

# COMMISSION OF THE EUROPEAN COMMUNITIES

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THE COMMUNITY'S STRUCTURAL FUND OPERATIONS 1994-1999

Proposal for a  
COUNCIL REGULATION (EEC)

amending Council Regulation (EEC) No 2052/88 on the tasks  
of the Structural Funds and their effectiveness  
and on coordination of their activities between themselves  
and with the operations of the European Investment Bank  
and the other existing financial instruments

(presented by the Commission)

Proposal for a  
COUNCIL REGULATION (EEC)

SYN 455

amending Council Regulation (EEC) No 4253/88  
of 19 December 1988

laying down provisions for implementing Regulation (EEC) No 2052/88  
as regards coordination of the activities of the  
different Structural Funds between themselves  
and with the operations of the European Investment Bank  
and the other existing financial instruments

(presented by the Commission)

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THE COMMUNITY'S STRUCTURAL FUND OPERATIONS 1994-1999

I. Introduction

Preparing for the next phase : the need for revised regulations

In the last five years, the Community's Structural Funds (ERDF, ESF, EAGGF-Guidance Section) have undergone a major reform and expansion of their operations. Accounting for over 25% of the Community Budget in 1992, the Structural Funds will have contributed some 63 bn Ecu (in 1989 prices) to investment, restructuring, training and employment programmes in the Member States over the period 1989-93. Although there are already signs of very positive results, the success of the Funds in tackling structural problems and reducing regional and social disparities can only be judged by their longer term effects on the economic and social situation of the different regions and Member States concerned. Moreover permanent improvements in standards of business competitiveness, infrastructure and human skills can only be achieved through longer term development efforts stretching beyond such a short period as five years.

The decisions taken by the Edinburgh Council on future financing of the Community pave the way for a consolidation and strengthening of Structural Fund operations over the period up to 1999. These decisions on funding now need to be followed up : the Council regulations governing the operations of the Structural Funds have to be reviewed and new decisions taken to establish the appropriate legal basis for continuance of Structural Fund operations after the end of 1993 when commitment appropriations for current programmes terminate.

The attached proposals therefore respond directly to the request by the Edinburgh European Council to the Commission "to table as soon as possible proposals to revise the Structural Fund regulations". They set out the legislative framework for operations of the Structural Funds during the period up to end 1999, now covered by the Financial Perspectives agreed at Edinburgh.

The aim of these proposals is essentially to build and improve on the new structures created since 1988 rather than to initiate another wide ranging and fundamental reform. Such a reform would neither acknowledge, nor capitalize on, the benefits of the existing system. The prospect of further radical changes would also create unnecessary uncertainty and delays in implementation in a period which is critical for the success of the cohesion effort.

These proposals therefore aim to "sharpen the edge" of the tools we already have. Some improvements are however necessary both to respond to new policy priorities - especially in the social field and for fisheries - and to ensure Structural Fund activities as a whole achieve their required impact as effectively as possible.

Improving Structural Fund operations requires more than a change in the Fund Regulations

Based on the principles established in the 1988 reform the Regulations are purposely limited to setting out the broad objectives and conditions for Structural Fund action.

To achieve the aims of the proposed revisions - greater transparency, simpler and more flexible procedures, more rigorous financial control - in practice depends on a number of factors :

- better preparation and consultation of officials, agencies and economic and social partners at Community, national and regional level at the planning stage;
- an effective partnership of all those involved working in an imaginative and constructive manner with the aim of working together towards common strategic objectives including supporting the main factors of wealth creation;
- improved synergy and complementarity with other Community policies as well as with their actions;
- Community legislation and national and regional provisions must be complementary to each other;
- improved evaluation and control with greater involvement of the beneficiary Member States and better flow of information between the Commission and national and regional authorities on strategies for the development of the areas concerned.

## II. Cohesion and the Single Act : the basis for the existing Fund Regulations

The Community commitment in Article 130A of the Single European Act to strengthening its economic and social cohesion provided a renewed focus to its efforts to promote balanced development across Member States and regions through a concerted attack on regional and social disparities.

Article 130B of the EEC Treaty places emphasis on the role of the Member States, alongside the Community in contributing to the cohesion objective, in particular through their conduct of economic policy.

The Community's principal instrument to strengthen cohesion lies in the action of its three Structural Funds (ERDF, ESF, EAGGF-Guidance Section) together after Maastricht with the introduction of the Cohesion Fund.

In the 1988 Reform of the Funds their operations were also brought together into a common legislative framework based on Articles 130D and 130E of the Treaty and on the other articles governing the operations of each specific Fund :

- a "framework" regulation (Council Regulation n° 2052/88) defining the tasks of the three Funds, their objectives, as well as general rules to ensure efficiency of, and effective coordination between, their activities and between them and the activities of the EIB and the Community's other financial instruments;
- a "coordination regulation" (Council Regulation n° 4253/88) setting out implementing provisions for coordination of the Funds together with specific planning and financial rules which are common to all three Funds;
- specific regulations for the ERDF, ESF and EAGGF (respectively Council Regulations n° 4254/88, 4255/88, 4256/88).

In 1991, Structural Fund operations were extended, under Council Regulation n° 3575/90, to the new German Länder.

### III. Mid-term review and Commission's proposals for future policy

During 1992, the Commission submitted to Council and Parliament a thoroughgoing analysis of the Community's structural policies (COM (92) 84).

Apart from proposals for increases in Structural Fund resources, the main conclusions and recommendations were :

- the main principles of the 1988 reform (concentration, programming, partnership, additionality) should be maintained. Nevertheless, there had been inadequate time for preparation and negotiation of programmes. The administrative effort surrounding them had also been too heavy (especially for smaller volume programmes) and programming phases should be reduced from three (plans, CSF's, programmes) to two. Some implementing rules on eligibility of measures and areas had also been interpreted and applied too inflexibly.
- Structural Fund resources had so far been committed and spent at a very satisfactory rate;
- in Objective 1 regions the macro-economic, as well as micro-economic impact of Community assistance was likely to be significant;
- given their overall economic and social situation, the new German Länder could be given the status of Objective 1 regions in the next phase;
- in Objectives 2 and 5b areas, Community redevelopment programmes had acted as a significant stimulant and focus for both public and private initiatives;
- Community programmes for the young and long-term unemployed had had a limited impact outside Objective 1 regions, in volume and in nature, beyond action already initiated at national level. There was also a need to take into account the effects of further industrial changes on human resources needs, requiring substantial change to operations under Objectives 3 and 4;
- restructuring in the fisheries sector had only been partially integrated into the Community's cohesion effort. Given the major problems of the sector, its needs should be considered in a wider economic development context;
- a large proportion of the development efforts were long-term and would have to be continued beyond 1993;

- there would be benefits from further integration of Objective 5a measures for agricultural structures into the programming and partnership arrangements applicable to other Structural Fund operations;
- there should be fewer Community initiatives with the majority of decisions to launch them being taken at the beginning of the programming period;
- greater subsidiarity should be accompanied by more rigorous monitoring and control procedures, including use of more precise physical, financial and socio-economic indicators.

#### IV. Views of the other Community institutions

The European Parliament and the Economic and Social Committee adopted opinions on these conclusions and recommendations (Ref. PE 163.896 and CES 1341/92)

The Parliament welcomed the fact that the majority of payments envisaged under the various Objectives of the Structural Funds had been made, and called for a significant increase in resources for the next period. The Parliament considered that the main principles of the reform (concentration, programming, partnership and additionality) remained valid but more transparent procedures were necessary to improve the partnership at regional and local level, to associate more closely economic and social partners, and to guarantee additionality. They called for a greater involvement of the Parliament in the implementation of the cohesion effort. Closer attention should be paid to effective evaluation of Structural Fund operations and to financial control. At the same time there should be a simplification of procedures, in particular to avoid excessive delays in payments reaching final beneficiaries. The Parliament also called for improvements designed to increase the role of the Structural Funds in combating social problems and, in the context of the reform of the common agricultural policy, to promote rural development.

The Economic and Social Committee, while agreeing that the basic principles of the reform should be maintained, considered that partnership procedures should be improved, particularly as regards regional and social partners. They considered that there was a need for comprehensive evaluation of the impact of the cohesion effort, particularly in macro-economic terms. Policies should be aimed at boosting convergence and meeting the major problems of the regions concerned, particularly unemployment.

The European Council in Lisbon endorsed the main principles of the 1988 reform. Confirming this declaration, the Edinburgh Council stated that "the basic principles laid down in 1988 (concentration, programming, partnership and additionality) should continue to guide the implementation of the Structural Funds" but made several more precise recommendations in particular on the need for more transparent and simpler decision-making procedures.

The Court of Auditors also expressed its views on Structural Fund operations in the discharge procedure for the 1990 and 1991 budgets. In particular it drew attention to the increased need for proper budgetary coordination and control procedures as well as better evaluation to accompany greater delegation of decision-making in the context of subsidiarity. They called for simplification of procedures by reducing the number of financial instruments, better evaluation and control, greater coordination both between the Funds themselves and between them and other Community financial instruments.



## V. Proposals to amend the Framework and Coordination Regulations

In the light of its own review, and of the recommendations of the other institutions, the Commission has now drawn up a series of amendments to the Structural Fund Regulations.

In proposing a limited number of amendments, the Commission aims to respect the need for continuity combined with necessary improvements based on the structures and procedures established by the 1988 reform. The Commission notes that this aim is fully supported by the other Community institutions and beneficiary Member States and regions.

Many of the changes proposed are of a technical nature and are designed to increase efficiency in the light of the experience in implementing the 1988 regulations. However other amendments arise from the Commission's examination of more important policy issues. These issues and the principal amendments proposed are explained in more detail below.

Two "horizontal" questions nevertheless need to be addressed at the start : the legal base for the proposals and the planning period to be covered by the regulation.

### 1. Legal base

The texts of Article 130D of the Treaty as established by the Single European Act and as revised by the Maastricht Treaty are set out in Annex A.

Given the delay in the ratification of the Maastricht Treaty there are strong practical arguments in favour of basing the proposals on the existing Treaty provisions. If the Commission's proposals were to be based on the Maastricht Treaty it would be unrealistic to expect that the new Regulations could be decided before the fourth quarter of this year. This would present major problems for the continuity of funding beyond the end of 1993. It would also put severe pressure on partnership and consultation arrangements. Even after new regulations have been adopted, adequate time needs to be given for preparation of draft plans and programmes, and consultation of them at the national and regional level. Subsequently the Commission must examine, negotiate and finalise Community Support Frameworks and programmes. For these reasons it is proposed that Council and Parliament examine the proposals under existing Treaty procedures.

In anticipation of the creation of the Committee of the Regions, whose establishment depends on Maastricht the Commission will seek an opinion from the existing Consultative Council of Regional and Local Authorities.

Using the existing Treaty provisions will not place any significant limitations on the content of the regulations as compared with the possibilities offered by the Maastricht Treaty. The principal change of substance is in Article 123 concerning the tasks of the Social Fund, to which the following words have been added :

"... and to facilitate their (workers') adaptation to industrial changes and to changes in production systems, in particular through vocational training and retraining".

This and other provisions of the new Treaty and its protocol on economic and social cohesion can be taken into account in the revised regulations even on the basis of the existing Treaty.

The Commission's proposals are therefore based on Article 130D and other relevant articles of the existing Treaty.

## 2. Period to be covered

The existing Structural Funds arrangements cover the five-year period 1989-93, while the financial perspectives ended at the end of 1992. The Commission proposes that the programming periods in the revised regulations should cover the six-year period 1994-1999, thus bringing their term in line with the financial perspectives agreed at Edinburgh.

As in the case of the present regulations, eligibility for Objectives 1 (less-developed regions) and 5b (rural areas outside Objective 1 regions) could extend over the full period, now six years, given the long-term character of the development problems involved.

