COMMISSION OF THE EUROPEAN COMMUNITIES

# ANNUAL REPORT ON THE IMPLEMENTATION OF THE REFORM OF THE STRUCTURAL FUNDS

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# 1989

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# FOREWORD

More than two years have elapsed since the Council approved the reform of the structural Funds, set in train by the Commission in 1987 against the background of the Single Act to strengthen economic and social cohesion as an essential counterpart to the completion of the internal market.

The purpose of this report, presented pursuant to Article 16 of Council Regulation (EEC) No 2052/88 of 24 June 1988, is to give an account of the implementation of the new approach in 1989, the first year of the reform.

The underlying principles of that approach are as relevant as ever, particularly as regards the coordination of the three Funds and their role as instruments of Community structural policies.

In 1989 the foundations of the reform were laid with the active cooperation of all the partners. Reciprocal commitments were made, particularly through the Community Support Frameworks, which constitute the multiannual covenant on which Community assistance is based.

I trust that all the partners will stand by the choices they have made and that the basic principles of the reform will continue to receive the support of all concerned.

| H. CHRISTOPHERSEN | B. MILLAN | R. MAC SHARRY | V. PAPANDREOU |
|---|---|---|---|
| Vice-Président | Commissaire | Commissaire | Commissaire |

# EXECUTIVE SUMMARY

In February 1987, in its communication entitled "The Single Act: a new frontier for Europe", the Commission mapped out new guidelines for the Community's structural policy.

These were taken up in practice for the first time in February 1988, with a commitment by the European Council to double the overall budget for the structural Funds by 1993, for the attainment of a limited number of priority objectives.

In June and December 1988, the Council approved the legal instruments providing the basis for future assistance from the Funds and the combination of such assistance with the Community's other financial instruments.

This report relates to 1989, the first year of the reform, which was based on three fundamental principles:

- to transform structural policy into an instrument with real economic impact;
- to use a multiannual approach for expenditure planning to assure Member States of the stability and predictability of Community support ;
- to implement a partnership with all the parties actively involved in structural policy, especially the regional authorities.

It also mentions important decisions taken in 1990. Its purpose is not to evaluate the full impact of the reform, particularly in relation to the objectives of economic and social cohesion spelt out in Article 130A of the Treaty. Before the end of 1991 the Commission will carry out a first evaluation of the structural policies to which the Funds contribute significantly.

In 1989 the task facing the Member States and the Commission was to begin implementing the basic principles of the new regulations.

This required a major commitment from all those involved in order to reach the stage of approval of the Community Support Frameworks which are to ensure the coherence of structural action over the next three to five years.

The first eighteen months' experience of the implementation of the reform of the Funds has given all the parties concerned valuable experience of the new operating methods and a basis for the rationalisation and simplification of procedures.

## Implementation of the new principles of the reform

In the first place, implementation of the new rules required a forward planning effort on the part of the Member States, which were required to submit multiannual plans reflecting their intended strategies for the years covered by the reform and indicating the national resources to be mobilized and the Community assistance desired as back-up for the national policies. Broadly speaking, the plans were submitted within the deadline.

In the next stage, the Commission drew up, in partnership with each Member State and the regional authorities designated by it, the Community Support Frameworks (CSFs) which represent the Community response as regards the priorities for assistance and the Community funds to be assigned to each objective in the Member State concerned.

The CSFs are the tools allowing true multiannual programming in structural policy. They were approved within the deadlines laid down in the regulations except in one or two special cases. For Objective 5(b) the CSFs were approved in 1990 as planned.

Although the CSFs constitute an essential preliminary to planned assistance, they cannot guarantee its success. It is only by monitoring the progress of commitments each year that it will be possible to assess the appropriateness of such planning.

The whole operation brought together the various parties involved in structural action at regional, national and community levels. When the CSFs were negotiated the Commission took care to involve all the partners, including the regional authorities, in the decisions regarding the priority areas of assistance in their regions. Some decisions, particularly as regards the allocation of funds, were taken in direct consultation with the Member State. The partnership will be continued and strengthened throughout the period of implementation of the CSFs within the framework of the monitoring committees.

To be effective, the doubling of assistance from the Funds depends, among other things, on Member States' observance of the principle of additionality. In practical terms, this means that the Member States must meet the increased Community effort by at least maintaining the level of public spending in real terms, so that the volume of structural assistance is correspondingly increased. The plans submitted by the Member States did not afford sufficient guarantees as to observance of this principle. It was therefore decided to follow up this point beyond the completion of the CSF negotiations. In 1990, formal requests to this effect were made to each Member State.

The doubling of assistance from the funds is to be accompanied by a measure of greater concentration. The regions whose development is lagging behind (Objective 1 regions) are to receive ECU 38.3 billion out of a total multiannual budget of ECU 60.3 billion at 1989 prices. This should ensure that assistance for those regions has been doubled by 1992 in line with the undertakings of the European Council. Within the context of Objective 1, the Commission has striven to ensure that the least prosperous regions covered by the Objective benefit from concentration.

Although progress towards the goal of concentration may be judged positively, certain points need stressing. Member States made little use of the new possibilities offered by the rules providing that Community assistance, particularly for non-revenue-bearing investments, may meet up to 75% of the total cost of measures in Objective 1 countries so as to achieve concentration of Community assistance within these regions. The result is that the degree of concentration permitted by the rules has not been as fully attained in the CSFs as it might have been, and national budgets thus have a heavier burden to bear. As regards Objective 2, the specification of the eligible areas represents a first step in achieving concentration. The Commission significantly narrowed down the list of areas proposed by the Member States, and this enabled the geographical coverage to be reduced from what it previousy was (except in the case of the UK). The coverage of the Community population ultimately adopted lies between 16 % and 17 %.

