including them all in pursuit of a common goal.

3.3.3. This helps to clarify the meaning of "close consultations" - a term which has been used rather than mere "consultations" partly in order to emphasize the role of the social partners and the view that development is the product of synergy between all the main interest groups in our society.

3.3.4. In spheres such as business, vocational training or social policies, one might expect systematic consultation or even the transfer of decision-making powers to negotiations between the partners. However, in the case of economic and development policies the role of the public authorities is clearly of a higher order than that of the social partners.

This reflects a de facto situation in which certain partners (Commission, Member States, regional authorities) have decision-taking powers while the task of the others (the socio-economic partners) is to provide responsible criticism.

The fact that there is a common general goal - economic and social cohesion - does not rule out the possibility of conflicting strategies and differing narrower goals that reflect the different interests being represented.

3.3.5. The "close consultations" can therefore take two interlinked forms:

- consultation in the sense of exerting an influence - via consultative bodies - on decisions taken at the various decision-making levels;
- checks that implementation is effective and swift, and identification of the means needed to improve the socio-economic impact.

3.4. The levels and forms taken by the partnership

3.4.1. The partnership will operate at the various geographical levels at which regional policy is successively prepared, funded, monitored and assessed (ex ante and ex post) over the programming period 1994-1999.

3.4.1.1. All stages of the process are clearly important, but there is no doubt that the socio-economic partners can make their maximum contribution at the preparation and assessment stages.

3.4.1.2. Alongside the Community level, the geographical levels involved are national and regional (or local). Their relative importance in the partnership varies greatly due

pending on the political and institutional structure of the Member States.

3.4.2. **At regional and local level**, the “close consultations” in the **preparatory stage** will mean involving the socio-economic partners first and foremost in the framing of the regional development plan. The relevant authorities should send any comments made by the socio-economic partners to the national authorities and the Commission for information purposes. Secondly, the socio-economic partners will be involved in the framing of the various types of operational programme.

3.4.2.1. The relevant authorities should keep them briefed during the negotiation of the region’s Community Support Framework, in order to receive and pass on their comments.

3.4.2.1.1. So as to ensure that the operational programmes are implemented in an effective and open manner, the socio-economic partners should either sit on the monitoring committees or should be kept fully and regularly informed of their activity. This is also necessary if they are to carry out their role when the accompanying measures are being decided and during the assessment stage.

3.4.3. **At national level**, there are four points in the preparatory stage at which it is particularly important to involve the socio-economic partners:

- the drawing-up of the indicative list of Objective 2 and 5b areas;
- the national development plan, which is to form the basis for consistent regional plans;
- the operational programmes which cover several regions;
- coordination of operational programmes with Community initiatives.

3.4.4. **At Community level**, it has to be said that the partnership principle announced in Article 4 is not reflected in the practical arrangements set out in the rest of the Regulations.

3.4.4.1. This applies first and foremost to the committees mentioned in Chapter VIII of the coordinating Regulation (with the exception of the ESF Committee), and in particular the Committee on the Development and Conversion of Regions. This Committee is required to pronounce on such key issues as the Community support frameworks, the periodic reports on the socio-economic situation and development of the regions, and the drawing-up of the list of areas eligible under Objective 2. These are all matters in which the socio-economic partners have major interests.

3.4.4.2. It is difficult to understand why Article 31(2) of the coordinating Regulation requires the social partners at European level to be consulted on EC structural policy (which in practice has come to mean consultation on the annual report mentioned in Article 16(1) of the framework Regulation), when they are not consulted on the three-yearly report (Article 16(3) of the framework Regulation) on economic and social cohesion.

3.4.4.3. Article 8(5) of the framework Regulation states that the Commission “shall establish, **through the partnership referred to in Article 4(1)** and in agreement with the Member State concerned, the Community support framework for Community structural operations”. It is therefore clear that the close consultations with the socio-economic partners on the Community support frameworks for Objective 1 regions are also conducted at EC level. The same is true of the other Objectives (Objective 2, see Article 9(9); Objective 3, see Article 10(1); Objective 4, see Article 10(2); Objective 5a, see Article 11(3); and Objective 5b, see Article 11a(6)).

3.4.4.4. There would seem to be a particularly strong case for the Commission to consult the socio-economic partners before putting forward any proposal to change Objective 2 regions (Article 9(6)).

3.4.4.5. The socio-economic partners operating at Community level should also be involved in the preparation of the Community initiatives.

3.5. Participation instruments

3.5.1. Of course there are many degrees of participation, depending not only on the receptiveness of the relevant authorities, but also on the strengths and capacities of the socio-economic organizations.

For the “close consultations” to be conducted satisfactorily, so that they achieve the underlying purpose of the participation (usefulness, efficacy, safeguarding of the general interest, openness), some forward planning and a development strategy are necessary, particularly during the programming stages.

3.5.2. Not all organizations have the resources (staff and funding) or instruments (study centres and research institutes) to meet these needs and to take a positive and pro-active stance on development problems.

Only certain organizations are equipped for this, and even they will need some help.

Technical assistance - which is already laid down in the Regulations - from the Commission and the national and regional authorities could be a great help here, as could co-ordination by the European organizations and the establishment of channels for transnational exchanges of experience.

3.5.3. There has been little time to make provision for optimum administration of Article 4 along the lines sketched out in the present Opinion.

The new Regulations were adopted in July, and two stages in the implementation of the 1994-1999 programme have already passed: the regional programmes have been prepared, and the national programmes have been submitted to the Commission. The third stage, involving the negotiation of the Community Support Frameworks, is due to begin shortly.