However, for Objective 2 the present regulations provided for a period of three years with possible adjustments to the eligible areas at the end of that period. In the event the Commission decided, principally to ensure continuity, to extend eligibility without adjustment for a further two years to the end of 1993.

In COM(92)84 the Commission had proposed extending the period of eligibility for Objective 2 to five years, in line with what has actually happened in the current programming phase. However this proposal needs to be re-examined in the context of a six-year programming period instead of five. Industrial conversion problems are susceptible to more rapid change than are the equivalent problems in less-developed regions and rural areas. The Commission therefore proposes that eligibility and Community Support Frameworks for Objective 2 be determined for periods of three years with a review of the eligible areas at the end of the first three year period (Framework Regulation, Article 9).

As regards Objective 3, the problems to be confronted are of a long-term nature and CSFs covering the full 6 year period are therefore proposed.

As regards Objective 4, the Commission considers that flexibility will be required in programming actions to facilitate the adaptation of workers to industrial change. It is therefore proposing that CSFs for Objective 4 be established for periods of three years in order to allow the necessary flexibility in this regard.

Objective 5a measures (horizontal aids to agriculture and agribusiness) should also be subject to indicative programming over the full six year period. The arrangements for 5a programmes will, however, have to take into account the very indicative nature of estimates relating to cofinancing of farm and agribusiness investment. The proposed arrangements are outlined in Section 9 below.

### 3. Ensuring effective concentration

The impact of the Structural Funds is greatly enhanced by the concentration of their efforts on tackling the most serious problems.

To achieve this concentration, the Funds Regulations :

- link the action of the three Funds to the five priority objectives;
- ensure geographical concentration of resources used under regional and rural development Objectives (1, 2 and 5b).

#### The priority objectives

As far as the Community's priorities are concerned, Objective 1 will remain the principal focus of the cohesion effort. As a result of the Edinburgh conclusions, financial concentration in favour of Objective 1 will increase further and within this, the allocations agreed for the four Member States benefiting from the Cohesion Fund will concentrate yet further the resources on the poorest regions.

There will be an emphasis on continuity of effort to support the development priorities in these regions which promote the cohesion process. Apart from existing priorities relating to basic infrastructures, human resources, etc, greater flexibility will be introduced to assist investments in the education and health sectors. Specific mention will be made of this in the amended regulations (Framework Regulation, Article 3).

As with Objective 1, no major changes are envisaged in the basic rules governing Objective 2 and there will be continuity where possible in the basic approach to supporting development priorities. The main need of these traditional industrial zones is to diversify and modernize the economic base. Basic infrastructures are of a lesser priority than in Objective 1 regions. Greater flexibility will be introduced into the eligibility criteria to allow zones to be submitted for consideration which a Member State considers vulnerable to industrial decline (Framework Regulation, Article 9).

As far as Objectives 3 and 4 are concerned, (Framework Regulation, Article 10) the Commission proposes to widen the scope of Community-wide action in support of human resources development.

The new Objective 3 would cover action to combat long-term unemployment and to facilitate the vocational integration into the labour market of young people (i.e. the former Objectives 3 and 4). It is intended in the revision of the Social Fund Regulation to introduce greater flexibility in order to extend actions in favour of those who have been unemployed for under twelve months. In addition, it should also cover actions to promote the integration into the labour market of those who are socially excluded. Many factors have contributed to this new and important area of concern - changing markets, migration, poverty, demographic and social trends. Objective 3 will complement and reinforce other anti-exclusion measures contained in actions of structural policy or Community programmes. The Commission will be proposing amendments to the Social Fund Regulation to ensure that actions under Objective 3 are made more effective and, in particular, that the focus moves further towards the Community's policy priorities. It is clear that assistance to the unemployed continues to be a major priority of Community policy and even more so at a time when unemployment is on the rise.

The new Objective 4, which will make an important contribution to avoiding exacerbation of the problem of unemployment, is essential to accompany the profound changes which are taking place within industry throughout the Community as a result, among other things, of the creation of the single market. The new task for the ESF will be to facilitate adaptation of workers to industrial changes and to changes in production systems, in particular through vocational training and retraining. Intervention under this Objective will have to

address two principal aims. The first is to anticipate the evolving needs over the medium-term of industrial change and the introduction of new production systems and ensure the implementation of appropriate training measures particularly in terms of up-grading and reskilling. The second is to minimise the impact of industrial change and new production systems on workforce reduction by implementing measures in order to improve workers' chances of maintaining employment or finding alternative employment within or outside the sector. The pursuit of these aims will have to be accompanied by a process of anticipating employment problems.

An amendment has been introduced to the definition of Objective 5 (Framework Regulation, Article 1) to bring it into line with the actual practice of Community rural development policy which embraces, on the one hand, action Community-wide to improve agricultural structures and, on the other, intervention in specific rural areas to encourage their economic development as a whole.

Action under Objective 5a (Framework Regulation, Articles 1 and 11) will also be adapted to take into account the fact that some of the existing measures (agri-environment, afforestation of agricultural land and early retirement) will no longer be required since they have been subsumed into the new CAP accompanying measures financed by the EAGGF-Guarantee Section. This means future Objective 5a action will be concentrated essentially on four categories of measures : aids to improve farm efficiency, help to young farmers, compensatory allowances payable in mountain and less-favoured agricultural areas and aids to agricultural marketing and processing.

Notwithstanding its original proposal to create a new Objective 6 the Commission has taken note of the conclusion of the Edinburgh European Council that "appropriate attention should be given to the needs of areas dependent on fishing within the relevant Objectives".

As far as help to structural adjustment within the fisheries sector is concerned, the Commission therefore proposes that the definition of Objective 5a (relating to agricultural structures) be widened to include such help. It is proposed to give practical effect to this new definition by bringing under the Objective the operations at present covered by Regulations (EEC) n° 4028/86 and 4042/89. The Commission will be proposing to consolidate these two Regulations under the heading of Financial Instrument for Guidance in the Fisheries sector (FIGF or IFOP in French). As is the case under the two existing Regulations it is proposed that the FIGF continue to fund a range of measures in the fisheries sector throughout the Community with nevertheless a modulation of rates of assistance between priority areas and other areas.

In parallel, there will be a need to help redevelopment of areas which are suffering from a decline in fishing and fish processing activities. The vast majority of these areas are to be found in areas which are likely to be already eligible under the existing selection criteria for Objectives 1, 2 or 5b. The reconversion effort consequent on fisheries restructuring will therefore be taken into account in the overall assessment of the infrastructure, training and job creation needs in these areas. However in order to cover the limited number of relatively small areas (generally below NUTS III<sup>(1)</sup> level) which may not be covered under existing eligibility criteria, the Commission proposes to include them under the territorial Objectives. Such areas would have to be shown to be suffering from job losses in the fisheries and/or fish processing sector which are having a marked effect on the overall situation of the area. Their selection would necessarily have to be on a restrictive basis and would take account of simple socio-economic parameters such as the relative and absolute number of jobs in the fisheries sector and the contribution of the fisheries sector to the local economy. Their inclusion under Objective 2 or 5b would depend essentially on whether the redevelopment effort required was based on industrial and urban development or on rural development.

#### Geographical eligibility

The fundamental cohesion aim of reducing regional disparities calls for particular attention to be paid to concentrating Structural Fund operations (Objectives 1, 2 or 5b) on areas where the problems are most severe.

The Commission is anxious to ensure that the population covered by the Community's regional and rural development efforts remains in reasonable proportion to the population of the Community as a whole, and that the regions eligible under the highest priority Objective (Objective 1) remain limited to the regions with the severest problems compared to the Community average.

At present the population covered by the different Objectives (excluding the new Länder) is 43% of which 21.6% is under Objective 1, 16.4% under Objective 2 and 5% under Objective 5b.

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(1) NUTS III level is for example department (F), county (UK), Kreise (D).

With respect to Objective 1 regions, the European Council decided at Edinburgh that "the coverage of Objective 1 should be determined as in Article 8(1) of Regulation (EEC) n° 2052/88. The list will include the new German Länder and East Berlin ...". It is for the Council now to take its decision within this framework on the basis of the proposal from the Commission (Annex 1 of Framework Regulation).

As far as the other Objectives are concerned, the European Council decided that resources for these\* apart from Objective 1, will as a whole increase by over 40% over the seven-year period 1992-99 and that the resources devoted to each Objective should increase by broadly the same proportion.

The Commission is not proposing any significant change to the selection criteria for either Objectives 2 or 5b. However, it has made some adjustments to the existing provisions, in the interests of more flexible application of the existing criteria, and in the light of the need to take into account the redevelopment needs of fisheries areas. The Commission believes that little change in overall coverage is desirable, although given current trends in the agricultural sector, additional attention may need to be paid to the problem of rural areas under Objective 5b.

Under Objective 2, (Framework Regulation, Article 9) the Commission has provided for an increased role for the Member States by basing eligibility under the secondary group of criteria on a reasoned request from the Member State similar to what is already provided for under Objective 5b; this will ensure better coherence between national and Community priorities. There is also an explicit reference to problems resulting from anticipated industrial and technological change.

Given the intention to include former East Berlin and the new German Länder under Objective 1, the Commission believes it would be advisable, from the point of view of the coherence of the development efforts in Berlin and Brandenburg as a whole to maintain former West Berlin's eligibility to the Structural Funds under Objective 2 for the initial three-year period. This is without prejudice to agreements already reached with the German authorities about regional State aids in West Berlin.

Under Objective 5b, (Framework Regulation, Article 11bis) it proposes to allow for increased importance to be given to the demographic situation of an area in terms of sparsity of population and/or depopulation. Together with the criteria relating to general socio-economic development and agricultural indicators, this change in the weighting of the criteria should target assistance in a more effective way and achieve greater complementarity between national and Community rural development efforts.

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\* excluding Objective 5a measures outside areas covered by Objectives 1 and 5b.

The Commission has included references in the revised selection criteria to the redevelopment needs of areas which are heavily dependent on fisheries and are suffering from contraction of this sector.

To avoid administrative difficulties which have arisen in the current phase, it is also proposed to make it explicit in the Regulations that an area can be eligible under only one of the Objectives 1, 2 or 5b (Framework Regulation, Article 14). The Commission will also endeavour to ensure full coherence between operations under Objectives 2 and 5b. To facilitate this, it proposes that the lists of eligible areas should as far as possible be decided at more or less the same time.

Having examined closely the question of greater involvement of the Member States in the process of selecting Objective 2 and 5b areas, the Commission is of the view that there are insufficient grounds for changing the existing procedures beyond the changes in arrangements for Objective 2 referred to above. Member States are already closely involved in examining potentially eligible areas. Moreover the need for concentration of effort on the basis of a common set of criteria, applied as fairly as possible on a Community-wide basis, places a particular responsibility on the Commission in the selection process.

Objective 5a help to agricultural structures under Council Regulations 2328/91 and 866/90, is available Community-wide notwithstanding the conclusions of the Edinburgh European Council not to increase the volume of resources devoted to these aids in areas outside Objectives 1 and 5b.

Help to structural adjustment in the fisheries sector under Objective 5a will also continue to be Community-wide and funded within the resources available to the Financial Instrument for Fisheries.

#### 4. Compatibility and Complementarity with other Community Policies

The existing Structural Fund regulations already provide for a clear compatibility between the measures financed by the Structural Funds with other community policies. The Maastricht Treaty stressed the importance in the formulation and implementation of Community policies and actions and the implementation of the internal market of taking into account the objective of economic and social cohesion. On the other hand, the Commission underlined in COM2000 the need to adjust existing instruments, including the Structural Funds, to contribute to a favourable environment for competitiveness. Competitiveness today is determined by human resources, control over future technologies through research and development, and better exploitation of the advantages of the single market, in particular by the establishment and development of trans-European networks in transport, telecommunications and energy. Together these will multiply the advantages of the single market and help ensure that all regions benefit.