Assistance from the Community budget is to be matched by better use of the Community's other financial instruments, and more particularly EIB loans. In 1989, to take account of the new imperatives of the reform, the Commission and the EIB amended their rules on cooperation as regards the maximum rates of grants from the Community for financing investments generating substantial income. Although Member States' plans gave preference to assistance in the form of grants, the Commission and the EIB analysed the CSFs to identify the projects which could be funded by a grant/loan mix. This cooperation enabled the Bank to put together, for the Objective 1 regions, an offer of loans to supplement their financing plans. However, in the first year of implementation, the successful mixing of grants and loans depended very heavily on the concrete circumstances in which the financing plans for the various operational programmes and major projects could be put together.

In 1989, budgetary implementation was satisfactory. ECU 6 137 million was committed for the Objective 1 regions, a sum exceeding that specified in the indicative breakdown of appropriations by objective in the budget. The proportion of ERDF funds committed in 1989 for the Objective 1 regions represents 77.8% of the total. However, the degree of concentration has to be assessed over the five-year period as a whole.

<u>Specific characteristics of the individual objectives</u>

Although, with the exception of Objective 5(a), the implementation of the objectives of the reform is founded on a common overall philosophy, certain specific characteristics were taken into account during the negotiations.

For <u>Objective 1</u>, the cardinal aim of the reform is not only to double the rate of assistance but to use the structural Funds as an instrument serving the economic growth of the regions lagging behind (7 countries are covered wholly or partly by Objective 1). The Commission therefore sought to focus its assistance on a limited number of priorities, to develop genuine synergy between the three Funds wherever possible, and to step up the proportion of assistance in support of productive investment. Although support for basic infrastructure remains a major item in these regions, the CSFs as a whole reflect the common determination of the Member States and the Commission to target assistance from the Funds on efforts to increase the competitiveness of the economies concerned.

For <u>Objective 2</u>, the Commission had first to adopt a list of eligible areas. The Member States submitted lists of areas which, according to their assessment, satisfied the criteria laid down by the Council. Sixty regions or parts of regions were finally selected. In the CSFs the greatest emphasis is placed on measures to enhance the potential for creating and developing productive activities, to improve the environment and the image of these old industrial areas and to enable them to attract new firms, rather than on the provision of basic infrastructure. The CSFs were, with a small number of exceptions, drawn up region by region.

For Objectives 3 and 4, the first point to be noted is that multiannual programming of Community assistance is a totally new departure. These horizontal Objectives concern the entire Community. Given the difficulties involved in forecasting matters as changeable as vocational training and employment policy, the Commission decided to draw up one CSF for the two objectives in each Member State covering only three years. Negotiation of the CSFs enabled the Commission to evaluate the employment policy applied in the Member States in a way it had been unable to do when Community assistance had been granted on a project basis: moreover, it afforded an opportunity to concentrate funding more closely on those measures which seem most appropriate to solve the main problems of the labour market.

Objective 5 comprises two sub-objectives. One, Objective 5(a), seeks to accelerate the structural adaptation of agriculture to the reform of the CAP and the adaptation of fish processing and marketing structures. To this end, the Council, acting on proposals from the Commission in late 1989 and 1990, approved a significant overhaul of agricultural structure policy so that it would more actively complement market policy and incorporate the aspects of environmental protection and diversification of enterprises. By the same token, certain changes were made in the rules governing the horizontal measures already in force so as to integrate them into the reform and achieve better linkages to the regional measures under Objectives 1 and 5(b). Objective 5(a) measures are of particular importance for the Objective 1 regions, and the CSFs for those regions accordingly take up a subsantial part of the budgetary resources for the measures in question. In 1989, more than half the commitments under Objective (5a) were for Objective 1 regions. Objective 5(a), which applies throughout the Community (including the regions covered by Objectives 1 and 5(b)), will have to be implemented in coordination with the regional measures which can increase its impact. In the areas not covered by Objective 1, it may require financial planning in future since its funding is non-compulsory and covered by a predetermined budgetary allocation.

Objective 5(b) seeks to resolve the development problems facing many rural areas of the Community as a result of CAP reform. The Objective is implemented area by area. Community assistance will endeavour to support efforts to develop, diversify and revitalize the economic base of these, generally fairly small, rural areas, and will be very specifically targeted. The CSFs were approved in June 1990.

During the negotiation and adoption of the CSFs the Commission identified a number of problems calling for an additional effort on the part of the Structural Funds. It accordingly approved a first series of initiatives under which the Member States are invited to submit programmes in the following fields : the conversion of the coalmining industry; improving the environment, especially for coastal areas; research and development in disadvantaged areas; the development of cross-border regions; the development of the ultra-peripheral regions of the Community.

Preliminary assessment of the implementation of the reform in 1989

The implementation of the reform in 1989 was generally satisfactory : deadlines were met, viz. the end of 1989 for the negotiation of the CSFs for Objectives 1, 2, 3 and 4 and a little later - as had been planned - for Objective 5(b) and the Community initiatives.

This major operation brought together authorities which did not necessarily share the same views at the outset. It assembled, around the table of partnership, three different administrative levels (regional, national and Community). Such meetings rarely proved unfruitful for the participants, although the initial negotiating positions were sometimes quite far apart.

Negotiation of the CSFs also provided the first real opportunity for exchanges between the Commission departments and regional administrations. The discussions were enriching for all and led to greater mutual understanding. An assessment of the partnership has to take account of the particular institutional structure of each Member State, which meant that in some cases it was more limited than one would have wished.

Discussion of the Community support frameworks and operational programmes gave some small countries, relatively under-endowed in terms of regional administrative resources, the opportunity to tackle global planning and the application of programming techniques hitherto unfamiliar to them.

However, this whole sequence of meetings and the subsequent implementation of operations proved more cumbersome than initially foreseen. This raises the question of the appropriateness of identical procedures for all CSFs.

It also proved difficult to reconcile the generally very tight deadlines with the other requirements of the regulations, particularly as regard ex-ante evaluation of Community assistance.

Although one of the main principles of the reform is to decentralize decisions on the allocation of funds, a large number of funding agreements (sometimes for fairly small sums) had to be reached at the highest level.