Only in a few instances have the regional and national authorities and the social partners been able to contact each other in time. In at least one case - in Scotland - the response from the relevant authorities was a firm “No”. In

another case - in Italy - the Government reacted positively and sent a notification to the Commission.

3.6. Concluding recommendations

3.6.1. In order to begin a phased implementation of Article 4, the Committee considers that:

a) the national socio-economic organizations must act quickly and submit a formal request to the relevant authorities. It would also be wise to:

- lay down protocols of understanding with the national and regional authorities in order to decide on forums for, and types of, participation;
- set up training schemes for socio-economic operators interested in the content, rules and procedures governing Structural Fund assistance;

b) the Commission should facilitate this process by:

- consulting the national socio-economic organizations on the mandates for the individual Community Support Frameworks;
- devising a programme to support the national training courses, and holding conferences and seminars to swap experiences and set up trans-national networks;
- drawing up a periodic progress report on the implementation of Article 4.

For its part, the Committee undertakes to keep an eye on further developments in this process and to make periodic checks on the implementation of the partnership in the regions and areas covered by the Structural Funds.

OPINION

of the Economic and Social Committee

on

The role of the public authorities in the partnership

(Article 4 of the Framework Regulation)

On 22 February 1994 the Economic and Social Committee, acting under the fourth paragraph of Article 20 of its Rules of Procedure, decided to draw up an Opinion on

The role of the public authorities in the partnership (Article 4 of the Framework Regulation).

The Section for Regional Development and Town and Country Planning, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 26 July 1994. The Rapporteur was Mr MASUCCI and the Co-Rapporteur was Dame Jocelyn BARROW.

At its 318th Plenary Session (meeting of 14 September 1994), the Economic and Social Committee adopted the following Opinion by a majority vote (one dissenting vote).

1. Introduction

1.1. Article 4(1) of the Framework Regulation governing the Structural Funds, approved by the Council on 20 July 1993, states that:

"Community operations shall be such as to complement or contribute to corresponding national operations. They shall be established through close consultations between the Commission, the Member State concerned and the competent authorities and bodies - including, within the framework of each Member State's national rules and current practices, the economic and social partners - designated by the Member State at national, regional, local or other level, with all parties acting as partners in pursuit of a common goal. These consultations shall hereinafter be referred to as the 'partnership'. The partnership shall cover the preparation and financing, as well as the ex ante appraisal, monitoring and ex post evaluation of operations.

The partnership shall be conducted in full compliance with the respective institutional, legal and financial powers of each of the partners."

1.2. This is one of the key innovations of the revised Regulations, in that for the first time the "partnership" is to include the economic and social partners. The parties are to act "in pursuit of a common goal" through "close consultations".

1.3. A recent ESC Own-initiative Opinion¹⁶ dwelt on the identity and role of the partners, the levels and forms taken by the partnership, and the instruments of participation. However, these points were only considered in connection with the economic and social partners.

The present Opinion, in contrast, is based on the premise that the partnership and the close consultations - and hence the development philosophy which underpins them - can only work if the relevant public authorities at national, regional and local level are sympathetic and supportive, in both practical and formal terms.

The Opinion therefore seeks to assess the relevant authorities' attitude to the implementation of Article 4, by considering some cases which the Committee has learned about directly or via studies and research. In this way the Committee hopes to help make the partnership more successful.

1.4. The Committee offered its interpretation of this Article in the earlier Opinion. One reason why an interpretation was necessary was that the wording was the result of hard-fought negotiations between the Member States, which led to the amendment of the Commission's original proposal. Several aspects of the Committee's interpretation are useful for the purposes of the present Opinion:

1.4.1. Firstly, the reference to "each Member State's national rules and current practices" does not exonerate any Government from consulting the economic and social partners, but simply concerns the way in which the consultations are conducted. And where no such rules or practices exist, this is the moment to establish them.

1.4.2. Secondly, the term "close consultations" is stronger than "information" or just "consultation". It means the involvement - in various forms - of the economic and social partners in the decision-making process, without prejudice to the fact that the final decision, at the appropriate time, lies with the relevant authorities.

1.4.3. Thirdly, the nature and breadth of these "consultations" will vary according to the institutional, legal and financial powers of each partner. Moreover, while systematic consultation or the transfer of decision-making power to negotiations between the parties is conceivable where social policies are concerned, in the case of economic and development policies the role of the public authorities is clearly of a higher order than that of the social partners.

1.4.4. Fourthly, we are talking about a range of partners which includes not only trade unions and employers' organizations, but also organizations representing more specific sectoral interests.

1.4.4.1. These partners have differing arrangements for involving the interests which they represent; hence the partners at the various geographical levels cannot be designated automatically, as account must be taken of how representative they really are.

1.4.5. Fifthly, close consultation is envisaged at all stages of regional policy: preparation, financing, monitoring, and ex ante and ex post evaluation.

However, the economic and social partners can offer the greatest contribution at the preparatory and evaluation stages, and can play an important part in improving management transparency and informing and involving the public.

1.4.6. Lastly, the extension of the partnership to the economic and social partners reflects a change in the thinking behind Community regional policy, i.e. acceptance that development necessitates the synergic involvement of all the main interest groups.

This change is no coincidence - it is partly a reflection of the nature of the present recession, and of the difficulty of boosting competitiveness and employment in order to overcome it.

¹⁶ Own-initiative Opinion of the Economic and Social Committee on the involvement of the economic and social partners in Community regional policy, OJ C 127 of 7 May 1994.

1.4.6.1. It is becoming increasingly difficult for large companies to boost employment as restructuring is making them less labour intensive. The aim of an annual 2% increase in employment, mooted in the White Paper, can best be met by small and medium-sized firms, which play a vital role in the relation between growth and employment.