As far as the compliance with Community directives on public procurement is concerned, the Commission attaches particular attention to the conformity of the projects financed by the Structural Funds with the obligations in force in this area. It will examine whether it is appropriate to review the particular provisions decided in 1988 aimed at verifying the conformity of the projects financed by the Funds with these obligations in the context of the simplification of procedures and of the application of the principle of subsidiarity.

#### Coherence between Structural and State aid policies

The Commission continues to attach importance to effective control of the level and intensity of aids to economic development in particular in more prosperous Member States. This is not only important from the point of view of competition policy but also because without this control the positive discrimination of Community and national help to the priority Structural Fund areas could be neutralized by national aid levels elsewhere. This danger is particularly evident for the Objective 1 Member States' regions who are not in a financial position to offer substantial incentives to business.

Examination of the selection criteria for eligible areas raises the question of the coherence between the provisions in the Structural Fund Regulations and the Commission's decisions in respect of State Aids. The Commission is committed to achieving greater coherence between the respective maps than at present, and the greater involvement of the Member States in selection for Objective 2 will help to achieve this. But this is primarily a matter for the implementation of the regulations and does not require any change in their provisions. Greater coherence should in particular be achieved by adopting a common calendar for determining eligibility under the two policies and by ensuring that areas eligible for Structural Funds assistance be eligible for national regional aid, where the Member State so requests.

#### Environment

Respect for the environment has proved to be a continually controversial issue in the implementation of the current round of Structural Funds spending. There is constant pressure on the Commission to act as arbiter in decisions which are properly taken at national level or below, whether or not Community funds are involved.

The Commission considers that Community structural actions must take account of the need to protect and conserve the natural environment. This is particularly true for actions under Objectives 1, 2 and 5.

The Structural Funds regulations, as practical operating rules, should however avoid generalized formulas which are hard to define and harder to apply in practice. The regulations will now include clear requirements that the environmental dimension be taken into account in plans and programmes (assessment of environmental situation and trends ...) and that appropriate environmental authorities are directly involved in the planning, programming and implementation phases of Structural Funds actions (Coordination Regulation, Article 5).

5. Greater transparency in financial allocations

The Commission proposes that the conclusions of the Edinburgh Council on concentration of financial resources on Objective 1 regions, and on Member States benefiting from the Cohesion Fund, should be incorporated into Article 12 of the Framework Regulation.

In its proposals the Commission has also included in Article 12 of the Framework Regulation provisions to take account of the views of the European Council and of the Parliament on greater transparency and objectivity in the financial allocations to be made to Member States and regions under the different Objectives.

The Commission shall make allocations per Member State for each of the Objectives 1 to 4 and 5b of the commitment appropriations of the Structural Funds taking account of national prosperity, regional prosperity, population of the regions, and the relative severity of structural problems, including the level of unemployment and, for the appropriate Objectives, the needs of rural development. The Commission will also provide to the Council and Parliament the precise basis of these calculations.

6. Modulation of rates of assistance

In order to take greater account in cofinancing of the budgetary situation of the relative prosperity of the Member States, the Commission proposes to make explicit reference in Article 13 of the Framework Regulation to the constraints imposed by convergence programmes. The existing ceiling of 75% intervention rate in Objective 1 should as a normal rule be maintained : in practice intervention rates have been in general below that level and a distinction should be made between the maximum rate applying to the Structural Funds and that applying to the Cohesion Fund (80-85%). However, as far as the Objective 1 regions in the Member States benefiting from the Financial Instrument for Cohesion are concerned, the Commission proposes that in exceptional cases, where duly justified, it should be possible to increase the rate of assistance from the Structural Funds up to a maximum of 85%.

7. Simpler and better decision-making procedures

The need for simpler and speedier decision-making procedures for Structural Fund operations has been underlined by all the Community institutions including the Commission, and by beneficiaries. The concern is both to increase efficiency and to have greater clarity in the division of responsibilities, respecting the principle of subsidiarity.

The Commission therefore proposed in the second Delors package (COM(92)2000) that the existing three phases of programming should be reduced to two and that there be more decentralisation in the detailed definition of projects and in the implementation of programmes.

It would be a mistake to think, however, that there is not a great deal of decentralisation in the present arrangements. The present system works in the following manner. First, the plans are drawn up under the responsibility of the Member State. The Commission is not involved at this stage other than in providing technical assistance. The Member States and the local and regional partners know best the development needs and priorities. The planning stage is therefore wholly decentralised. Subsidiarity is the guiding principle during the present period and will continue to apply in the next.

The Community Support Frameworks are drafted by the Commission on the basis of the development plans. They are much shorter documents than the plans containing only the essential strategic elements, main development priorities and key financial tables. The Commission discusses the CSFs with the Member States and other partners before taking the formal decision approving them. The decision is taken in agreement with the Member State concerned.

In the first period the programming phase did not in general begin until the Community Support Frameworks had been agreed. This meant that most programmes were not agreed until around a year after the development plan had been drawn up. Programmes are drafted by the partnership, again reflecting the principle of subsidiarity. The Commission takes a formal decision approving the programmes and this allows the financial commitments and payments to begin and provides the basis for subsequent financial management. Programmes in the main do not contain (and do not need to) details of the individual projects to be financed. Programmes are managed and individual projects selected for financing by the Member State and partnership. Subsidiarity is therefore the foundation of the system and will remain so.

Programmes are essential for purposes of evaluation, monitoring and financial control. But a major effort is needed to simplify them and speed up their preparation for approval. During the first phase there were far too many programmes and much of the content repeated information in the development plans or CSFs, or went into too much detail.

The Commission therefore proposes to streamline current arrangements by providing in Articles 8-11bis of the Framework Regulation and Article 5 of the Coordination Regulation for the simultaneous presentation by the Member States of their development plans on the one hand, and the draft programmes on the other. In the case of Objectives 2, 5a and 5b, this should not pose great difficulties and would therefore become the rule. In the case of Objectives 1, 3 and 4, it is probably unrealistic to expect that Member States will in all cases be able to provide the information necessary for the Commission to adopt programmes at the same time as it adopts the more strategic Community Support Framework. An additional element of flexibility will therefore be provided to allow programmes to be agreed subsequent to the adoption of the CSF.

Member States could also where possible submit plans and draft programmes as part of a single document. In a similar way, the Commission will, also where possible, take a combined decision on a document covering both the development priorities and the amounts of assistance provided.

As far as the number of programmes is concerned, this is largely a matter for the national and regional authorities. In the current phase some Member States have preferred to present a greater number of smaller programmes in order to give greater identity to operations in individual regions and sectors. In the interests of greater efficiency and budgetary flexibility, the Commission believes there is scope within the discretion of the partnership for fewer and larger programmes. It will be pressing in this direction in the negotiations within the partnership. Programmes would where possible be integrated programmes.

As mentioned above, the amount of information and the level of detail in programmes can be reduced. Most Member States and regional and local authorities have in the past produced unnecessarily long and detailed draft programmes. Programmes need to contain only the minimum information necessary to allow the Commission to decide to grant aid. This means enough basic information to identify the Objectives set and the broad measures chosen to meet them; and the physical, financial and socio-economic indicators to be used in assessing programme performance and impact.

This matter is however one which needs to be dealt with in the partnership rather than be legislation. An amendment to Article 14 of the Coordination regulation is nevertheless proposed to make it clear that draft programmes do not need to include information already in the plans.

8. Programming of Objective 5a measures

The Commission suggested in COM(92)2000 that there could be benefits in further integration into programming and partnership arrangements of agricultural structures operations under Objective 5a. There is already some integration. Aids to agricultural marketing and processing are covered by sectoral plans, Community Support Frameworks and programmes (although there is pressure to simplify the arrangements considerably). Objective 5a measures in Objective 1 regions are fully incorporated in Objective 1 programming and partnership, at least as far as determination of total available financial allocation for 5a in the regions is concerned.

In the Commission's view there should be greater clarity in budgetary planning at Community level, as well as at national level. Indicative financial envelopes for 5a measures should be agreed within the partnership covering the six-year planning period.

In the context of programmes Member States could also give a clearer indication of their priorities among the measures to be implemented, the rates of financing which will apply, and the targets which are aimed at. These indications may be changed as the situation evolves in accordance with the procedures applicable to all structural operations.

At the same time the Commission is conscious that most Objective 5a measures are well-known. The indicative programming effort for Objective 5a should therefore be achieved rapidly and concisely with simpler procedures, for example for programmes under regulation 866/90. It would aim to maintain the existing eligibility conditions as set out in Council Regulations 2328/91 and 866/90. These would be amended to take into account the principles of the latest CAP reform and the procedural changes, related to the adoption of the new CAP accompanying measures as well as revised programming procedures. National implementation provisions could continue unchanged.

The provisions mentioned above would apply, mutatis mutandis, to Community action in the fisheries sector presently covered by Council Regulations (EEC) n° 4028/86 and n° 4042/89.

#### 9. Financial implementation

The Commission has examined carefully the criticisms made by the Parliament and others of current arrangements for commitments and payments, in particular of the length of time required for credits to reach final beneficiaries and agrees that there is a clear need for improvement. Solutions to these problems lie in the hands both of the Commission and of the Member States concerned and will differ significantly according to the structures and systems in each Member State or region.

In the Commission's view the existing legislative provisions on financial implementation, in particular through the system of advance payments, reconcile the need for flexibility and rapidity of implementation with the parallel requirement for rigorous budgetary discipline. The Commission believes, particularly in the light of the views of the Court of Auditors, that there should be no further loosening of the present connection between commitments and payments at the Community level on the one hand, and expenditure incurred on the ground on the other. However considerable efforts are nevertheless needed to reduce delays and increase efficiency of operations. The Commission is in particular proposing to set time limits for its examination of payment requests and for transmission by the Member State of payments to final beneficiaries (Coordination Regulation, Article 21).

#### 10. More effective monitoring, evaluation and control

The European Council in Edinburgh, on the same lines as the Parliament and other Community institutions, has asked that "greater emphasis .... be given to ex-ante evaluation, monitoring and ex post evaluation". The Commission believes that this question is more linked to the implementation of the current Regulations than to inadequate provisions in the Regulations themselves. The Commission nevertheless proposes to clarify the existing texts in three ways.

In the first place, it should be made more explicit that the Member States have the prime responsibility for evaluation, working with the Commission, in the framework of the partnership (Coordination Regulation, Article 26).

As emphasised earlier the requirements of evaluation have important implications for the amount of information that is needed from the Member States in the programming process. They should therefore also be borne in mind in deciding the requirements for programme content.

Secondly it is essential that the plans submitted under the various Objectives for the post 1993 period include an assessment of the impact and effectiveness of the operations financed with the aid of the Community in the current phase (Framework Regulation, Articles 8-11bis).

Thirdly the simplification of programming procedures proposed above should be matched by increased responsibilities for Monitoring Committees. This is also a response to the need for greater subsidiarity. It is therefore proposed (Coordination Regulation, Article 25) that the role of the Monitoring Committees be explicitly recognized and strengthened in the regulations in order to allow them to make more extensive modifications to elements of measures and within certain CSFs and programmes, without amending the total amount of the Community contribution. The Member States' prerogative of implementing programmes is not encroached on by the increase in the attributions of the Monitoring Committees which are designed rather to reduce the number of decisions to be taken at Community level.

#### 11. Improving partnership arrangements

The Commission shares the view of other bodies, including notably the European Parliament, that current partnership arrangements could be substantially improved. In the future programming exercise the Commission will be concerned to ensure that partnership arrangements involve all authorities and bodies who are competent for the areas and sectors in which operations are to be carried out. There has also been inadequate information to and involvement and consultation of the social partners in the preparation and implementation of operations. It therefore proposes appropriate modifications to Article 4 and subsequent Articles of Regulation 2052/88 to correct this. In addition, the Commission will also ensure full consultation of the Economic and Social Partners at Community level. It would also be appropriate to reinforce the information to and involvement of SMEs.