The negotiation of the CSFs led to significant changes of emphasis in content as compared with the plans originally submitted. These changes mainly concerned the balance between basic infrastructure and productive investment, greater integration between vocational training and the economic development priorities, and a greater emphasis on telecommunications, research and development and the protection of the environment.

With regard to the implementation of the CSFs now that they have been approved, it is still too early to come to any objective conclusions having the necessary perspective.

To ascertain the effectiveness of the implementation of the plans in practice, monitoring systems, including meetings of monitoring committees for the CSFs and operational programmes, are to be set up.

This aspect represents one of the challenges of the new approach to assistance, under which the Commission is not provided - as in the past - with detailed information about each measure. Decentralization of the management of Community assistance is thus a new departure for Community structural policy.

Lastly, the effective dovetailing of assistance from all three Funds is one of the most difficult tasks. It requires adjustments in terms of cooperation with national administrative bodies and in terms of policy definition. The CSFs have identified potential synergies between the Funds. These must now take tangible shape so that the Funds develop into practical tools for the attainment of the Community's main structural policy objectives.

Developments in 1990

Finally, in addition to part-financing operations proposed by the Member States, the Commission has the possibility, since the reform, of launching Community initiatives.

Under this heading the Member States were invited to submit applications for assistance for operations of special interest to the Community. The available funding is ECU 3.8 billion for the period 1989-93.

This option enables the Commission to promote initiatives in areas which it deems of priority or crucial importance to the completion of the single market or the strengthening of economic and social cohesion.

To complement the initiatives approved in 1989, the Commission in 1990 finalised other Community initiatives which it proposes to approve when it has received the opinion of the European Parliament, the Economic and Social Committee and the Committees.

The new set of initiatives are devoted to three underlying priorities :

-extending basic infrastructures
-enhancing human resources
-integrating rural areas

Recent political events, especially German unification, will give the Community a role in the structural adaptation process which has now begun in the new regions of Germany.

In accordance with the mandate received from the European Council, the Commission has proposed amendments to the Regulations so that the East German regions can benefit from assistance from the Funds from 1991. For 1991-93, financial assistance totalling ECU 3 billion is envisaged, this amount being additional to the existing resources of the Funds.

With the experience acquired in drawing-up the CSFs it will be easier to extend this planning system to the regions newly integrated into the Community and to draw up an effective programme of measures to assist them without delay.

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## INTRODUCTION

This report is presented pursuant to Article 16 of Council Regulation (EEC) No 2052/88 of 24 June 1988 on the reform of the structural Funds, hereinafter referred to as the framework Regulation,[1] and Article 31 of Council Regulation (EEC) No 4253/88 of 19 December 1988 laying down implementing provisions for the above, hereinafter referred to as the coordinating Regulation.[2]

It is not intended to replace the specific reports on the monitoring of the activities of the individual Funds as provided for in Article 25 of the coordinating Regulation. Its aim is to report on the implementation of the reform during 1989.

In order to give a better picture, some decisions taken in 1990 are also mentioned.

There were two objectives during 1989, to ensure the continuity of Community assistance to those implementing the structural policy and to prepare, in a short space of time, the first phase of the reform, i.e. the drawing-up of plans by the Member States and the approval of the relevant Community support frameworks (CSFs) by the Commission. The reform is ambitious, not only in that it will mobilize a large share of the Community's resources, but also, and perhaps above all, because it requires a very considerable change of attitude by everyone involved, at every level in the Member States and by the Commission itself.

For its part, the Commission has taken a series of initiatives, within the partnership framework, to conform to the spirit of the rules both with regard to the concentration of financial resources and to the search for increased effectiveness.

The purpose of this document is to report on the application in practice of the basic principles laid down in the Regulations, and to evaluate the working of the partnership and the way the Community support frameworks have been drawn up. This evaluation can be only limited, by definition, since the implementation of the reform is a gradual process. The monitoring of Community measures, possible changes of emphasis in the CSFs and the approval of the various forms of assistance which are the only tangible commitments will allow a more accurate assessment of the effectiveness of the new approach and the impact of the Funds on the process of cohesion.

Before analysing the actual implementation in 1989 of the main features of the reform, it is relevant to describe the political and economic background to it. The reform is not only crucial to deeper economic and social cohesion in the Community, but its full effectiveness depends on a strategy of sustained economic growth.

1 OJ No L 185, 15.7.1988, p. 9.
2 OJ No L 374, 31.12.1988, p. 1.

## 1. Economic and social cohesion and the reform of the structural Funds

Greater economic and social cohesion in the Community is an objective introduced into the Treaty by Article 130A following the approval of the Single European Act. The Article stipulates that such cohesion is the task of the Community as a whole: the Member States are to conduct their economic policies so as to achieve this objective and the Community is to provide support, principally through the structural Funds, the European Investment Bank and the other financial instruments. The particular goal of cohesion is to reduce the disparities between the various regions and assist the progress of the least-favoured ones, but it also has a role to play in support of all Community regions.

The economic and social cohesion of the Community has become even more important since the adoption of the programme to complete the internal market by 1992 and the accession of Spain and Portugal. Completion of the internal market will have a structural impact on the economies of the Member States, particularly the most vulnerable, and the accession of Spain and Portugal has increased the disparities in development within the Community. If the economic benefits of the internal market are to be fully realized, the weakest economies will need assistance to improve their competitiveness and help them move towards more modern and efficient structures.

The Community therefore needed resources to respond adequately to the requirements of Article 130A. On the institutional level, reform of the structural Funds was needed to make them more effective and better able to perform their new role. Adequate financial resources were required to ensure that the Community's structural policies, and assistance from the structural Funds in particular, could have a genuine economic impact. These two concerns were satisfied: the reform of the Funds was set in train and completed by the end of 1988[1]. In February 1988 the European Council decided that by 1993 the amount available to the Funds in real terms should be double that available in 1987.

The reform of the Funds laid down five precise objectives to assist the least-favoured regions to catch up and to reduce disparities in development between regions. These were:

- **Objective 1:**
  promoting the development and structural adjustment of the regions whose development is lagging behind; this objective concerns seven countries in whole or in part and covers some 21.5 % of the population of the Community.