1.4.6.2. This need is reflected in the changing shape of regional policies over the last ten years. In the past, such policies focused mainly on attracting outside investment and companies.

Over the 1980s, a second generation of strategies came to the fore. These sought to promote endogenous resources and activities, in order either to reinforce existing local initiatives or to create new ones in such areas as infrastructure, small businesses, the cooperative and non-profit sector, cottage industry, and general services.

1.4.6.3. More recently, the tendency has been towards a fusion of the two earlier strategies, combining the promotion of internally generated development with efforts to attract incomers and inward investment using new technologies. In other words, internally generated development is fuelled by externally generated development and is not just a local matter, as it fits into the national economy and the Community's internal market.

These third generation strategies are thus designed to enhance the business environment and communications, as well as upgrading human resources and stimulating new entrepreneurial skills.

1.4.6.4. The development of local economies, which has become a key plank of regional policy, requires the decentralization of public structures, decision-making processes, and expenditure. The Presidency Conclusions of the Corfu European Council of 24-25 June 1994 also stress that local development initiatives are an essential element of the new model of development mentioned in the White Paper¹⁷.

2. Some case studies

2.1. Regional policy studies have tended to focus on the role of the social partners and to refer only indirectly to that of the authorities. They have often demonstrated the conditions under which the social partners can influence the action of the authorities; but they have not shown how influential or effective the various tiers of public authority might be in the implementation of regional policies or in securing one type of results rather than others.

2.1.1. This chapter describes the situation in certain regions of the EU. Some of the instances mentioned are positive, others negative; clearly they are not exhaustive, nor indicative of the country as a whole, as the situation in the larger Member States is extremely complex and sometimes unclear. However, enough is known to enable us to pinpoint general problems.

The regions concerned are in the UK, France, Italy, Germany and Spain. They thus span the whole institutional range from centralized State to federal State, via the limited regionalism of France and the more pronounced regionalism of Italy.

2.2. UK

2.2.1. The ESC Opinion on the fourth annual report on the implementation of the reform of the Structural Funds (1992) (Rapporteur: Mr LITTLE)¹⁸ cites a statement made by a UK Government representative during a visit to Scotland.

2.2.1.1. It transpired that the UK Government does not intend to designate as formal partners either trade unions or employers, and that they will not be invited to participate in the working committees and monitoring committees.

Only representatives of the development agencies and bodies of the various regions will be formally involved in the elaboration and implementation of regional policy, because these are the only parties deemed to have the necessary knowledge and experience.

2.2.1.2. In Scotland too, the Government has turned down a formal request from the trade unions to be involved in consultations on the use of the Structural Funds.

2.2.1.3. Nevertheless, the lobbying by the social partners has had some effect. At the same meeting it was announced that the Government has agreed to hold informal discussions with the social partners on the operation of the Structural Funds.

2.2.2. The situation in South East England shows the important role which the public authorities play in EU structural policies in both a positive and a limiting sense.

2.2.3. The South East of England is an imprecise region to identify. In geographical terms it covers an area from Oxford to Dover. In planning and administrative terms it consists of the region of Greater London and a separate region of the South East covering the counties of Kent, East and West Sussex, Surrey, Hampshire, Isle of Wight, Berkshire, Oxfordshire, Buckinghamshire, Bedfordshire, Hertfordshire and Essex.

2.2.4. There is no elected authority representing the whole region and London. In London the strategic body, the Greater London Council, was abolished in 1986, though some coordination matters now rest with the London-wide committees of locally elected bodies, the 32 boroughs (plus the city of London). One of the most active of these is the London Planning Advisory Committee (LPAC).

2.2.5. In the rest of the South East there is little coordination of the two-tier local government system and the many other government and non-governmental bodies. For the whole of the South East there is SERPLAN, the London South East Regional Planning Conference, an association of elected representatives from local authorities with a planning remit. The body has no executive powers. There are currently two associations of London local authorities.

2.2.6. The main central government departments associated with local government and economic development, the

¹⁷ "The European Council considers that local development initiatives offer considerable potential for reinforcing the economic and social fabric of the European Union and for creating jobs. They are an essential element of the new model of development mentioned in the White Paper and will help to preserve cultural diversity within the Union". Presidency Conclusions of the European Council at Corfu, 24-25 June 1994, page 8.

¹⁸ OJ C 195 of 18 July 1994.

Department of the Environment, Department of Employment and the Department of Trade and Industry had separate regional structures. Critics often pointed out that they did not effectively coordinate the myriad of regional and sub-regional development programmes. In 1993 the UK government recognized that the delivery of its policies, particularly in the field of urban regeneration, lacked cohesion and decided to unify the regional structure of administration. It put the government agencies under the authority of one regional civil servant, a regional controller which took effect in April 1994. This unified the departments responsible for the management of European Union structural funds, though as yet there is little difference in the way they are administered. The South East is still divided into two regions.

2.2.7. For European Structural Fund purposes the partnership of bodies in the South East has not been extensive because the main UK areas which qualified for Objective 2 funding were in the North, Wales and Scotland. The exception is that London received some Article 10 funding in 1989 which was monitored by a partnership between local authorities and central government. The other exception is the Social Fund (Objectives 3 and 4) to which many South East authorities successfully applied. Local authorities, representatives from the voluntary sector, higher education and from government schemes sit on the national monitoring committee. South East representatives participate, such as one officer representing the two London associations of local authorities. As in most UK partnerships, central government civil servants take the lead by chairing the committee, providing the secretariat and setting the agenda. It is generally thought that the dialogue between the partners and central government is minimal. The size of the national committee is often considered to be very large, but this is necessary to ensure all types of representatives can participate.