#### 12. Ensuring additionality

Article 9 of Regulation 4253/88 on ensuring the necessary impact of the Funds has not proved easy to implement. In particular, some Member States are unable or indeed reluctant to supply the information that would allow additionality to be verified. The Commission itself, with the Parliament and the Court of Auditors, attaches considerable importance to a more rigorous application of the principle of additionality.

It therefore proposes to clarify the definition of additionality, and to specify that it is to be verified at the level of each Objective and that the arrangements for verification will be defined in the CSF. Member States will also have to account for their Structural Funds receipts transparently and provide, at the time of the submission of their plans and during the implementation of the CSFs, the information necessary to verify additionality.

13. Community initiatives

As far as Community initiatives are concerned, apart from defining the proportion of the Funds devoted to them, the Commission proposes an amendment to the legislative provisions (Article 11 of Regulation 4253/88) to allow a limited proportion of Community initiatives resources, in addition to initiatives under Objectives 3 and 4, to be disbursed outside the areas eligible for Objectives 1, 2 and 5b. In the Commission's view, this would give restricted but valuable flexibility in responding to new economic and social problems as they arise including unforeseen industrial problems, which may not necessarily occur in eligible areas. It would also meet difficulties encountered in the implementation of INTERREG where cross-border cooperation between eligible and non-eligible areas is cofinanced.

14. Transitional arrangements

The programming of Structural Fund operations to terminate at the end of 1993 means that there is no need for the extensive transitional arrangements adopted in the 1988 regulations. Some new and revised provisions are nevertheless necessary (Coordination Regulation, Article 33).

Given the tight timetable for negotiation of the revision to the regulations and the need for Objectives 2 and 5b to determine eligible areas, and for Objectives 3 and 4 to adapt to the new tasks involved, it is likely that a number of programmes will be adopted during the first few months of 1994. To ensure continuity of operations, the Commission proposes that expenditure which is incurred after 1st January 1994 will be considered to be eligible expenditure - even when it precedes receipt or adoption of the draft programmes concerned in so far as these programmes are submitted before 31 March 1994.

Secondly, reimbursement of expenditure under Objective 5a on measures which are in principle eligible under existing regulations should be eligible under the new Objective 5a programmes, even if it has been incurred before 1st January 1994.

Finally, the Commission has included an amendment designed to disallow any outstanding commitment credits on projects incurred before 1.1.89 on which payments have not been made in full. Such outstanding commitment credits reflect major difficulties in implementation on the ground involving either



complete blockage of projects or substantial reduction in their scale. It is therefore proposed to annul outstanding pre-1989 commitments for which a demand for payment has not been made by 31 December 1994.

## ANNEX A

### SINGLE ACT

#### *Article 130 D*

*Once the Single European Act enters into force the Commission shall submit a comprehensive proposal to the Council, the purpose of which will be to make such amendments to the structure and operational rules of the existing structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section, European Social Fund, European Regional Development Fund) as are necessary to clarify and rationalize their tasks in order to contribute to the achievement of the objectives set out in Article 130 A and Article 130 C, to increase their efficiency and to coordinate their activities between themselves and with the operations of the existing financial instruments. The Council shall act unanimously on this proposal within a period of one year, after consulting the European Parliament and the Economic and Social Committee.*

### MAASTRICHT

#### *Article 130d*

*Without prejudice to Article 130e, the Council, acting unanimously on a proposal from the Commission and after obtaining the assent of the European Parliament and consulting the Economic and Social Committee and the Committee of the Regions, shall define the tasks, priority objectives and the organization of the Structural Funds, which may involve grouping the Funds. The Council, acting by the same procedure, shall also define the general rules applicable to them and the provisions necessary to ensure their effectiveness and the coordination of the Funds with one another and with the other existing financial instruments.*

*The Council, acting in accordance with the same procedure, shall before 31 December 1993 set up a Cohesion Fund to provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure.*

COUNCIL REGULATION (EEC) No ..../93

of 1993

amending Council Regulation (EEC) No 2052/88 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 130d thereof,

Having regard to the proposal from the Commission,<sup>1</sup>

Having regard to the opinion of the European Parliament,<sup>2</sup>

Having regard to the opinion of the Economic and Social Committee,<sup>3</sup>

1. Whereas Article 19 of Regulation (EEC) No 2052/88<sup>4</sup> requires the Council to re-examine this Regulation on the basis of a Commission proposal before 31 December 1993;
2. Whereas the Structural Funds should continue to be governed until 1999 by the main principles of the 1988 reform; whereas experience hitherto has demonstrated the need for improvements to make structural policies more effective;
3. Whereas Article 1 of Regulation (EEC) No 2052/88 lays down the priority objectives for Community action through the Structural Funds, the European Investment Bank and the other financial instruments;
4. Whereas the Community has undertaken a reform of the common agricultural policy entailing structural measures, particularly for the promotion of rural development;
5. Whereas Community measures for the improvement of the conditions under which fishery and aquaculture products are processed and marketed were laid down by Council Regulation (EEC) No 4042/89 of 19 December 1989;<sup>5</sup> whereas Community measures to improve and adapt structures in the fisheries and aquaculture sector were

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1 OJ No C

2 OJ No C

3 OJ No C

4 OJ No L 185, 15.7.1988, p. 9.

5 OJ No L 388, 30.12.1989, p. 11.

laid down by Council Regulation (EEC) No 4028/86 of 18 December 1986,<sup>6</sup> as last amended by Regulation (EEC) No 3946/92 of 19 December 1992;<sup>7</sup> whereas finance for these operations comes from a variety of budgetary resources, including, in some cases, the EAGGF Guidance Section; whereas it is appropriate to bring all these resources under a single financial instrument for fisheries guidance (hereinafter referred to as "FIFG"); whereas, to the extent that that single instrument supports the achievement of the objectives set out in Article 130a of the Treaty, assistance from it should be coordinated with that from the Structural Funds; whereas all the provisions governing the Structural Funds should therefore be extended to that instrument;

6. Whereas the Structural Funds constitute the chief means of redressing the socio-economic disturbances which the review of the common fisheries policy is likely to create in certain coastal areas; whereas, it is consequently necessary, other than in regions covered by Objective 1, to adjust the eligibility criteria for Objectives 2 and 5(b) to take account of these problems;
7. Whereas Council Regulation (EEC) No /93 introduces a temporary cohesion financial instrument through which the Community makes a financial contribution to projects relating to the environment and to the trans-European transport infrastructure networks in Greece, Spain, Ireland and Portugal, provided these countries have a convergence programme which has been examined by the Council designed to avoid an excessive public sector deficit; whereas this Regulation is temporary in nature pending the establishment of the Cohesion Fund under Article 130d of the draft Treaty on European Union and will be re-examined before 31 December 1993; whereas the financial instrument for which provision has been made, as amended if necessary (hereinafter referred to as the "cohesion financial instrument"), should be covered by Regulation (EEC) No 2052/88;
8. Whereas Objectives 3 and 4 are concerned, on the one hand, with combating long-term unemployment and, on the other hand, the occupational integration of young people; whereas these Objectives, for whose implementation the ESF is responsible, should be clarified by combining them under Objective 3, widening the latter to facilitate the integration into working life of social categories excluded from the labour market and introducing a new Objective 4 to facilitate the adaptation of workers to industrial changes and changes in production systems;
9. Whereas Article 3(1) of Regulation (EEC) No 2052/88 specifies the tasks of the ERDF; whereas these should be extended to support for investment in education and health in the Objective 1 regions;
10. Whereas this Article specifies at paragraph 3 the tasks of the ESF; whereas these should be amended to take account of the new definition of Objectives 3 and 4;

<sup>6</sup> OJ No L 376, 31.12.1986, p. 7.

<sup>7</sup> OJ No L 401, 31.12.1992, p. 1.

11. Whereas the European Council of 11 and 12 December 1992 fixed the resources available for commitment by the Structural Funds and other structural operations for the period 1993-99; whereas it also fixed the resources in real terms available for commitment under Objective 1 for that period; whereas those amounts will permit commitments under Objective 1 and under the cohesion financial instrument to double in the four Member States eligible under that financial instrument, "so reaching about ECU 85 billion in those four Member States for the period 1993-99";
12. Whereas, in order to increase the effectiveness of the structural policies, the partnership should be strengthened by inclusion of the economic and social partners based on a better definition of the responsibilities of each party having regard to the principle of subsidiarity, monitoring and continuous assessment should be developed and provision should be made for greater flexibility in the implementation of Community structural assistance to meet real needs;
13. Whereas the EIB has stated its willingness to continue to devote the majority of its resources to promoting economic and social cohesion and in particular to developing further loans in the Member States which benefit from the cohesion financial instrument and in the Community's Objective 1 regions;
14. Whereas, in order to improve transparency, there should be a breakdown of the commitment appropriations of the Structural Funds by Member State and by each of the Objectives 1 to 4 and 5(b) allocated to those objectives, whereby "full account should be taken as now, of national prosperity, regional prosperity, population of the regions, and the relative severity of structural problems, including the level of unemployment and, for the appropriate objectives, the needs of rural development areas";
15. Whereas, in order to avoid excessive increases in budgetary expenditure in the less prosperous regions, it is desirable that the levels of Community participation for operations supported by the Structural Funds be modulated and that, in consequence, intervention rates may be increased; in exceptional cases, in these regions;
16. Whereas, in order to secure effective concentration of assistance, Community measures under Objective 2 could cover up to 15% of the Community population;
17. Whereas, in order to ensure better coordination between structural assistance under Objectives 2 and 5(b), the lists of areas eligible under those Objectives should, as far as possible, be adopted at the same time;

18. Whereas, in order to simplify programming procedures, there should be provision for the Member States to submit their applications for assistance at the same time as their development plans and that the number of operational programmes should be limited;
19. Whereas measures to speed up the adjustment of agricultural and fisheries structures (Objective 5(a)) should be coordinated with the other Objectives referred to in this Regulation, particularly as far as programming is concerned;
20. Whereas Community policy in the field of the environment is designed to ensure a high level of protection while taking account of the variety of situations in the various regions of the Community; whereas the requirements of environmental protection should form part of the definition and implementation of other Community policies; whereas the Member States should therefore include in the development plans submitted under Objectives 1, 2 and 5 an assessment of the environmental situation and the environmental impact of the measures planned as well as the steps they have taken to associate their environmental authorities with the preparation and implementation of the plans;
21. Whereas a report on progress in achieving economic and social cohesion should be presented every three years,

HAS ADOPTED THIS REGULATION:

## Article 1

Regulation (EEC) No 2052/88 is hereby amended as follows:

1. In the first paragraph of Article 1, "the Financial Instrument for Fisheries Guidance (hereinafter referred to as the "FIFG")," is inserted after "Community action through the Structural Funds," and "the cohesion financial instrument," is inserted after: "the EIB".

2. Points 3, 4 and 5 of Article 1 are replaced by:

"3. combating long-term unemployment and facilitating the integration into working life of young people and those socially excluded from the labour market, (hereinafter referred to as 'Objective 3');

4. "facilitating the adaptation of workers to industrial changes and to changes in production systems, (hereinafter referred to as 'Objective 4');

5. promoting rural development by:

a. speeding up the adjustment of agricultural structures in the framework of the reform of the common agricultural policy;

b. facilitating the structural adjustment of rural areas

(hereinafter referred to as "Objective 5(a) and 5(b)").

In the framework of the review of the common fisheries policy, measures for the adjustment of fisheries structures come under Objective 5(a)."

3. In Article 2(1), "and the FIFG" is inserted after: "The Structural Funds, the 'EAGGF Guidance Section', the 'ESF', the 'ERDF'".

4. In the first line of the fifth indent of Article 2(1), ", FIFG" is added.

5. In Article 3(1) the following is added:

"(d) investment in operations relating to education and health in regions concerned by Objective 1."