- **Objective 2:**
  converting the regions seriously affected by industrial decline; this

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1 Reform of the structural Funds was achieved through the following Regulations:

Council Regulation (EEC) No 2052/88 of 24 June 1988
Council Regulation (EEC) No 4253/88 of 19 December 1988
Council Regulation (EEC) No 4254/88 of 19 December 1988
Council Regulation (EEC) No 4255/88 of 19 December 1988
Council Regulation (EEC) No 4256/88 of 19 December 1988

objective concerns 60 regions in whole or in part and covers some 16 % of the population of the Community.

- **Objective 3:**
  combating long-term unemployment;

- **Objective 4:**
  facilitating the occupational integration of young people;

- **Objective 5:**
  with a view to reform of the common agricultural policy,
  (a) speeding up the adjustment of agricultural structures and improvement of conditions for fish processing and marketing; and
  (b) promoting the development of rural areas;
  objective 5(b) concerns 56 regions in whole or in part and some 5 % of the population.

In addition to the priority objectives, the Commission must honour commitments which it entered into before the reform in favour of regions which are no longer eligible. To meet these commitments, without in any sense constituting a sixth objective, there are appropriations allocated to "transitional measures".

These objectives will guide assistance from the Funds over the period 1989-93. Objectives 1, 2 and 5(b) are regionally-targeted, which has required decisions about the eligibility of regions or areas, while the other objectives are more horizontal in character. In accordance with Article 130a of the Treaty, assistance from the Funds will be concentrated in the least-favoured areas. Under the criteria laid down, three countries (Greece, Ireland and Portugal) are regarded entirely as Objective 1 regions, as is the Italian Mezzogiorno, about 70% of Spain, the French overseas departments and Corsica and Northern Ireland. In those areas, transfers from the Funds under the Community support frameworks (CSFs) will have a significant macroeconomic impact at around 1.6% of their GDP, a percentage which rises to 2.5% to 3.5% in the case of countries totally covered by this Objective.

Although assistance from the structural Funds under Objectives 2 and 5 (b) clearly does not have the same macroeconomic importance in relation to national aggregates, locally and in comparison with equivalent aggregates its impact may be far from insignificant. It is of considerable importance in the quest for socio-economic convergence and cohesion. At microeconomic level, it contributes thus towards the implementation of general economic policies.

The horizontal objectives (Objectives 3 and 4 and in a substantially different way Objective 5(a)) have a similar aim to Objectives 1, 2 and 5(b), but their macroeconomic impact is more diffused since they may act as a catalyst for national policies not subject to geographical limitations. The adjustment of agricultural structures (Objective 5(a)) is being undertaken in the context of the reform of the CAP and is intended to facilitate the implementation of the new policy approach in rural areas.
The fishery aspects of objective 5(a) also form part of the structural component of the Common Fisheries Policy.

Community support is not in itself sufficient to create an economic development dynamic. Apart from the essential role which not just firms but all the players must perform in the single market environment, it is clear that the real economic impact which the reform seeks to achieve will not materialise without an effort to improve the macroeconomic context in which the funds are deployed. Economic growth in the Community and the associated growth of the least-favoured regions have been promoted by the momentum of the internal market process.

## 2. The Community economy and implementation of the reform of the structural Funds

Reform of the structural Funds began in 1989 at a time when the Community economy was still enjoying a period of growth which had lasted throughout the second half of the decade. During that period, economic performance in the Community improved substantially and fundamentally. GDP grew steadily, reaching a rate of 3.8% in 1988, stimulated principally by investment. Jobs were created and unemployment fell, although it still remained too high. Inflation fell significantly, from 12% in 1981 to 4.8% in 1989.

The fact that virtually all Community countries made stability the goal of their monetary policy and sought to restore balance to their public finances, and that progress was made towards greater market flexibility, contributed significantly to the satisfactory results. The reductions in government deficits left headroom for a resumption of private investment, even though considerable progress still needs to be made in some countries. Lower growth in wage increases helped to achieve lower inflation and a significant upturn in profitability. The dynamism of the Community economy was given a further boost by progress in the building of Europe, the prospects offered to firms by the completion of the internal market and the decision to pursue committed policies to help the least-favoured countries and regions to catch up.

This is the favourable background, offering encouragement for the economic and social cohesion of the Community, against which should be seen the good performances of the new Member States, whose economic structures are nevertheless less developed than the Community average. Spain and Portugal appear to have made quite good use of the opportunities offered by the integration of their economies into the European Community. Between 1986 and 1989 both countries recorded vigorous growth rates, spurred by investment, averaging 4.7%, a figure higher than the Community average and in particular higher than the average of the eight most developed countries. In both countries, investment, increasingly from abroad, was very strong, running at 24% in Spain (19.2% in 1985) and 27.1% in Portugal (21.8% in 1985).

The other two least-developed economies in the Community, which are also among the main beneficiaries of the reformed structural Funds, have progressed in rather different ways. The economy of Ireland grew by 3.3% a year between 1986 and 1989 under the stimulus of external demand, while investment did not begin to turn up until 1989 (when the rate reached 17.7%, as compared with 19.6% in 1985). By contrast, growth in the Greek economy over the same period was below the Community average (with the exception of 1988) and the real gap vis-à-vis the Community average actually widened. The upturn in investments, which began in 1988, was insufficient to raise the rate above what it had been in 1985.

Now that the Community in general has found a more solid economic base, it must maintain and even improve on its good recent performance if economic and social cohesion is to be strengthened: that will also require the reversal of certain negative tendencies. These tasks must be undertaken by the Community as a whole as part of the coherent economic strategy developed over recent years: the completion of the internal market, policies which favour growth and employment and the structural policies.

There should be no deviation from this approach as a result of the most recent economic events outside the Community. In particular, the reaction of the economic policies of the Community to the rise in oil prices caused by the Gulf crisis must ensure that an economic environment favourable to strengthening economic and social cohesion within the Community is maintained.