2.2.8. Since 1993 some parts of London have become eligible for Objective 2 funding. New partnerships contribute to the Single Programme Documents (SPDs) which are approved by the Commission. The partnerships now include a wider group of representatives. The monitoring committee in the East London Lee Valley initiative includes the six local authorities involved, the three local training agencies, local development agencies, two business groups, the local government associations, representatives from the voluntary sector and higher education. The local unions are not represented. Local authority representatives are officers rather than elected people.

2.2.9. Another example is the Isle of Thanet area in the South East region, which has as partners local authorities, East Kent Initiative (private sector), higher education, the Tourist Board, the voluntary sector, a water company, English Nature and the Kent training body. Again the trade unions are not represented. The partners have a role in drawing up drafts of the documents, but the final programming document is approved by the government department. The committees meet at six monthly intervals.

2.2.10. The final example of partnership is the Kent and Nord-Pas-de-Calais's cross border project (INTERREG). The national partnership is mainly based on local authorities with central government and Commission representa-

tives. There is also a joint committee composed of partners from Nord-Pas-de-Calais and separate working parties.

2.2.11. With the reform of the funds the government has simplified their administration. Whereas there were committees monitoring the CSF, then operational programmes governing smaller areas, now there is one programme committee associated with the special programme document. Local authorities argue this presents less opportunity for effective partnership, strengthens the centrally run secretariats and prevents sub-programme areas developing strategies.

2.2.12. Any form of regional coordination is going to be hard in the complex political and economic geography of the South East. As not much of the area is eligible for funds, the opportunity for building a regional European strategy is limited. However, in terms of the application of Article 4, there are monitoring committees in the programme areas and these involve most local actors, including local business and the voluntary sector. Trade unions, which have been deprived of their tripartite role by the government since 1979, are not partners. Even though there are examples of good partnerships, there are limits to the extent partners can shape decisions. Central government civil servants, responsible to ministers, chair the committees and set the agendas.

2.2.13. Partnership in the UK is also constrained by the absence of an elected tier of regional government and the transfer of functions away from elected local bodies to unelected agencies. The result of the highly complex sub-national structure is to make the coordination of policies, and thus partnership, difficult to achieve, leading to a loss of transparency.

2.2.14. The absence of a regional authority appears to complicate matters in three ways:

- firstly, it could overburden the national authorities, who are unable to keep close, constant, systematic tabs on the implementation of Community assistance;
- secondly, the creation of quango-type bodies produces a plethora of poorly coordinated and often overlapping agencies, making it difficult to plan and implement policies in a targeted manner;
- thirdly, the public is generally denied any say in the organization of their region, as not only are the socio-economic organizations excluded, but often also other interest groups, and even the local authorities.

2.2.15. The first lesson to be drawn from this is that systematic, effective participation in EU regional policies requires non-fragmentary administrations and institutions, with fixed responsibilities for identifying key problems and objectives. And to facilitate the achievement of Community objectives, these institutional bodies should ideally be in close touch with the socio-economic circumstances of the target area.

2.3. France

2.3.1. As France has only introduced regionalized institutions in recent years, and has done so cautiously, the powers of the French regional authorities are limited. At the

same time, France's administrative structure is rather complex and it is difficult to ascertain the precise breakdown of responsibilities and duties between regions, départements, and towns.

2.3.1.1. The changes introduced in the 1980s were undoubtedly a step forward, even though constitutional and other experts tend to feel that the French regional authorities generally enjoy fewer powers than their counterparts in other countries. The democratic credentials of the regions have undoubtedly been reinforced by the advent of universal-suffrage elections. However, the French system does not give the regions constitutional importance.

2.3.2. It should also be noted that the institutional reform enacted in 1992 gave a fresh boost to the role played by the regional and local authorities in economic and social measures. It makes the interlinkage of local authorities the main instrument for decentralized economic measures.

2.3.2.1. However, structural policies remain a mixture of programmes and other ventures in which the region is constrained by the objectives and methods laid down by central government. Despite attempts at reform, administrative organization remains extremely hierarchical. And the economic ministries' main concern is to lay down rules that are uniform. It is significant, for example, that the regional authorities are directly responsible for only 10% of expenditure on training.

2.3.3. France's decentralized administrative structure includes important bodies with socio-economic duties, namely the regional economic and social councils. These councils, made up of representatives of the institutions and the social partners, have some responsibilities in the implementation of Community structural policies. However their powers are limited, as the councils are advisory rather than actually shaping policy.

2.3.3.1. This limitation is widely regretted, as the councils are felt to possess considerable potential and specialist knowhow. As things stand, the councils run the risk of being confused with other local bodies involved in economic programmes and actions of various types. Hence they are unable to provide more than a discussion and information forum for the parties concerned, and this is not enough.

2.3.4. However, there are a few cases (for example in the French region of Hainaut, an Objective 1 region) in which firms have been involved in "close consultations" on the preparation of the CSF. The channel for this has been the chambers of commerce, which have been involved in the full and the select steering committees and are felt to have played a useful part in shaping the final programmes. This is a small but encouraging step forward.

2.3.5. Although the French administrative structure is more elaborate than the English one, it still bears signs of the centralist tradition. The planning and successful implementation of structural policies depend to a large extent on the technical capacities of the central authorities, as it is they who are the driving force behind programmes and decisions, and they who enlist local bodies to help them define problems and achieve objectives.

2.3.5.1. The advantage of this type of administration is that it is results-oriented and may, under the right condi-

tions, make for effective Structural Fund assistance. These conditions are not always present because they are linked to the degree of awareness of regional socio-economic conditions. The central authorities can thus foster better results by using decentralized institutional machinery to monitor key programmes, problems, and opportunities.