6. Article 3(2) is replaced by:

"2. Pursuant to Article 123 of the Treaty, the ESF shall have the task of improving the workings of the labour market and developing human resources. As a priority, it shall provide support for Objectives 3 and 4 throughout the Community and, in addition, shall provide support for Objectives 1, 2 and 5(b).

It shall contribute in particular to :

- (a) combating unemployment;
- (b) facilitating access to the labour market;
- (c) promoting equal opportunities in the labour market;
- (d) developing skills, abilities and qualifications, including facilitating the adaptation of workers to industrial changes and to changes in production systems;
- (e) encouraging growth in employment.

The ESF shall provide support for studies and pilot schemes especially those covering aspects common to several Member States, which may include the development of labour market activities at Community level."

7. Points (a) and (c) of Article 3(3) are replaced by:

"(a) strengthening and re-organizing agricultural and forestry structures, including those for the marketing and processing of agricultural and forestry products, and helping to offset the effects of natural handicaps on agriculture;"

"(c) helping to ensure a fair standard of living for farmers;"

8. In Article 3(3)(d), "and to offset the effects of natural handicaps on agriculture" is deleted.

9. The following subparagraph is added to Article 3(3):

"The EAGGF Guidance Section shall also contribute to technical assistance and information operations, and provide support for studies or pilot schemes concerning the adjustment of agricultural structures and the promotion of rural development at Community level."



10. The following Article 3a is inserted:

Article 3a

Task of the FIGF

The tasks and specific provisions governing operations under the FIGF, including transitional provisions, shall be laid down pursuant to Article 43 of the Treaty.

The provisions governing the Structural Funds under this Regulation and the provisions laid down pursuant to Article 3(5) shall apply to the FIGF."

11. The second sentence of Article 4(1) is replaced by: "They shall be established through close consultations between the Commission, the Member State concerned and the competent authorities and bodies, including the economic and social partners, designated by the Member State at national, regional, local or other level, with each party acting as a partner in pursuit of a common goal."
12. In Article 4(3), the words: "the authorities referred to in paragraph 1" are replaced by "the authorities and bodies referred to in paragraph 1".
13. In the first subparagraph of Article 5(2), "In the case of the Structural Funds," is replaced by "In the case of the Structural Funds and the FIGF,".
14. In point (d) of Article 5(2), "including repayments" is deleted.
15. Point (e) of Article 5(2) is replaced by:

"(e) support for technical assistance, including the measures to prepare, accompany and assess operations, and pilot and demonstration projects."
16. The first subparagraph of Article 5(3) is replaced by:

"- individual loans, global loans and framework loans or other forms of part-financing specific investment projects or programmes;"
17. The second indent of Article 5(3) is deleted.

18. In the second subparagraph of Article 5(5), "Where an operational programme involves operations under more than one Fund and/or more than one other financial instrument, it may be implemented ..." is replaced by "Where a form of assistance involves operations under more than one Fund and/or more than one other financial instrument, it may be implemented ...".
19. In the third subparagraph of Article 5(5), "Operational programmes shall be undertaken ..." are replaced by "Assistance shall be undertaken ...".
20. In the second subparagraph of Article 6(1), "submit" is replaced by "inform" and "reports on" is deleted.
21. In Article 6(2), "an ex-ante and an ex-post assessment" is replaced by "continuous assessment".
22. The following new subparagraph is inserted between the first and second subparagraphs of Article 8(1):

"The figures for the five new German Länder and eastern Berlin shall not be included in the calculation of the Community average."
23. After "Northern Ireland," in the second (now the third) subparagraph of Article 8(1), "the five new German Länder, eastern Berlin," is inserted.
24. In Article 8(2), "the Annex." is replaced by "Annex I."
25. In Article 8(3), "for five years from the entry into force of this Regulation." is replaced by "for six years from 1 January 1994."
26. In Article 8(4), the two indents are replaced by:
  - "- a description of the current situation with regard to disparities and development gaps, the financial resources deployed and the main results of operations undertaken in the previous programming period, particularly those in receipt of Community structural assistance;
  - a description of an appropriate strategy to achieve the objectives under Article 1, the regional development priorities selected, their specific objectives, quantified

where they lend themselves to quantification, and the expected impact, as well as the corresponding operations; an ex-ante assessment of these different elements;

- an assessment of the environmental situation of the region concerned and its expected development with regard to the strategy and operations foreseen above and the arrangements made to associate the environmental authorities in the preparation and implementation of the operations foreseen in the plans;
- a financial table summarizing the national and Community financial resources devoted to each regional development priority, as well as an indication of the use to be made of assistance available under the Funds, the EIB and the other financial instruments in implementing the plans."

27. The third and fourth subparagraphs of Article 8(4) are replaced by:

"Member States shall also submit the plans referred to in Article 10 and Article 11(1) for the regions concerned. The elements of the plans referred to in Article 10 and in Article 11(1) may also be included in the regional development plans of the regions concerned.

In order to expedite the examination of applications and the implementation of assistance, the Member States shall wherever possible include with their plans applications for operational programmes and other forms of assistance that they cover."

28. The first subparagraph of Article 8(5) is replaced by:

"The Commission shall examine the proposed plans and the other information referred to in paragraph 4 to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. On the basis of all the plans referred to in paragraph 4, it shall establish, through the partnership referred to in Article 4(1) and in agreement with the Member State concerned, the Community support framework at the relevant geographical level for Community structural operations, in accordance with the procedures referred to in Article 17."

29. The first indent of the second subparagraph of Article 8(5) is replaced by:

"- the ex-ante assessment of the development objectives, quantifying where it lends itself to quantification, the progress to be achieved during the period concerned compared to the current situation and the priorities adopted for Community assistance;"

30. In Article 8(6), "a limited number of" is inserted before "operational programmes."
31. At the beginning of the second subparagraph of Article 9(2), "In addition, on receipt of a reasoned request from a Member State," is added.
32. The third indent of the second subparagraph of Article 9(2) is replaced by:
- "- areas which have recorded substantial job losses over the last three years or are experiencing or are threatened with such losses in industrial sectors which are vital to their economic development, including those losses brought about by industrial changes and changes in production systems, with a consequent serious worsening of unemployment in those areas;"
33. The following indents are added to the second subparagraph of Article 9(2):
- "- areas, especially urban areas, with severe problems linked to the rehabilitation of large numbers of derelict industrial sites;
  - other industrial or urban areas where the socio-economic impact of restructuring of the fisheries sector, assessed on the basis of objective criteria, justifies it."
34. Article 9(5) is replaced by:
- "5. Western Berlin shall be eligible for aid under this Objective for the first three-year programming period referred to in paragraph 6."
35. In Article 9(7), "Three years after this Regulation enters into force," is replaced by "Three years after the entry into force of the list referred to in paragraph 3,".
36. The first indent of Article 9(8) is replaced by the following three indents:
- "- a description of the current situation, the financial resources deployed and the main results of operations undertaken in the previous programming period, particularly those in receipt of Community structural assistance;
  - a description of an appropriate strategy to achieve the objectives under Article 1, the conversion priorities selected for the areas concerned, quantifying the progress anticipated, where this lends itself to quantification, and the expected impact with respect to the current situation, in relation to the financial resources deployed, as well as the corresponding operations; an ex-ante assessment of these different elements;

- an assessment of the environmental situation of the region concerned and its expected development with regard to the strategy and operations foreseen above; the arrangements made to associate the environmental authorities in the preparation and implementation of the operations foreseen in the plans;".

37. The second subparagraph of Article 9(8) is replaced by:

"In order to expedite the examination of applications and the implementation of assistance, the Member States shall include with their plans applications for operational programmes and other forms of assistance that they cover."

38. The first indent of the second subparagraph of Article 9(9) is replaced by:

- "- the ex-ante assessment of the conversion objectives, quantifying, where it lends itself to quantification, the progress to be achieved during the period concerned compared to the current situation and the priorities adopted for Community assistance;".

39. In Article 9(10), "a limited number of" is inserted before "operational programmes."

40. Article 10 is replaced by:

"1. Objective 3

The Member States concerned shall submit to the Commission plans for operations to combat long-term unemployment and to facilitate the integration into working life of young people and social categories excluded from the labour market (Objective 3).

These plans shall include in particular:

- a description of the current situation, the financial resources deployed and the main results of operations undertaken in the previous programming period, particularly those in receipt of Community structural assistance;
- a description of an appropriate strategy to achieve the objectives under Article 1, the priorities selected for the implementation of Objective 3, quantifying the progress anticipated where this lends itself to quantification, and the expected impact with respect to the current situation, in relation to the financial resources deployed, as well as the corresponding operations; an ex-ante assessment of these different elements;

- an indication of the use to be made of assistance available under the ESF - where appropriate, in conjunction with assistance from the EIB or other existing Community financial instruments - in implementing the plan.

The Commission shall establish, for each Member State and for the individual plans submitted to it through the partnership referred to in Article 4(1), in agreement with the Member State concerned and in accordance with the procedures set out in Article 17, the Community support framework for the attainment of Objective 3.

## 2. Objective 4

The Member States concerned shall submit to the Commission plans for operations designed to facilitate the adaptation of workers to industrial changes and to changes in production systems (Objective 4).

These plans shall include in particular:

- a description of the current situation and of likely changes in jobs and occupations, stressing needs in terms of initial and further vocational training;
- a description of an appropriate strategy to achieve the objectives under Article 1, the priorities selected for the implementation of Objective 4, quantifying the progress anticipated where this lends itself to quantification, and the expected impact with respect to the current situation, in relation to the financial resources deployed, as well as the corresponding operations; an ex-ante assessment of these different elements;
- measures adopted to involve the competent authorities and organizations at the appropriate levels in the preparation and implementation of operations featuring in the plan;
- an indication of the use to be made of assistance available under the ESF - where appropriate, in conjunction with assistance from the EIB or other existing Community financial instruments - in implementing the plan.

The Commission shall establish, for each Member State and for the individual plans submitted to it through the partnership referred to in Article 4(1), in agreement with the Member State concerned and in accordance with the procedures set out in Article 17, the Community support framework for the attainment of Objective 4.

3. Common provisions.

- 3.1. The plans shall distinguish between the information relating to regions covered by Objective 1 and the rest of the territory. The information relating to Objective 1 regions may be included in the regional development plans referred to in Article 8(4).
- 3.2. In order to expedite the examination of applications and the implementation of assistance, the Member States shall, wherever possible, include with their plans applications for operational programmes and other forms of assistance that they cover.
- 3.3. The Commission shall examine the proposed plans to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. The Commission shall draw up the Community support frameworks.

Each Community support framework shall feature in particular:

- an ex-ante assessment of the planned objectives, quantifying, where it lends itself to quantification, the progress to be achieved during the period concerned compared to the current situation and the specific priorities adopted for Community assistance;
- the forms of assistance;
- the indicative financing plan, with details on the amount of assistance and its source;
- the duration of the assistance.

The Community support framework may, if necessary, be revised and adjusted on the initiative of the Member State or of the Commission in agreement with the Member State in the light of relevant new information and of the results obtained during implementation of the operations concerned.

- 3.4. Assistance in respect of Objectives 3 and 4 shall be predominantly in the form of a limited number of operational programmes.
- 3.5. The arrangements for implementation of this Article shall be specified in the provisions referred to in Article 3(4) and (5)."

41. Article 11 is replaced by:

"

Article 11

Objective 5(a)

1. The Member States shall submit their plans for operations under Objective 5(a) to the Commission. The plans shall be drawn up at the appropriate geographical level (national or

regional) and shall distinguish between:



- operations concerning agricultural structures and those concerning fisheries structures;
- information concerning the Objective 1 regions, that concerning the Objective 5(b) areas and that concerning the rest of the territory.

Information concerning the Objective 1 regions may also be included in the regional development plans referred to in Article 8(4).