In those countries whose efforts to catch up are being largely supported by the structural Funds, macroeconomic management should enable their beneficial effects to be fully realized. Community support is not enough in itself to provide the dynamic for economic development. But this objective can be achieved through implementation of an economic strategy geared towards rapid, balanced and sustained growth into which assistance from the Funds can be suitably integrated. Furthermore, the pursuit of appropriate microeconomic reforms will, by increasing economic efficiency, ensure that full advantage can be taken of the advantages offered by completion of the large internal market in 1992.

## CHAPTER I: THE PRINCIPLES OF THE REFORM AND THEIR IMPLEMENTATION

### 1: RATIONALIZATION OF METHODS

One of the changes introduced by the Regulations is the major effort of rationalization required of the Commission and of the Member States.

Although it is still too early for a detailed evaluation of this rationalization in terms of improved management of the Funds and their effectiveness, 1989 gave an opportunity to assess the new concepts of planning, partnership and additionality in practice and the coherence of the structural policy with the other Community policies.

### 1.1 Planning

#### 1.1.1 The submission of plans

Pursuant to Article 5 of the coordinating Regulation, during 1989 the twelve Member States submitted plans under the five priority Objectives. For many Member States this was a totally new approach, apart from the particular instance of the regional development programmes submitted to the ERDF under the old rules and the IMPs[1] and IDOs[2] which gave them experience in dealing with multiannual programming.

In addition to the newness of the method, the Member States had to cope with short deadlines for the preparation of the plans: 31 March 1989 for Objective 1, 24 June 1989 for Objectives 3 and 4, June 1989 for Objective 2 and 28 October 1989 for Objective 5(b).

Member States adopted different approaches to the preparation of plans. Each of the countries concerned by Objective 1, with the exception of France which presented five plans (one per eligible region), decided to present a single plan (although the sections dealing with Objectives 3 and 4 were still presented separately in line with the rules). Unfortunately, this made it difficult for the regions to participate sufficiently in the definition of priorities and led to the adoption of single CSFs for the countries covered by Objective 1, with large regional sections. Admittedly, the aim of the operation, i.e. the economic development of a country or most of a country, is such that certain strategic choices could not be decentralized. The Commission consequently approved ten CSFs for the seven countries covered by this Objective on 31 October 1989, the plans presented for Objectives 3 and 4 being integrated into the single CSFs. The Greek CSF was approved on 30 March 1990.

For Objectives 2 and 5(b), all the Member States, except Spain, opted for regional plans. As the list of zones eligible under Objective 2 was not approved by the Commission until 21 March 1989, some Member States submitted their plans after 31 March. The same applies for Objective 5(b), 28 October 1989 being fixed as the submission date for plans.

Finally, overall plans were submitted for Objectives 3 and 4, one plan per country with regional sections covering both Objectives.

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1 Integrated Mediterranean Programmes.
2 Integrated Development Operations.

The planning process resulted in 140 plans for the twelve Member States broken down as follows:

- 18 for Objective 1,
- 57 for Objective 2,
- 9 for Objectives 3 and 4, (for countries not covered by Objective 1),
- 56 for Objective 5(b).

The submission dates were generally respected, which enabled the Commission to approve the CSFs during the six months following submission, except for some cases where the Member State was unable to agree to the CSF and final adoption was therefore delayed.

1.1.2 Analysis of stated needs

In line with the rules, the plans indicated "the particulars relating to each Fund, including the volumes of assistance requested". The planning operation thus gave the Commission, for the first time and for all the Member States, an accurate, quantified and substantiated overview of the Objectives and the corresponding financial needs of the Member States and an estimate of the size of the Member States' own financial commitments, even if only at the forecasting stage.

The planning operation was not influenced, as in the past, by the existence of quotas or ranges although many Member States tried to base their financial planning on the indicative allocation of ERDF appropriations.

Two general comments may be made on the needs expressed: first of all, the volume of funds requested was very large and far exceeded the amount available; secondly, the ERDF remains the Fund most in demand. In the plans for Objective 1, and to a lesser extent Objective 2, Member States stated needs which, all too often, reflected a conception of regional policy based on the importance of infrastructures. This approach is not in itself sufficient to solve the new problems of economic development and conversion posed under Objectives 1, 2 and 5(b).

For Objective 2, the size of existing commitments partly explains the volume of requests to the ERDF.

For the ESF, the widening of eligibility criteria and the removal of certain constraints on, in particular, the duration of the measures, gave great encouragement to the submission of requests, particularly under Objectives 3 and 4, although also for Objective 1.

Finally, for the EAGGF, the volume of assistance requested under Objective 1 is partly the result of the obligation on Member States to submit plans including horizontal structural measures under Objective 5(a).

1.2 Implementation of partnership

The framework Regulation defines partnership as "close consultations between the Commission, the Member State concerned and the competent authorities designated by the latter at national, regional, local or other level" and covering "the preparation, financing, monitoring and assessment of operations".

The concept of partnership derives from the principle of complementarity contained in Article 4 of the Regulation according to which "Community operations shall be such as to complement .... national operations".

Any assessment of partnership in practice must take the Objectives into account and never lose sight of the fact that the Commission has acted and will continue to act within the limits laid down by the Member States concerned.

1.2.1 Partnership in the preparation of plans

This phase was largely the concern of the Member States; the Commission played no part. This makes it difficult to assess implementation of partnership between national and local authorities. Nevertheless, it s possible to glean some slight indication of how partnership was implemented during this phase of preparation from the form of presentation selected for the plans:

- firstly, Article 8 of the framework Regulation lays down that Member States may submit an overall regional development plan for all their regions covered by Objective 1. It is scarcely surprising that this facility was used by all the Member States with the exception of France and the United Kingdom;

- secondly, the constraints laid down in the rules for Objectives 2 and 5(b) encouraged the submission of regional plans. This was generally the case, with only Spain submitting overall plans.