2.3.5.2. In conclusion, although French regional policy is centralized, it does provide for some contact with both the local authorities and the socio-economic organizations. However, the practical arrangements and the account taken of needs and views are purely discretionary, and at all events remain far removed from the spirit of "close consultation" enshrined in Article 4.

2.4. Italian "regional pacts"

2.4.1. It should first be noted that the Italian Government accepted the trade unions' formal request to apply Article 4 properly and fully.

2.4.2. Although relatively recent, the Italian regional system is more structured than that of France or the UK. The "ordinary" regions were established in 1970, alongside other "special status" regions which enjoy greater regional autonomy.

2.4.3. Attempts - still at an early stage - have recently been made to give local bodies a greater role in development policies.

One such attempt, which is worth mentioning because it is a new departure, takes the form of "regional pacts" developed thanks partly to the promotional work of the National Economic and Labour Council (CNEL), the consultative body representing the social partners.

2.4.3.1. The pacts have focused on the southern regions of Italy, i.e. those suffering the greatest development lag. Since the winding up of the Cassa per il Mezzogiorno (a fund which provided additional resources to support projects in the south, termed "special assistance"), these regions have found it more difficult to obtain national funding.

2.4.3.2. The new arrangements are designed to plug this gap by identifying development projects which cover cohesive areas and can involve dynamic groups, organizations and bodies in the promotion of new initiatives.

2.4.4. The "pacts" have generated a regionally based assistance system which works as follows:

- designation of a local "locomotive" body which undertakes to organize planning and implementation. This may be the public authority (as is the case in Vicenza, in the Veneto region) or a trade association or other interest group (trade unions, employers, environmentalist groups, etc.) as has occurred in Brindisi, one of the main examples of a "regional pact";
- a regional survey, with canvassing of local administrative officials and economic operators;
- organization of a forum of interested parties to decide the features and priorities of the project;
- launch of the project proper. The parties formalize the pact and set about implementing it.

2.4.5. The target area of the pact is decided as follows:

- selection of a subregion of acceptable size (e.g. about the size of an Italian province);
- identification of a problem (infrastructure networks, technological innovation projects, etc.) and of the local bodies which are in a position to solve it.

2.4.6. The schemes are at an early stage but are undoubtedly promising, although some hurdles still have to be overcome.

2.4.6.1. Finance is one problem area, as the groups which join forces to draw up the pact lack the requisite economic resources.

2.4.6.2. The results are not always up to expectations, as the projects do not always manage to create new development and employment opportunities.

2.4.6.3. However, more important for our present purposes is the fact that dealings with the public authorities pose the major problem. A recent CNEL forum identified the role of the local authorities as a particularly weak link.

2.4.6.3.1. Most of the regional pacts have been spear-headed by the social partners, especially the trade unions and the regional employers' organizations.

As a rule the local authorities have played only a passive role and have not been a locomotive of the pacts. In some cases, they joined them after a project had already been defined.

2.4.6.4. There is also uncertainty about the appropriate level of public-authority involvement: Regional authorities? Provincial authorities? Local-authority associations?

Even when specialized administrative bodies exist, things do not necessarily run smoothly. Sicily is a case in point, despite the existence of a regional economic and social council which is supposed to provide active back-up for the work of the social partners.

2.4.6.5. This probably means that the culture and organizational capacity of the Italian public authorities are just as important as their institutional powers and legal framework.

2.5. North Rhine-Westphalia (Germany)

2.5.1. This is a particularly important example, not only because of the economic importance of North Rhine-Westphalia but also because the consultative mechanism which underpins regional policy is so highly planned and structured.

2.5.1.1. With 18 million inhabitants, North Rhine-Westphalia is the most highly populated Land in Germany. It produces 25% of the country's GDP, contains 40 of Germany's hundred largest firms, and accounts for 25% of national exports.

The decline of the steel industry has meant continual restructuring. The Land accounts for 50% of German applications for Objective 2 assistance and takes up the bulk of aid under the Community's RECHAR programme.

2.5.2. Thanks partly to pressure from the social partners, regional structural policy is consensus-based. To this end, the Land has been subdivided into 15 regions based on the

districts covered by the chambers of commerce and industry.

The definition of regional policy is extremely broad. Alongside the core areas of restructuring of industry, services, agriculture and tourism, equal importance is given to such considerations as social justice, environmental development and equal treatment of men and women.

2.5.3. The parties involved in the pursuit of consensus are the local authorities, representatives of trade and industry, unions, environmental associations, the voluntary sector, women's organizations, and other associations.

2.5.4. Regional conferences have been set up in all regions. They are subdivided into special committees, each headed by a person who participates in the consultations. Managerial groups have also been set up to prepare further work, more especially the preparatory work for drawing up a regional development blueprint.

2.5.5. The process is an open one with a limited formal structure. The many problems, which have to be tackled as they arise, include:

- how to fit this process and all these participants into an existing legal structure without changing it;
- how to involve the public by ensuring proper representation;
- involvement of town and local councillors;
- the public authorities' response to this self-organization process;
- the availability of trained staff within the trade unions.

2.5.6. The development blueprint is drawn up in several stages:

- analysis of the economic structure, the labour market and existing infrastructure;
- drawing-up of key projects for the region as a whole;
- identification of key guidelines for the region's development.

2.5.7. Finally, a blueprint is produced for each region which is politically although not legally binding, as the Land Government cannot reject it without justification and is required to provide financial support for the ensuing programmes.

The development blueprints are adopted by the regional councils and the bodies representing the associations before being sent to the Land Government where a special committee draws up an opinion on them.

The procedure is thus an open one which in its final stage involves the Land Parliament.