If operations in respect of Objective 5(a) are submitted as part of a number of plans presented by the same Member State, the Member State shall provide the Commission with a summary for agricultural structures and a summary for fisheries structures covering all assistance under Objective 5(a) to be implemented on its territory.

2. The plans referred to in paragraph 1 shall include:

- a description of the current situation, the financial resources deployed, and the main results of the operations undertaken hitherto which received Community structural assistance;
- a description of the measures selected for the adjustment of agricultural and fisheries structures, quantifying, where it lends itself to quantification, the progress anticipated and the expected impact, compared to the current situation, in relation to the financial resources deployed as well as the corresponding operations; an ex-ante assessment of these different elements;
- an assessment of the environmental situation and its expected development with respect to the measures and operations foreseen above; the arrangements made to associate the environmental authorities in the preparation and implementation of the operations foreseen in the plans;
- an indication of the use to be made of assistance available under the Funds, and the other financial instruments in implementing the plans.

In order to expedite the examination of applications and the implementation of action, the Member States shall include with their plans applications for operational programmes and other forms of assistance that they cover.

3. The Commission shall examine the proposed plans to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. In accordance with the procedures referred to in the provisions laid down pursuant to Article 3(5), the Commission shall draw up through the partnership

defined in Article 4(1), in agreement with the Member State concerned, the programming of Objective 5(a) in the following way:

- (a) in the case of the Objective 1 regions, operations under Objective 5(a) shall be integrated into the Community support frameworks drawn up pursuant to Article 8(5), a distinction being made between those relating to agricultural structures and those relating to fisheries structures;
- (b) in other cases, a Community support framework for agricultural structures and a Community support framework for fisheries structures shall be drawn up for each Member State; the Community support framework for agricultural structures shall distinguish between operations to be implemented in the Objective 5(b) areas and those for rest of the territory.

The Community support frameworks shall include:

- the measures selected for Community assistance;
- the forms of assistance;
- the indicative financing plan, with details on the amount of assistance and its source;
- the duration of the assistance.

The Community support framework may, if necessary, be revised and adjusted on the initiative of the Member State or of the Commission in agreement with the Member State in the light of relevant new information and of the results obtained during implementation of the operations concerned.

4. The arrangements for implementation of this Article shall be specified in the provisions referred to in Article 3(4) and (5)."

42. The following Article 11a is inserted:

"

Article 11a

Objective 5(b)

1. The rural areas outside Objective 1 regions that may receive Community assistance under Objective 5(b) are those which have a low level of socio-economic development assessed on the basis of gross domestic product per inhabitant and also satisfy at least two of the following three criteria :
  - (a) high share of agricultural employment in total employment;
  - (b) low level of agricultural income, notably as expressed in terms of agricultural value added by agricultural work unit (AWU);

- (c) low population density and/or a significant depopulation trend.

Assessment of the eligibility of areas according to the above criteria shall take into account socio-economic parameters which indicate the seriousness of the general situation in the areas concerned, and how it is developing.

2. In addition, on receipt of a reasoned request from a Member State, Community assistance may also be extended to other rural areas with a low level of socio-economic development, if they are affected by one or more of the following criteria:
  - the peripheral nature of areas or islands in relation to major centres of economic and commercial activity in the Community;
  - the sensitivity of the area to developments in agriculture especially in the framework of the reform of the common agricultural policy, assessed on the basis of the trend in agricultural incomes and the size of the agricultural labour force;
  - the structure of agricultural holdings and the age structure of the gainfully employed agricultural labour force;
  - the pressures exerted on the environment and on the countryside;
  - the situation of areas within mountain or less-favoured areas classified pursuant to Article 3 of Directive 75/268/EEC;
  - the socio-economic impact on the area, as measured by objective criteria, of the restructuring of the fisheries sector.
3. As soon as this Regulation has entered into force, the Commission shall establish the list of eligible areas in accordance with the procedure foreseen in the provisions laid down pursuant to Article 3(5). Member States shall, in respect of the areas which in their view should benefit from assistance under Objective 5(b), provide the Commission with such information as may help it in this task. On the basis of that information and of its overall assessment of the proposals submitted, the Commission shall determine which areas are eligible.
4. In selecting rural areas and in programming assistance from the Funds, the Commission shall take care to ensure that assistance is effectively concentrated on areas suffering from the most serious problems of rural development.
5. The Member States concerned shall submit their rural development plans to the Commission. Those plans shall include in particular:

- a description of the current situation, the financial resources deployed and the main results of operations undertaken in the previous programming period, particularly those in receipt of Community structural assistance;
- a description of an appropriate strategy to achieve the objectives under Article 1, the rural development priorities selected for the areas concerned, quantifying, where it lends itself to quantification, the progress anticipated and the expected impact with respect to the current situation, in relation to the financial resources deployed, as well as the corresponding operations; an ex-ante assessment of these different elements;
- an assessment of the environmental situation of the area concerned and its expected development with regard to the strategy and operations foreseen above and the arrangements made to associate the environmental authorities in the preparation and implementation of the operations foreseen in the plans;
- an indication of the use to be made of assistance available under the different Funds, the EIB and the other financial instruments in implementing the plans;
- any link with the consequences of reform of the common agricultural policy and the review of the common fisheries policy.

To expedite the examination of applications and implementation of assistance, Member States shall include with their plans applications for operational programmes and other forms of assistance that they cover.

6. The Commission shall examine the proposed plans to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. It shall establish, through the partnership referred to in Article 4(1), in agreement with the Member State concerned and in accordance with the procedures referred to in Article 17, the Community support framework for rural development.

The Community support framework shall cover in particular :

- the ex-ante assessment of the rural development objectives, quantifying, where it lends itself to quantification, the progress to be achieved during the period concerned compared to the current situation and the rural development priorities adopted for Community assistance;
- the forms of assistance;
- the indicative financing plan, with details of the

. amount of assistance and its source;

- the duration of the assistance.

The Community support frameworks may, if necessary, be revised and adjusted on the initiative of the Member State concerned or of the Commission in agreement with the Member State in the light of relevant new information and of the results obtained during implementation of the operations concerned.

The Community support frameworks under Objective 5(b) shall indicate for information the details of the operations concerning the adjustment of agricultural structures under Objective 5(a) to be implemented in the areas eligible under Objective 5(b).

7. Assistance under Objective 5(b) shall be predominantly in the form of a limited number of operational programmes.
8. The arrangements for implementation of this paragraph shall be specified in the provisions referred to in Article 3(4) and (5)."

43. Article 12 is replaced by the following:

" Article 12

Fund resources and concentration

1. Commitment appropriations for the Structural Funds and the FIFG shall be ECU 141 471 million (1992 prices) from 1994 to 1999.

The annual breakdown of these appropriations is shown in Annex II.

2. A considerable proportion of budgetary resources shall be concentrated on the less-developed regions covered by Objective 1.

Commitment appropriation for these regions shall be ECU 96 346 million (1992 prices) from 1994 to 1999.

The annual breakdown of these appropriations is shown in Annex II.

All operations under Objectives 1 to 5 to assist the regions covered by Objective 1 shall be taken into account for this purpose.

3. For the four Member States eligible for the cohesion financial instrument, the Commission shall ensure that the increase in commitment appropriations for the Structural Funds permits a doubling of commitments in real terms under Objective 1 and the financial instrument for cohesion between 1992 and 1999.

4. The Commission shall make allocations per Member State for each of the Objectives 1 to 4 and 5(b) of the commitment appropriations of the Structural Funds taking account of national prosperity, regional prosperity, population of the regions, and the relative severity of structural problems, including the level of unemployment and, for the appropriate Objectives, the needs of rural development.
  5. For the period referred to at paragraph 2, 10% of commitment appropriations for the Structural Funds shall be devoted to funding assistance undertaken on the initiative of the Commission according to Article 5(5).
  6. For the purpose of their inclusion in the general budget of the European Communities, the sums indicated at paragraphs 2 and 3 and in Annex II shall be amended before each annual budgetary procedure to reflect price changes in the Community."
44. [No change to the English text.]
45. In the second indent of Article 13(1), "and budgetary constraints arising from the implementation of convergence programmes;" is added.
46. The first subparagraph of Article 13(3) is replaced by:
- "3. The Community contribution granted by the Funds and the FIGF in respect of the various objectives listed in Article 1 shall be subject to the following ceilings:"
47. The following is added to the first indent of Article 13(3):
- "when the regions are located in a Member State concerned by the cohesion financial instrument the Community contribution may, in exceptional and duly justified cases, rise to a maximum of 85% of the total cost;"
48. In Article 14(1), "or the FIGF" is added after "from only one Fund".
49. In Article 14(2), "unless otherwise permitted by the provisions referred to in Article 3(4) and (5)" is added after "Article 1 at a time,".

50. Article 14(3) is replaced by:

"3. Any territory may be eligible for assistance under only one of the Objectives 1, 2 or 5(b)."

51. Article 15(1) and (2) is replaced by:

"1. This Regulation shall not affect multiannual operations, including the adjustment of Community support frameworks and forms of assistance, approved by the Council or by the Commission on the basis of the existing rules governing the Funds before the entry into force of this Regulation.

2. Applications for assistance from the Funds towards an operation which are submitted under the provisions applying before the entry into force of this Regulation shall be considered and approved by the Commission on the basis of those provisions."

52. Article 15(3), (4) and (5) is deleted.

53. In the second line of Article 15(6), "where appropriate" is deleted and the text following "the new system" replaced by "and that grants of assistance for projects granted assistance before 1 January 1989 shall be finally concluded no later than 30 June 1995."

54. The following third paragraph is added to Article 16:

"The Commission shall submit a report at three-yearly intervals to the European Parliament, the Council, the Economic and Social Committee on the progress made towards economic and social cohesion and the contribution of the Funds, the FIFG, the cohesion financial instrument, the EIB and the other financial instruments. The report shall, if necessary, make proposals with regard to Community policies affecting economic and social cohesion. The first report shall be produced no later than 31 December 1996."

55. In Article 17(1), "three" is replaced by "four".

56. The third indent of Article 17(1) is replaced by:

"- Objective 5(a)  
- Management Committee composed of representatives of the Member States (adjustment of agricultural structures);



- Management Committee composed of representatives of the Member States (adjustment of fisheries structures);
  - Objective 5(b)
    - Management Committee referred to under the first sub-indent of Objective 5(a)."
57. In Article 17(2), "and the second subparagraph of Article 3a." is added.
58. Article 19 is replaced by:
- "On a proposal from the Commission, the Council shall re-examine this Regulation before 31 December 1999.
- It shall act on the proposal in accordance with the procedure laid down in Article 130d of the Treaty."
59. The Annex is replaced by Annexes I and II to this Regulation.

#### Article 2

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council .

Annex I

Regions concerned by Objective 1

BELGIUM:	Hainaut
GERMANY:	Brandenburg, Mecklenburg-Vorpommern, Ost-Berlin, Sachsen, Sachsen-Anhalt, Thüringen
GREECE:	The whole country
SPAIN:	Andalucía, Asturias, Cantabria, Castilla y León, Castilla-La Mancha, Ceuta y Melilla, Comunidad Valenciana, Extremadura, Galicia, Islas Canarias, Murcia
FRANCE:	Overseas departments, Corse.
IRELAND:	The whole country
ITALY:	Basilicata, Calabria, Campania, Molise, Puglia, Sardegna, Sicilia
PORTUGAL:	The whole country
UNITED KINGDOM:	Highlands and Islands, Merseyside, Northern Ireland.