1.2.2 Partnership during the negotiations on the Community support frameworks

During this stage, the Commission was able to take a series of initiatives to involve the regional partners more closely in the negotiation procedure. It did so because responsibility for structural policy in all the Member States is now shared between the national and regional administrations. Consequently, Community structural measures depend both on the central authorities and on the regional administrations.

The Commission therefore tried to promote its own conception of partnership in agreement with the Member States while respecting the institutional framework peculiar to each of them. The main changes fall into two categories:

- Firstly, the regional emphasis had to be reflected in the CSFs. Most of the CSFs for Objective 1 therefore have two parts: one covering multiregional measures and the other detailing measures for specific regions. This splitting of the measures into two broad categories is of particular importance. It confirms the Commission's wish to support policies financed either from central funds or from other public budgets.

- Secondly, it was vital to associate the regions directly in the negotiations, particularly in the definition of priorities and the fixing of the balance between Funds. The Commission therefore held a large number of partnership meetings in agreement with the Member State concerned so as to establish, right from the start, a direct dialogue with the regional authorities responsible for implementing and, in some cases, financing the measures.

This dialogue must continue throughout the period of implementation, particularly in the CSF monitoring committees and the implementation of the operational programmes and other measures.

Partnership with the regions existed before the reform of the Funds, but it now has a legal basis which has been broadened by the Commission with the agreement of all concerned.

### 1.2.3 The role of management and labour

Under Article 17 of the framework Regulation, the Commission is assisted in implementing the reform by three Committees. As far as partnership is concerned, the European Social Fund Committee, known as the Committee under Article 124 of the Treaty, is of particular importance since its tripartite composition gives representation to the Member States, trade unions and employers.

During 1989, the Committee was called upon to issue opinions on the guidelines adopted for managing the ESF and on the draft Community support frameworks before their adoption by the Commission.

Consultation of this Committee is not new. But it is the first time that management and labour have been informed, directly or indirectly, about the activities of all three Funds, not simply on measures part-financed by the ESF.

Although there is an institutional framework at national level enabling management and labour to express their opinions, this is not the case at regional level.

Aware of this problem, the Commission decided to organize a series of meetings with management and labour at regional level from the end of 1989 on the implementation of the reform of the structural Funds and particularly of the Community support frameworks for the regions and areas covered by Objectives 1 and 2.

Finally, in certain instances the Commission, with the agreement of the Member State concerned, intends to involve management and labour in the monitoring of programmes themselves.

## 1.3 Additionality of Community measures

The increase in financial resources granted to the structural Funds and their concentration to the benefit of certain Community countries or regions will achieve real impact only if the Member States maintain their contribution to structural measures. Article 9 of the coordinating Regulation provides the legal basis to ensure this. It lays down that the Commission and the Member States must ensure that the increase in Community appropriations has a genuine additional impact in the regions concerned and results in at least an equivalent increase in the total volume of official

This means that national public expenditure must remain at least constant in real terms.

According to Article 9, additionality must be verified when the Community support frameworks are being established and implemented. The plans submitted by the Member States were considered insufficiently precise on this point. During the CSF negotiations the Commission sought additional information from each Member State on the amount of structural expenditure in the year or years preceding the first year of the reform, and in particular on the amount of national public expenditure for structural purposes which it was planned to undertake in addition to that contained in the CSFs.

It was therefore agreed in the partnership to verify additionality at the implementation stage. This was explicitly included in a standard clause contained in each Community support framework for all countries and Objectives. Under this clause the Member State, by approving the CSF, confirms its commitment to respect this legal obligation. For its part, the Commission will regularly check that it is being respected throughout the implementation of the CSF by comparing, in real terms, national structural aid in the reference year with that during the period covered by the CSFs. With a view to this, the Commission asked the Member States in 1990 to provide it with the necessary details.

1.4 Compatibility of structural policy with other Community policies

In accordance with Article 7 of the framework Regulation, in drawing up the CSFs structural measures were integrated with existing Community policies.

To ensure compliance by Member States, standard provisions were included in each Community support framework. By agreeing to the CSFs, each Member State confirms its commitment to respect certain rules laid down in the Treaties and in Community policies.

1.4.1. Rules of competition

Within the context of the structural Funds, the Commission may part-finance aid schemes implemented by the Member States. When the CSFs were drawn up, therefore, it was decided that Member States' attention should be drawn to the fact that only aid notified and approved in accordance with Articles 92 and 93 of the Treaty of Rome could be considered for part-financing.

To achieve this a standard clause was inserted in all CSFs requiring the Member States, when they send applications for assistance to the Commission, to identify the measures constituting aid and to notify new aid measures or changes to existing measures. It also states that the Commission will take a position on the aids notified at the same time as it decides on the applications.

Such schemes are of particular importance in the Objective 1 regions; it is planned to devote ECU 4 640 million to them over 5 years.

The list of areas eligible under Objectives 2 and 5(b) does not always coincide with those approved for aid pursuant to the Treaty Articles. Consequently, it was decided, particularly as far as aid to regions which are not eligible for regional aid is concerned, that the Commission will carry out a twofold examination in each case to ensure consistency between regional policy and competition policy.

Finally, for Objectives 3 and 4 the Commission has asked for employment aids which are not general and automatic to be notified.

### 1.4.2. Public contracts

Particular attention will be paid to compatibility in the appraisal of part-financed measures involving the award of public contracts. Compliance with the public contracts directives will be checked at three levels.

In the first place, the Commission has included in each decision approving a project or a programme a specific clause concerning respect of these rules.

Secondly, the Commission sent the Member States a notice (C(88) 2510 of 4 May 1988) setting out the operational provisions to be included in operational projects and programmes to be financed by the structural Funds. A questionnaire, annexed to the above-mentioned notice, must be completed by the authorities responsible for the operations and submitted to the Commission along with the request for aid.

Finally, the Commission reserves the right to examine certain specific cases in more detail to ensure that projects part-financed by the structural Funds comply with the rules.

An information and training programme will be launched in the Member States in 1990 to help public authorities adjust their programmes to the new rules on public contracts.