2.5.8. This exemplary model for consultation has been in a pilot stage for several years and has proved its worth, although it does raise a number of problems. It is also a highly specific case, within a context where the individual Länder have undoubtedly reacted more positively to Article 4 than has the Federal Economic Minister, who has appeared rather reticent on the subject of "close consultations".

2.6. Spain

2.6.1. In Spain, the national authorities have hitherto taken an extremely centralizing approach to regional development policies.

However, there are legal bases for involving the social partners, and they do take part in special forums concerning specific areas of social policy.

2.6.1.1. The legal bases lie both within the Spanish Constitution (Articles 7 and 28) and in the Organic Law on trade-union freedoms (Article 6(3)).

These enable the social partners to participate in any areas of socio-economic life decided bilaterally with the various tiers of public authority.

2.6.1.2. Apart from the bilateral relations established between social organizations and the public authorities, there are a number of statutory bodies in which the social partners can participate effectively. They include the General Vocational Training Council, the General Council of the National Employment Institute, and the Economic and Social Council.

The relevant committees generally operate at regional level, but sometimes also at province level.

2.6.2. The Spanish legal system facilitates the use of a consultation system. This is because it shares responsibilities between the national authorities and the decentralized ones (the autonomous communities and the local authorities). The breakdown is the same as for the Community Support Frameworks, as the CSFs for each Objective are subdivided into a multiregional CSF which is the responsibility of the national authorities, and regional CSFs which are the responsibility of the autonomous communities.

The decentralized authorities are already beginning to act independently.

2.6.2.1. The Andalusian authorities wish to instigate a consultation process, at least in formal terms, founded on an agreement between the autonomous community, the trade unions and the employers' organization.

The goodwill shown by the Andalusian authorities does not seem to have rubbed off on the national authorities as regards the central funds allocated to Andalusia (with the exception of Social Fund finances, especially Objective 4).

This suggests that the participation process is incomplete and fragmentary even within a single region.

2.6.2.2. Mention should also be made of the community of Valencia, where the authorities have recently, together with the trade unions, organized a forum with local authority representatives to discuss decentralized regional development.

It emerged that there was a chronic lack of information about Community regional policy mechanisms, especially Article 4.

This initiative is a new and extremely encouraging departure, because it applies the partnership (which should be extended to all the relevant socio-economic representatives) to the substance and objectives of regional development, with employment as its first concern.

2.7. Comments on the situation in Belgium, Greece, the Netherlands and Portugal

2.7.1. No detailed scientific surveys are available on the smaller Member States, even though they are interesting for a number of reasons (administrative structures, ethnic splits, autonomous areas). The main surveys of participation in regional policy have looked at the larger Member States (in terms of both population and area) - France, Germany, Italy, Spain and the UK.

A recent survey by the European Trade Union Confederation provides some indirect information and ideas, although it focused on the role of the trade unions and did not dwell on that of administrative bodies.

2.7.2. Some pointers emerge concerning Objective 2 regions of **Belgium** (Liège, Hainaut, Aubange).

The report, which covers the period 1989-93, focuses on the flow of information to the social partners and the extent of their participation. While they are well informed of regional development plans, they feel that the national and regional political and administrative authorities take little heed of their views and are not supportive of participation in the shaping of regional policies. The social partners were not involved in the discussion and selection of operational programmes. This was left to the region's political authorities, who did not give sufficient encouragement to "close consultations".

The report also notes that the social partners often only receive information after decisions have already been made.

2.7.2.1. The report also mentions the potential role of the Wallonia economic and social council as a consultation forum, but notes that it is hamstrung by the regional authorities' failure to encourage maximum involvement.

2.7.2.2. Mention is made of an interesting experiment in Turnhout whereby members of the monitoring committee meet prior to the framing of development programmes for an "advance consultation" which enables them to hammer out a preliminary position on the objectives to be achieved.

However, the report also mentions shortcomings in information, and in particular "poor communication" about the progress of the programmes launched by the Commission. The trade unions feel that more regular information and monitoring would facilitate matters for the Flemish public authorities. They recommend that the Commission give the regional authorities and the social partners regular progress reports.

2.7.3. Similar comments apply to **Greece**. The report stresses that the social partners were not involved in the preparation of the plans between 1989 and 1993. It attributes the unsatisfactory preparation and implementation of the plans to the inadequate institutional arrangements for development planning. For example, the way that planning services are clustered in the national Economic Ministry is inappropriate.

2.7.3.1. Poor consultation is felt to be partly the result of organizational problems and lack of technical back-up for the public regional bodies. It is noted, for example, that the regional councils receive only incomplete information. The

report deems it vital that a technical department be set up within the Commission to provide regional authorities with the technical back-up which they need in order to prepare the plans.

2.7.3.2. As in other countries, the main problem seems to be how to activate the development potential of each region and find institutional channels for mobilizing local resources and for securing a full commitment from the public authorities at both national and regional level. To this end, the report proposes the establishment of development associations at regional level, comprising members of the central and local authorities and representatives of private business.

2.7.4. The report also highlights dissatisfaction and problems in the South Limburg region of the Netherlands. Programmes supported by the European Social Fund are carried out under the aegis of the regional employment commission, to which the social partners belong. Despite this, their involvement - especially on the trade union side - is unsatisfactory.

2.7.4.1. Programmes supported by the regional development funds are conducted by a special committee (the European Stimulation Programme for South Limburg), on which the public authorities and chambers of commerce are represented. Here too, there is criticism of the inadequate involvement of the social partners.

2.7.4.2. In this case the failure to launch close consultations is not due to technical problems or insufficient administrative decentralization, but rather to what might be termed a "technocratic prejudice". The public authorities are unwilling to hold more consultations because they prefer decision-making to be swifter and less cumbersome (involving fewer, more technically qualified parties).