Commitment appropriations for the period 1994-99

million ECU (1992 prices)

	1994	1995	1996	1997	1998	1999	94-99
Structural Funds and FIFG	20 135	21 480	22 740	24 026	25 690	27 400	141 471
of which Objective 1 regions :	13 220	14 300	15 330	16 396	17 820	19 280	96 346

COUNCIL REGULATION (EEC) No ../....

of 1993

amending Council Regulation (EEC) No 4253/88  
of 19 December 1988

laying down provisions for implementing Regulation (EEC) No 2052/88  
as regards coordination of the activities of the  
different Structural Funds between themselves  
and with the operations of the European Investment Bank  
and the other existing financial instruments

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic  
Community, and in particular Articles 130e and 153 thereof,

Having regard to the proposal from the Commission,<sup>1</sup>

In cooperation with the European Parliament,<sup>2</sup>

Having regard to the opinion of the Economic and Social Committee,<sup>3</sup>

1. Whereas Council Regulation (EEC) No ... of 1993<sup>4</sup> amends  
Regulation (EEC) No 2052/88 of 24 June 1988 on the tasks of the  
Structural Funds and their effectiveness and on coordination of  
their activities between themselves and with the operations of  
the European Investment Bank and the other existing financial  
instruments;<sup>5</sup> whereas Regulation (EEC) No 4253/88 should  
therefore be amended;<sup>6</sup>
2. Whereas under Article 3a of Regulation (EEC) No 2052/88 the  
provisions of that Regulation governing the Structural Funds and  
the provisions necessary for the coordination of the activities  
of the different Structural Funds between themselves and with the  
operations of the EIB and the other existing financial  
instruments apply to the FIFG;
3. Whereas the coordination provided for in Regulation (EEC)  
No 4253/88 should therefore be extended to the FIFG, to the  
cohesion financial instrument and to the trans-European networks;
4. Whereas the Member States should submit their development plans  
as soon as possible in order not to delay the implementation of

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1 OJ No C

2 OJ No C

3 OJ No C

4

5 OJ No L 185, 15.7.1988, p. 9.

6 OJ No L 374, 31.12.1988, p. 1.

structural assistance from 1 January 1994;

5. Whereas, in order to simplify programming procedures, there should be provision for the Commission to adopt simultaneously the Community support frameworks and the forms of assistance submitted at the same time as development plans; whereas for the same reason there should be provision for the plan and the application for assistance to be presented in a single document and for the adoption of the Community support framework and grant of assistance to be made in a single Commission decision;
6. Whereas, in accordance with the principle of subsidiarity, implementation of the forms of assistance contained in the Community support frameworks should be primarily the responsibility of the Member States;
7. Whereas the principle of additionality and the criteria and procedures for its verification should be defined;
8. Whereas, in order to increase the flexibility of Community structural assistance, there should be provision for assistance undertaken at the initiative of the Commission in the context of Objectives 1, 2 and 5(b) to concern exceptionally areas other than those eligible under those Objectives; whereas the question of cross-border cooperation with Community priority regions may also be addressed by Phare, taking account of complementary support under the Community Structural Funds;
9. Whereas, in order to minimize delays in financial flows, the time allowed for the Commission to pay financial assistance to the Member State and for the Member State to pay that assistance to the final beneficiaries should be laid down;
10. Whereas the role and powers of the Monitoring Committees should be laid down; whereas, furthermore, for reasons of increased transparency, it is considered appropriate that projects benefiting from Community assistance should be specified when published by notice in the Official Journal of the European Communities under the rules relating to the award of public contracts;
11. Whereas assessment is primarily the responsibility of the Member States;
12. Whereas it is appropriate to lay down specific transitional provisions, including provisions to ensure that aid to Member States is not interrupted pending the establishment of the plans and operational programmes in accordance with the new system and that the grant of assistance for projects granted assistance before 1 January 1989 may be finally concluded no later than 30 June 1995,

HAS ADOPTED THIS REGULATION:

### Article 1

Regulation (EEC) No 4253/88 is hereby amended as follows:

1. In Article 1, "and the FIFG" is inserted after "different Funds".
2. In Article 2, "and the FIFG" is inserted in the title.
3. In the first paragraph of Article 2, "and the FIFG" is inserted after "various Funds".
4. In the third indent of Article 2, "integrated operational programmes" is replaced by "integrated forms of assistance".
5. In Article 3(1), "and the FIFG" is inserted after "assistance from the Funds".
6. The third indent of Article 3(1) is replaced by:
  - "- from resources from the Community budget allocated to:
    - the financial cohesion instrument;
    - other action for structural purposes;
    - accompanying measures for the reform of the CAP;
    - the framework programmes in the area of research and technological development;
    - trans-European networks;
    - economic restructuring of central and eastern Europe."
7. Article 4 is deleted.
8. In the first subparagraph of Article 5(1), "objectives 1 to 4 and 5(b)" is replaced by "Objectives 1 to 5".
9. In the first subparagraph of Article 5(2), "the development of rural areas" is replaced by "rural development".

10. In the first subparagraph of Article 5(2), the text after "vocational training measures" is replaced by "under Objective 1 and possibly those in connection with Objectives 3 and 4."
11. The fourth subparagraph of Article 5(2) is deleted.
12. The fifth subparagraph of Article 5(2) is replaced by:

"In the plans, Member States shall indicate the particulars relating to each Fund, including the volumes of assistance requested. In accordance with Articles 8 to 11a of Regulation (EEC) No 2052/88, in order to expedite the examination of applications and the implementation of assistance, they shall include in their plans, according to the provisions in the aforementioned articles, applications for assistance for operational programmes and other forms of assistance.

The plan and applications for assistance may be submitted in a single document."
13. In the first paragraph of Article 6, "period of between three and five years," is replaced by "period of three or six years. The first programming period shall begin on 1 January 1994."
14. The second paragraph of Article 6 is replaced by:

"Plans in respect of Objectives 1, 3, 4 and 5(a) shall be submitted not later than three months after the entry into force of this Regulation. Plans in respect of Objectives 2 and 5(b) shall be submitted not later than three months after the establishment of the list of eligible areas under the Objectives concerned."
15. The third paragraph of Article 6 is deleted.
16. In Article 8(1), "objectives 1 to 4 and 5(b)" is replaced by "Objectives 1 to 5".
17. The second subparagraph of Article 8(1) is deleted.
18. Article 8(2) is replaced by:

"2. A Community support framework shall cover a period of three or six years.

19. In the first indent of Article 8(3), "their specific objectives, quantified where they lend themselves to quantification, an ex-ante assessment and the expected impact," is inserted after "Regulation (EEC) No 2052/88,".

20. The second indent of Article 8(3) is replaced by:

"- for Objective 1, an outline of the assistance which is not decided at the same time as the Community support framework including, for operational programmes, their specific objectives and the main types of measure involved;".

21. The following indents are inserted after the third indent of Article 8(3):

- "- the procedures for monitoring and assessment;
- the procedures for verifying additionality and an initial appraisal of the latter, including the transparency of the relevant financial flows;
- for Objectives 1, 2 and 5(b), the arrangements for associating the environmental authorities in the implementation of the Community support framework;".

22. Article 9 is replaced by:

"

#### Article 9

##### Additionality

1. In order to achieve a genuine economic impact, the Structural Funds appropriations allocated in each Member State to each of the objectives under Article 1 of Regulation (EEC) No 2052/88 may not replace public expenditure on structural or comparable expenditure undertaken by the Member State in all the territories eligible under an objective.
2. For this purpose, in establishing and implementing the Community support frameworks, the Commission and Member State concerned shall ensure that the Member State maintains, in all the territories concerned, its public structural or comparable assistance at least at the same level as in the previous programming period taking into account, however, the macro-economic circumstances in which the funding takes place including the implementation of convergence programmes.

The Commission and Member State shall also agree, in establishing the Community support frameworks, the arrangements for verifying additionality.



3. To permit verification of the principle of additionality, the Member State shall provide the relevant financial information to the Commission at the time of the submission of the plans and regularly during the implementation of the Community support frameworks."
23. The second subparagraph of Article 10(1) is replaced by:

"When adopting its decision on the Community support framework, the Commission shall also approve applications for assistance submitted at the same time as the plans insofar as they include the information requested under Article 14(2). Adoption of the Community support framework and grant of assistance may be made in a single Commission decision."
24. The existing paragraph of Article 11 is numbered "1".
25. In the new paragraph 1 of Article 11, "not covered by the plans referred to in Title II" is deleted.
26. The following subparagraph is added to the new paragraph 1 of Article 11:

"For operations of transnational interest, pursuant to the first subparagraph, the Commission may invite two or more Member States to submit a single application for assistance. In response to these applications, the Commission may approve a single grant of assistance for all the Member States concerned."
27. The following new paragraph 2 is added to Article 11:

"2. For a limited part of the funds available, the forms of assistance approved under paragraph 1 in the context of the priority Objectives 1, 2 and 5(b) may cover areas other than those under Article 8, 9 and 11a of Regulation (EEC) No 2052/88."
28. In Article 12, "which may be implemented" is replaced by "which shall be implemented".
29. The first subparagraph of Article 13(1) is replaced by:

"1. At the initiative of a Member State or of the Commission pursuant to Article 11, in agreement with the Member State concerned, assistance shall be implemented in the form of an integrated approach if:".

30. In point (c) of Article 13(1), "programme" is replaced by "assistance".
31. In Article 13(2), "in particular" is inserted after "considered".
32. In Article 14(1), "and the FIG" is inserted after "the Structural Funds".
33. The following subparagraph is added to Article 14(1):

"Applications for assistance in the form referred to in Article 5(2)(e) of Regulation (EEC) No 2052/88 may also be submitted by any individual or public or private body according to the rules referred to in the provisions laid down pursuant to Article 3(4) of that Regulation."
34. In Article 14(2), ", where this is not already included in the plans," is inserted after "in order to assess them".
35. In Article 14(2), "including an appraisal of the medium-term economic and social benefits commensurate with the resources deployed" is added after "specific objectives".
36. In the second subparagraph of Article 14(3), "and the FIG" is inserted after "assistance from the Funds".
37. In the second subparagraph of Article 14(3), "the financing of an operational programme" is replaced by "the financing of assistance, including assistance established".
38. The last sentence of the second subparagraph of Article 14(3) is deleted.
39. In Article 15(1), "objectives 1 to 4 and 5(b)" is replaced by "Objectives 1 to 5".

40. The first subparagraph of Article 15(2) is replaced by:
  - "2. Except as provided for in Article 33 of this Regulation, expenditure may not be considered eligible for assistance from the Funds if incurred before the date on which the corresponding application reaches the Commission.
41. The second subparagraph of Article 15(2) is deleted.
42. In Article 16(2), "whose" replaces "if the".
43. In Article 16(2), "ECU 15 million" is replaced by "ECU 25 million" and "ECU 10 million" is replaced by "ECU 20 million".
44. The second subparagraph of Article 16(2) is deleted.
45. Article 16(4) is deleted.
46. In the first paragraph of Article 17(1), "the rate of contribution by the Funds to the financing of measures covered by objectives 1 to 4 and 5(b) shall be laid down" is replaced by "the contribution of the Funds to the financing of measures covered by Objectives 1 to 5 shall be laid down".
47. The second subparagraph of Article 17(1) is deleted.
48. In Article 17(2), "shall be fixed as a percentage and" is deleted.
49. In Article 17(4), "The rates of contribution for individual measures forming part of operational programmes may be differentiated" is replaced by "The contribution of the Funds for individual measures forming part of operational programmes may be differentiated".
50. In Article 18, "the rates of contribution from the Funds established" is replaced by "the contribution from the Funds established".
51. In the first subparagraph of Article 20(2), "and subject to the provisions of paragraph 3" is added after "as a general rule".