### 1.4.3. Investment in sensitive sectors or sectors in crisis

Any requests for aid for these sectors will be carefully appraised to ensure that they are not counterproductive. Particular attention will be paid to making sure that training and employment measures do not direct job-seekers towards such sectors, though this does not exclude Community support for conversion.

Similarly, aid requests will be examined in the light of the industrial situation prevailing for certain products and sectors and the prospective abolition of intra-Community border controls pursuant to Article 115 of the EEC Treaty.

### 1.4.4 Protection of the environment

Under Article 130R of the Single European Act, action by the Community relating to the environment is intended not only to preserve, protect and improve the quality of the environment and contribute towards protecting human health but also to ensure a prudent and rational utilization of natural resources. In order to achieve those objectives, the same Article states that environmental protection requirements are a component of the Community's other policies.

The rules on the reform of the structural Funds also state that measures supported by the Funds must comply with environmental policy, among others. They also require applications for finance for measures likely to have a significant environmental impact to be accompanied by information to permit their environmental impact to be assessed.

The practical consequence of the integration of the environmental dimension into regional policy is that environmental protection objectives must be incorporated at the design stage of measures proposed for Community finance, that is, in the case of implementation of the reform of the structural Funds, at the time the CSFs are established and operational programmes prepared.

In order to meet this requirement, the environmental clauses of the Community support frameworks for Objectives 1, 2 and 5(b) on the coordination and respect for Community policies stipulate that the objectives of the relevant legislation must be safeguarded and information must be supplied to allow the environmental effects of the proposed measures to be assessed.

It is quite clear that this approach alone is not enough to ensure compliance with Community legislation and that special scrutiny is required to ensure the compatibility of the measures to be financed. Furthermore, the CSFs state that priority must be given to achieving the objectives of that legislation if gaps are found in the areas assisted by Community Funds.

### 1.4.5 Consequences of the internal market

The Commission has notified the Member States that it cannot provide financial support for infrastructure projects concerning air and sea ports which are not consistent with Article 8 A of The Treaty.

## 2. ADDITIONAL RESOURCES AND GREATER CONCENTRATION

The resources available for the period 1989 to 1993 were established after a complex process involving several phases:

- the starting-point that the Funds are to be doubled by comparison with 1987;

- the indicative breakdown of the appropriations to be assigned to each Objective of the reform;

- the indicative allocation between Member States of 85% of the ERDF appropriations;

- the allocation of the available resources of the three Funds among the twelve Member States.

### 2.1 Establishing the new financial resources available for the five-year period

In accordance with the conclusions of the Brussels European Council meeting in February 1988, Article 12 of the framework Regulation lays down, in 1988 prices, the annual appropriations needed for the period 1988-1993 in order to double the structural Fund appropriations in comparison with 1987.

Translating the provisions of Article 12 into annual appropriations in the General Budget of the European Communities took the following three factors into account:

1) Structural Fund appropriations in the 1987 budget amounted to ECU 6 962 million (EAGGF Guidance Section: ECU 1 017 million; ERDF:

ECU 3 342 million; ESF: ECU 2 603 million). In 1988 prices,[1] this is equivalent to ECU 7 233 million. This is the basis for the doubling and gives a total of ECU 14 466 million for 1993 at 1988 prices.

2) Structural Fund appropriations in the 1988 budget amounted to ECU 7 684 million (EAGGF Guidance Section: ECU 1 131 million; ERDF: ECU 3 684 million, ESF: ECU 2 865 million). A summary of budgetary implementation is at Annexes II 1 and II 2.

3) The 1988/89 rate of price increase used for all budget adjustments in constant prices, including structural Fund appropriations, was 3.5%.

The appropriations available for the structural Funds under Article 12 of Regulation (EEC) No 2052/88 are therefore (in ECU million):

| | 1988 prices | Current prices |
|---|---|---|
| 1987 | 7 233 | 6 962 |
| 1988 | 7 684 | 7 684 |
| 1989 | 8 980 | 9 295 |
| 1990 | 10 280 | -- |
| 1991 | 11 580 | -- |
| 1992 | 12 900 | -- |
| 1993 | 14 466 | -- |

The appropriations allocated to the structural Funds in the 1988 budget correspond to the first year of the period leading to their doubling. But the three Funds continued to function in accordance with the rules in force before the reform.

In calculating the resources available at 1989 prices for the period 1989-93 as a whole, the Commission used as a basis the increase in prices between 1988 and 1989, which was 4.6%. This gives a total estimate of ECU 60 315 million for the period 1989-1993.

## 2.2 Breakdown of appropriations by Objective

Bearing in mind the priorities laid down by the reform, in October 1989 the Commission fixed the following allocation between Objectives for 1989 to 1993. :

| | | |
|---|---|---|
| Objective 1: | | 38 300 |
| Objective 2: | | 7 205 |
| Objectives 3 & 4: | | 7 450 |
| Objective 5(a): | | 3 415 |
| Objective 5(b): | | 2 795 |
| - transitional and innovatory measures[2]: | | 1 150 |
| | | ------ |
| Total | ECU | 60 315 million (1989 prices) |

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1 Rate of increase 1987/88: 3.9%.

2 This heading covers existing commitments entered into before the reform which could not be allocated to an Objective.

At that stage no decision had been taken on the contribution of each Fund to Objectives 1, 2 and 5(b). It was left to Member States and the Commission meeting within the partnership to determine, after fixing priorities, which Funds would be mobilized to achieve these Objectives.

The allocation between Objectives is in line with the estimates published in the 1989 and 1990 preliminary draft budgets increased by 3.5%, except for the appropriations for Objective 2, which were increased by a transfer of ECU 600 million from the heading Transitional and Innovatory Measures.

This was because, during the negotiations, existing commitments in the areas covered by this Objective were found to be greater than expected.

## 2.3 The indicative allocation of 85% of the ERDF appropriations

The Commission also had to establish, for a period of 5 years, the indicative allocation between Member States of 85% of the ERDF appropriations for Objectives 1, 2 and 5(b).