2.7.5. In Portugal, regional decentralization is not the key factor in the implementation of the partnership principle.

This is because the whole of Portugal is an Objective region for Structural Fund purposes. Hence the question of the partnership principle arises chiefly at national level.

2.7.5.1. Consultations on the regional development plan, and more especially on the setting-up of such aid schemes as PEDIP (specific programme for the development of Portuguese industry), had raised hopes that the Government would be more willing to involve the economic and social partners in the implementation of the Community Support Framework (CSF).

However, such hopes seem to have been dashed by the wording of the CSF approved by the Commission, and by the legislation providing for a coordinated structure covering management, monitoring, evaluation and checks on the implementation of the CSF.

2.7.5.2. The involvement of the economic and social partners in the CSF is limited to a vague statement that they will be "involved in the monitoring of the CSF within the framework of current rules and practices in Portugal".

National legislative provisions do not match up to the framework created or the expectations raised by the

Government. In the Committee's view, the provisions for involvement of the economic and social partners do not constitute proper application of the partnership principle. Partnership will not be achieved by the units which, together with Commission representatives, are responsible for the monitoring and assessment required under Community regulations.

However, mention should be made of one laudable exception which shows greater receptiveness to the economic and social partners and can be seen as a move towards regional decentralization. This is the newly created possibility for representatives of regional business associations to participate in the management units of one of the sub-programmes of the operational programmes.

3. The problems to be tackled

3.1. In the Committee's view, the priority objectives for Community regional policy during the 1994-1999 programming period will flow from the present economic situation and the new partnership described in Article 4. These objectives are:

- to maximize employment;
- to carry out "close consultations".

3.1.1. These objectives are precisely those of the White Paper, which makes the planned jobs conditional on "political and social partner agreement"¹⁹ concerning pay and the labour market. In line with these objectives, regional policy should thus be seen:

- as a combination of local (internally generated) development and an outside (externally generated) contribution;
- in the widest possible sense, giving equal weight to productive investment, investment in services and infrastructure, and social and environmental aspects;
- as a consensual process which brings together all parties involved in development.

3.1.2. Two factors are crucial to such a policy:

- decision-taking bodies near the local level;
- synergy with the socio-economic organizations.

3.1.3. This approach reveals the limitations of purely technocratic management by agencies and quangos which, even where they are present at local level, do not generally consult the social partners and sometimes even bypass the local authorities. It also shows the limitations of channelling the socio-economic partners' involvement through non-specialist bodies such as the economic and social councils, whose representatives are normally delegates with no direct local involvement. These councils tend to play a strictly advisory role and do not help to create synergies which would enhance local development.

3.1.3.1. Although technocratic instruments were useful when the aim was to attract new businesses, or to attract new resources to restructure established businesses, they no longer suffice when the aim is to create even one new job.

¹⁹ White Paper on Growth, competitiveness, employment (page 146, Point 8.8a).

Hence a managerial approach to development should be complemented by an analysis of needs, a survey of local resources and capacities, and the galvanization of the general public.

3.2. North-Rhine Westphalia has undoubtedly adopted a more systematic approach than the other areas covered by the national and regional case studies of chapter 2. However, given the wide variety of institutional and administrative systems in Europe, it is not the Committee's intention to propose models but rather to encourage the swapping of information and experience.

3.2.1. In any case, no system is without its disadvantages, and a complicated system causes difficulties and delays even in a well-established cultural framework such as the one just mentioned.

And if it is grafted onto an underdeveloped base, any consultation system will prove complicated.

3.2.2. Two initial conclusions can be drawn from the above:

- that each country, region or area must select a consultation system geared to its particular socio-economic features;
- that if the system is not to cause delays, it must permanently address all development problems, and not just the deployment of the Structural Funds.

A region with an efficient consultation mechanism for development issues would undoubtedly be better able than others to tackle all economic situations.

3.3. Studies and analyses, particularly those conducted by legal experts, have laid special stress on the structure of regional decentralization in the different countries. Member States' customs and practices vary, partly because of their differing sizes and total population. Some accord the regional authorities considerable powers, while others are more centralist.

3.3.1. These are highly sensitive and complex matters, and they have both political and institutional implications. In some countries they are the subject of lively debate. The partnership principle is a central issue here, but it must not be made a political football.

3.3.1.1. At all events, the Committee is not impervious to the subject of decentralization. The establishment, under the Maastricht Treaty, of the Committee of the Regions proves that it is an option which also enjoys the support of the Member States.

The regional authorities' greater amenability to the implementation of Article 4, in contrast with the wariness displayed by the national governments, is further proof that decentralization reinforces democracy and participation.

3.3.1.2. Experience has shown that regional political powers can help to galvanize endogenous potential, particularly if a Member State is above a certain size.

3.3.2. The sheer variety of political and administrative structures makes alignment of Member States' institutional channels inappropriate. However, building on their special features and public policy traditions, these channels can be

organized in a way which ensures that structural policies are not implemented in a piecemeal, fragmentary fashion.

Hence it is not necessarily the case that in all Member States the reference unit will be a regional authority with significant powers and specialized bodies attached to it. In some of the smaller Member States, the reference unit should comprise several smaller areas with a similar economy, rather than being based on administrative rules and boundaries. In such cases, where there are no precise administrative divisions, the focus should be on support for local economic activities.

3.3.3. Small local authority areas tend to have an inadequately diversified economy and suffer from a lack of administrative staff. Here the problem is to identify areas which are large enough to provide the critical mass needed for development, and to set up intermediary coordinating bodies which can liaise between their local authorities.

3.4. A second problem is the "environment" (institutional and otherwise) which nurtures economic development and makes it possible.