52. In the second subparagraph of Article 20(2), "initial or revised" is added after "based on the".
53. In Article 20(3), "or, subject to available funding, where the Community assistance granted is less than ECU 40 million" is inserted after "less than two years".
54. In Article 21(1), "the authority designated" is replaced by "the authority or body designated".
55. In Article 21(1), "as a general rule within two months from receipt of an acceptable application." is added after "application submitted through the Member State concerned".
56. The following subparagraph is added to Article 21(3):

"The payments shall be made to the final beneficiaries without any reduction or retention that could reduce the amount of financial assistance granted to them."
57. In the first indent of Article 21(4), "the designated authority" is replaced by "the designated authority or body".
58. In Article 21(5), "and as a general rule within three months from receipt of the appropriations by the Member State" is added.
59. Article 21(6) is deleted.
60. In the first subparagraph of Article 22(1), ". In compliance with the provisions of the Financial Regulation and" is deleted.
61. In the first paragraph of Article 23, "in implementing the operations" is inserted after "Member States shall take the necessary measures".
62. In the third indent of Article 23(1), "For global loans as well as operations undertaken in accordance with the second subparagraph of Article 14(1), the intermediary, individual or body concerned may, with the agreement of the Commission, take up a bank guarantee or other insurance covering this risk." is added.

63. The second subparagraph of Article 23(1) is replaced by:

"Member States shall inform the Commission of the measures taken for those purposes and, in particular, the description of the management and control systems established to ensure the efficient implementation of operations. They shall inform the Commission of the progress of administrative and judicial proceedings."

64. The third subparagraph of Article 23(1) is replaced by:

Member States shall keep and make available to the Commission any appropriate national control reports on the measures included in the programmes or other operations concerned.

65. The following subparagraph is added to Article 23(1):

As soon as this Regulation enters into force the Commission shall draw up detailed arrangements for implementation of this paragraph in accordance with the procedures referred to in Title VIII.

66. In Article 24(2), "an irregularity and in particular a significant change" is replaced by "an irregularity or a significant change".

67. In Article 24(3), "may be charged" is replaced by "shall be charged".

68. The second subparagraph of Article 25(1) is deleted.

69. In the first subparagraph of Article 25(2), ", and to the structural and socio-economic situation in the countries where the assistance is to be provided" is deleted.

70. Article 25(5) is replaced by:

"5. The Monitoring Committee shall, if necessary, without modifying the total amount of the Community contribution approved and within harmonized limits for each objective to be agreed in the framework of the partnership, adjust the procedure for granting assistance as initially approved as well as the financing plan envisaged. Other amendments required which exceed these limits shall be decided by the Commission after the Monitoring Committee has delivered its opinion."

71. The following subparagraph is added to Article 25(6):

"For this purpose, in the context of the application of Community rules on the award of public contracts, notices sent for publication in the Official Journal of the European Communities shall specify those projects benefiting from Community assistance."

72. Article 25(7) is replaced by:

"7. Wherever this Regulation or the Regulations referred to in Article 3(4) and at Article 3a of Regulation (EEC) No 2052/88 provide for the Commission to determine detailed arrangements for implementation, the precise details which are adopted shall be notified to the Member States and published in the Official Journal of the European Communities."

73. The first sentence of Article 26(1) is replaced by:

"Assessment shall in the first instance be the responsibility of the Member States and be carried out within the framework of the partnership."

74. In the second sentence of Article 26(1), ", where appropriate," is deleted.

75. In the first subparagraph of Article 26(2), "Ex ante and ex post" is replaced by "Continuous".

76. In Article 26(5), "the annual report pursuant" is replaced by "the annual report and the three-yearly report pursuant".

77. The title of Article 29 is replaced by "Committee on Agricultural Structures and Rural Development and Standing Committee on the Fishing Industry".

78. The first paragraph of Article 29 is numbered "1".

79. In the fifth subparagraph of the new paragraph 1 of Article 29, the indents are replaced by:

- "- relating to Community support frameworks for the speeding-up of the adjustment of agricultural structures under Objective 5(a);
- relating to the establishment of the list of areas eligible under Objective 5(b) as well as to Community support frameworks under this Objective."

80. The following subparagraph is inserted after the fifth subparagraph of the new paragraph 1 of Article 29:

"The Committee shall also be consulted on operations concerning agricultural structures and rural development included in the draft Commission decisions relating to the Community support frameworks for the Objective 1 regions."

81. In the sixth subparagraph of the new paragraph 1 of Article 29, "provided for in this Article" is replaced by "provided for in this paragraph".

82. In the seventh subparagraph of Article 29 "and paragraph 2 of this Article" is inserted after "Articles 27 and 28".

83. The following paragraph 2 is added to Article 29:

"2. The provisions detailing the operation of the Standing Committee on the Fishing Industry shall be laid down in accordance with the provisions laid down pursuant to the first paragraph of Article 3a of Regulation No 2052/88."

84. The second sentence of the first subparagraph of Article 30(1) is replaced by:

"It shall seek the opinion of the appropriate Committees on their proposals to Member States referred to in the first paragraph of Article 11, and may seek the opinion of the Committees on any matter relating to assistance operations under the Funds, other than those provided for in this Title."

85. In Article 31(1), "the first paragraph of" is added after "referred to in".

86. Article 31(3) is replaced by:

"3. The three-yearly report referred to in the third subparagraph of Article 16 of Regulation (EEC) No 2052/88 shall review in particular:

- progress made in achieving economic and social cohesion;
- the role of the Structural Funds, the FIGF, the financial instrument for cohesion, the EIB and other financial instruments as well as the impact of other Community policies in the completion of this process;
- the measures which need to be taken in order to strengthen economic and social cohesion."

87. Article 32(1) becomes Article 32(2) and the following new paragraph 1 is inserted:

"1. Member States shall ensure that adequate publicity is given to the plans referred to in Article 5(1) before their submission to the Commission."

88. Article 33(1) is deleted.

89. Article 33(2) to (5) is replaced by:

"2. In drawing up Community support frameworks, the Commission shall take account of any operation already approved by the Council or by the Commission before the entry into force of this Regulation and having financial repercussions during the period covered by those support frameworks. These operations shall not be subject to compliance with Article 15(2).

3. Notwithstanding Article 15(2), pending the adoption of the Community support frameworks covering the period from 1 January 1994, requests for expenditure received by the Commission before 31 March 1994 and fulfilling all the conditions under Article 14(2) may be regarded as eligible for Community assistance from 1 January 1994.

4. For expenditure on Objective 5(a) operations approved before the entry into force of this Regulation without budgetary commitment the programming provisions and the financial provisions under Articles 20 and 21 shall apply from 1 January 1994.

5. Sums committed in respect of grants of assistance for projects decided by the Commission before 1 January 1989 with respect to the Structural Funds, and for which the Commission had not received a final payment request before 31 December 1994 shall be automatically decommitted by the Commission by 30 June 1995 at the latest."



**Article 2.**

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council .

## FINANCIAL STATEMENT

### SECTION 1: FINANCIAL IMPLICATIONS

1. **Title of operation:** Tasks and procedures for the operation of the Structural Funds.
2. **Budget headings involved:** Chapters B2-10 to B2-19 (1993 nomenclature).
3. **Legal basis:** Proposals for amendment of Regulations (EEC) No 2052/88 (framework Regulation) and No 4253/88 (coordination Regulation) on the Structural Funds.
4. **Description of operation:**
  - 4.1 **Specific objectives of operation:** Community structural measure through the five specific Objectives set out in Article 1 of Regulation (EEC) No 2052/88 as amended.
  - 4.2 **Duration:** 1994 to 1999.
  - 4.3 **Target population:** the whole Community and specific regions in the case of Objectives 1, 2 and 5(b).
5. **Classification of expenditure or revenue:**
  - 5.1 Non-compulsory
  - 5.2 Differentiated
  - 5.3 -
6. **Type of expenditure:**
  - 6.2 Grant for part-financing with other sources in the public and/or private sector
7. **Financial impact on appropriations for operations (part B of the budget):**
  - 7.1 **Method of calculation:** Amounts decided by the Edinburgh European Council on 11 and 12 December 1992.
  - 7.2 **Indicative timetables for the commitment and payment appropriations** will be laid down in the annual budgets on the basis of:
    - in the case of commitment appropriations: decisions of the Edinburgh European Council;

- in the case of payment appropriations: the rate of settlement of commitments fixed in the financial implementing provisions.

8. **Anti-fraud measures:** these will be adopted in an implementing Regulation pursuant to Article 23 of Regulation (EEC) No 4253/88 as amended.

#### **SECTION 2: ADMINISTRATIVE EXPENDITURE (part A of the budget)**

1. **Increase in the number of Commission staff:** there will be an increase throughout the period covered as a result of the increasing volume of appropriations to be administered. It cannot be quantified at this stage.
2. **Administrative expenditure and amount of staff involved:** cannot be quantified yet.

#### **SECTION 3: ELEMENTS OF COST-EFFECTIVENESS ANALYSIS**

##### **1. Objectives and coherence with financial programming:**

1.1 Specific objective(s) of proposed operation : set out in Article 1 of Regulation (EEC) No 2052/88:

- to promote the development and structural adjustment of regions whose development is lagging behind, hereinafter referred to as "Objective 1";
- to convert the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline, hereinafter referred to as "Objective 2";
- to combat long-term unemployment and facilitate the occupational integration of young people and those socially excluded from the labour market, hereinafter referred to as "Objective 3";
- to facilitate the adaptation of workers to industrial changes and to changes in production systems, hereinafter referred to as "Objective 4";
- to promote rural development by:
  - a) speeding up the adjustment of agricultural structures in the framework of the reform of the common agricultural policy,
  - b) facilitating the structural adjustment of rural areas,

hereinafter referred to as "Objective 5(a) and 5(b)".

In the framework of the review of the common fisheries policy, measures for the adjustment of fisheries structures come under Objective 5(a).

The budget amounts have already been decided by the European Council.

1.2 Financial programming: the measure is part of the multiannual Financial Perspectives 1993-99 adopted by the Edinburgh European Council.

1.3 Broader objective: economic and social cohesion of the Community.

## 2. Grounds for the operation:

2.1 Decision already adopted by the European Council on 11 and 12 December 1992 in line with the decisions taken in February 1988. Detailed grounds will be given in the programming to be included in the plans (by Objective), the CSFs and then the operations.

## 3. Monitoring and assessment of the operation:

3.1 Performance indicators selected: these will be selected at the various stages of programming: plans, CSFs and operations.

3.2 Details and frequency of planned assessment: to be determined at the various stages of programming: plans, CSFs and operations.

3.3 Main factors of uncertainty which could affect the results: actual capacity of the authorities and bodies responsible for implementation; overall economic conditions.

**IMPACT ASSESSMENT FORM**  
**THE IMPACT OF THE PROPOSAL ON BUSINESS**  
**WITH SPECIAL REFERENCE TO SMALL AND MEDIUM-SIZED**  
**ENTERPRISES (SMEs)**

**Title of proposal:** Amendment of Regulations (EEC) No 2052/88 and No 4253/88 on the Structural Funds.

**Reference Number:**

**The proposal**

1. Why is Community legislation necessary? It is specifically provided for in Article 130b ("The Community shall support the achievement of these objectives by the action it takes through the structural Funds"). The objectives are defined in Article 1 of Regulation (EEC) No 2052/88.

**The impact on business**

2. Who will be affected by the proposal? Primarily public authorities which, as a result of the structural aid from the Community, will be able to improve the economic environment to the benefit of all business sectors. The measures will be set out in detail at the various stages of Fund programming.
3. Measures to be taken by businesses: The implementing provisions will always be incorporated in national provisions.
4. The Community aid amounting to ECU 141 billion over the period 1994-99 will obviously have a significant effect on employment, on investment (public and private) and the general economic environment. This effect cannot be quantified at this stage, but will be specified at the various stages of programming (plans, CSFs and operations).
5. Specific situation of SMEs: this factor is not taken into account specifically at the regulatory stage, but will be taken into account fully at the operational stages.

**Consultation**

6. List of the organizations consulted: at the general regulatory stage no particular organizations are consulted. However, when programming is implemented the economic and social partners concerned will be associated with Community structural measures.

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# DOCUMENTS

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