3.4.1. Social studies show that certain areas (some very large, but some very small) offer better conditions and opportunities for carrying out projects and making effective innovations.

Although efficient public authorities are of assistance, the projects are not coextensive with regional authority areas as a variety of factors come into play: infrastructure networks, the presence of business services, involvement of the local authorities, social service networks.

3.4.2. The prospects of success are therefore better in areas where the authorities play a regulatory role which ensures that the different parts of the network operate smoothly. Such conditions are found in some very large regions (i.e. larger than a regional authority area) and also in certain industrial or manufacturing districts which have a particular economic specialization and which are usually quite small (they could be termed "sub-province" areas).

3.5. A third and final problem concerns the quality and adequacy of the public and administrative machinery for implementing Community regional policies.

3.5.1. This problem, which has been little researched, is not a matter of whether or not rules on decentralization exist, but of how the rules are interpreted and applied in practice. Achievement of structural policy objectives depends to a large extent on this factor, which in turn depends on public authority traditions of efficiency.

3.5.2. The public authorities are often perceived as lacking a real commitment to these policies, as being concerned only for economic benefits and neglectful of the practical input needed, and as being poorly equipped or lacking the broader "administrative culture" or tradition of "social dialogue" needed to administer these processes properly.

3.5.3. In such a context, regulations are not the answer. The solution is to encourage the public authorities to become more efficient and more results-oriented, to recruit skilled staff, and to improve staff specialist knowledge of regional policies.

3.5.4. However, the efficiency of a local or regional authority is often as much the result, as the cause, of a region's low level of development.

4. Conclusions

4.1. Although it can only base itself on limited analyses of a few of the wide variety of schemes, the Committee feels that it can safely say that full application of Article 4 requires three things from all tiers of the public authorities:

- firstly, the political will to implement the Article. This presupposes an awareness of the general benefits of a consultation process in the framing of development policy, and an awareness of its particular benefits for competitiveness and employment in a time of economic recession;
- secondly, the existence of a culture of participation and social dialogue;
- thirdly, allocation of responsibilities and resources at all administrative levels, and the technical ability to organize participation and steer it towards the desired objective.

4.2. It should be stressed that the first of these requirements is not just a matter of a positive or a negative political will, but of much wider shortcomings:

- a simple lack of attention to, and familiarity with, Article 4 on the part of the decentralized authorities;
- and/or a strictly formal acceptance and implementation of Article 4 which fails to trigger the necessary synergies. It may be symptomatic of a failure to understand the nature of the consensual process required, or it may simply mean that appropriate technical and political instruments are lacking.

Clearly each case must be assessed individually and in depth - even where things seem to be satisfactory - in order to establish what steps are needed (political, or improving information, or technical).

4.3. A culture of participation is less widespread than appears.

There is a marked tendency not to distinguish between information, general consultation, and the "close consultations" enshrined in Article 4. Close consultations are a dynamic process conducted in the field, and not merely a one-off event.

4.3.1. Close consultations also differ in their purpose, as is clear where a technocratic conception of regional development prevails, whether it comes straight from a centralized authority or is delegated to an agency or quango.

Such bodies often show a quite sensible interest in the views of the representatives of local authorities and specific interest groups (not generally the social partners). However, this really only amounts to a judicious means of gathering information in order to flesh out or support an existing framework.

The true purpose of consultation, in contrast, should be to bring together and reconcile differing needs and factors. In other words, it should mean a real political dialogue.

4.4. Although a positive political will and a culture of participation are vital, they are not enough on their own. If the physical capacity to organize a consultation process is lacking, then nothing will be achieved.

Participation should take place at all stages of Community regional policy, from the planning stage through to assessment, and the present Opinion views participation as a process.

4.5. It is obvious that this type of regional policy will be easier to implement in an institutional framework based on decentralized political and administrative authorities with significant powers and resources. However, the Committee feels that the absence of such conditions (and in the smaller Member States there may be good practical reasons for this) is no excuse for inaction. The crucial factor is the three requirements mentioned above.

4.6. In the Committee's view it is the task of the Commission to ensure that the Structural Fund Regulations - including Article 4 of the Framework Regulation - are complied with in full. Any programme part-financed by the EU should be accompanied by a declaration from the Government concerned, specifying the partnership arrangements.

4.6.1. In view of the wide variety of participation arrangements, it is important that the Commission should bring them to the attention of the regional and local authorities, and encourage these authorities to discuss their experience with them.

It is not enough to mention participation arrangements in the annual reports submitted under the Regulations (where such arrangements do not receive adequate mention anyway). Forums, seminars and conferences need to be organized.

4.7. Both the Commission and the national authorities need to provide the local authorities with much more information on the meaning and scope of Article 4. At present such information is woefully inadequate. They should also arrange training courses for public officials at all levels, on the political and technical aspects of the consultation process.

4.8. The Committee asks the Committee of the Regions to examine joint initiatives on the partnership procedures, for submission to the national authorities and the Commission. The Committee is also interested in the COR's stance on this.

4.9. Finally, the Economic and Social Committee would reiterate the undertaking it made in the conclusions of its Own-initiative Opinion on the involvement of the socio-economic partners in Community regional policy²⁰; the Committee intends to keep a close eye on the implementation of Article 4 by regularly monitoring the steps taken by the authorities and the progress made.

²⁰ OJ C 127 of 7 May 1994.

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ECONOMIC AND SOCIAL COMMITTEE

Directorate for Communications
Public Relations Division

2, rue Ravenstein,
B - 1000 Brussels

Tel. 519 90 11
Fax 513 48 93

Telegram: ECOSEUR
Telex: 25 983 CESEUR

Catalogue number: ESC-94-019-EN