In view of the deadline of 31 March 1989 for the submission of regional development plans (RDPs) under Objective 1, a decision had to be taken quickly to enable Member States to draw up their plans.

By its Decision of 25 January 1989[1], the Commission adopted the indicative allocation for the regions covered by this Objective, based on the percentage of the total population eligible under the Objective living in each region or Member State concerned, adjusted in line with the per capita GDP of the region and GNP of the Member State.

For Objective 2, the initial list of eligible areas had first to be drawn up. The Commission was then able to fix the indicative allocation by its Decision of 8 March 1989[2] based on the size of the eligible population and the unemployment rate in the relevant regions of the Member State concerned. This Objective concerns more than 16% of the Community's population.

Finally, for Objective 5(b), at the same time as drawing up a list of eligible areas, the Commission adopted the indicative allocation on 10 May 1989[3] on the basis of the proportion of the total population eligible under the Objective living in each Member State adjusted to take account of the share of total employment in the areas concerned represented by agricultural employment. This Objective concerns 5% of the Community's population and 17% of its area.

It should be noted that this indicative allocation is not a quota guaranteeing each Member State a predetermined level of aid. On an annual basis, allocation of ERDF aid can vary significantly from the 5-year indicative allocation.

Neither does it cover the 15% of appropriations held back for Community initiatives, studies and pilot projects.

1 OJ No L 101, 13.4.1989.
2 OJ No L 113, 26.4.1989.
3 OJ No L 180, 27.6.1989.

## 2.4 Determination of overall financing for the relevant period for each Objective

The allocation of total appropriations in 1989 prices was followed by the definition of allocations for the periods for which CSFs had been established:

- decisions adopted with regard to CSFs for the regions covered by Objective 1 for the period 1989-93 involve a total of ECU 36 200 million with a reserve of ECU 2 100 million for new Community initiatives, i.e. projects of Community interest that the Commission intends to undertake on its own direct initiative under the new powers granted to it by the Regulations. They will complement to the measures laid down in the Community support frameworks;

- for Objective 5(b), it was decided to allocate ECU 2 607 million over the five years and to establish a reserve of ECU 188 million for new Community initiatives.

Whilst, for Objectives 1 and 5(b), the period covered by the multiannual budget plan and that covered by the CSFs are the same (5 years), this is not the case for Objectives 2, 3 and 4.

- for Objective 2, Article 9 of the framework Regulation stipulates that the criteria for determining the eligible areas may be altered by the Council three years after the entry into force of that Regulation on a proposal from the Commission which shall periodically review the list of areas. It was decided to approve all the CSFs for the period 1989-91.

  The Commission therefore allocated ECU 4 400 million for this first phase, including ECU 500 million for Community initiatives;

- for Objectives 3 and 4, the 1989 commitment had already been approved on 23 March 1989 in accordance with Article 9 of the ESF Regulation. The Commission decided to approve all the CSFs for the period 1990-92, while reserving the financing possibilities for the final year, 1993, since it was difficult to programme national policies on employment and training for periods of more than three years. The CSFs approved for Objectives 3 and 4 outside the Objective 1 regions involve a total of ECU 4 128 million, including ECU 134 million for measures under Article 1(2) of the ESF Regulation. In addition, for the Community initiatives provided for by Article 11 of the coordinating Regulation, ECU 310 million of the total of ECU 600 million which the Commission decided to allocate to new Community initiatives on human resources will be devoted entirely to Objectives 3 and 4. The figure of 310 million includes 217 million for the period covered by the CSFs which have been approved;

- the procedure for Objective 5(a) is different from that for the other objectives and no multiannual allocation among the Member States has been made, except in the case of measures under Council Regulations 4042/89 (fish processing and marketing), 866/90 (processing and marketing of agricultural products) and 867/90 (forestry).

## 2.5 Fulfilling the commitments laid down in the Regulations

Article 12 of the framework Regulation lays down two other requirements for the concentration of appropriations for the regions covered by Objective 1:

- aid from the structural Funds must be doubled in real terms by 1992. In 1987, Community commitments for these regions amounted to ECU 4 084 million, rounded up to 4 100 million.

  In 1988 the Commission proposed the following indicative figures to achieve the doubling of appropriations for Objective 1:

  Billion ecu (1989-93 at 1988 prices)

  | 1987 | 1989 | 1990 | 1991 | 1992 | 1993 | TOTAL 89-93 |
  |---|---|---|---|---|---|---|
  | 4.1 | 5.6 | 6.6 | 7.4 | 8.2 | 9.2 | 37.0 |

  This growth will achieve the doubling by 1992, but the figures will be adjusted to take account of inflation so that they are expressed in current prices. In 1989 the amount allocated to the Objective 1 regions should have been ECU 5 918 million (in 1989 prices). The actual allocation to that objective was higher at ECU 6 137 million;

- the ERDF may allocate about 80% of its resources to Objective 1.

  Annex IX shows the allocation of ERDF commitments by Member State and by Objective fixed in 1989. Objective 1 accounts for 77.8% of the total. However, this total includes transitional measures, i.e. measures approved under the old regulations for regions which are no longer eligible. By reference to assistance for the regions which are now eligible, the Objective 1 regions account for 80.6 %.

  This represents a large increase in the resources devoted by the ERDF to the regions covered by Objective 1, since in 1988 only 68.6% of the Fund's resources were committed to them. This is partly because, the CSFs for Objective 1 having been approved in October 1989, a large number of new programmes were approved for these regions during that year. In following years, assistance for Objective 2 and 5(b) regions will take up a larger share of funding than in 1989.

  The Commission takes the view that this concentration should be assessed over the 5-year period, not for each individual year. The doubling of Fund assistance under Objective 1 by 1992 as compared with 1987 is not in doubt. The distribution of this assistance between Funds was agreed through the partnership in the light of the particular needs of each region.

## 2.6 The breakdown of appropriations between Member States

### 2.6.1 The special case of areas eligible under Objective 1

Before the final phase of negotiations with the Member States, the Commission adopted overall financial allocations for each of the seven countries concerned which take account of the fact that, under Article 12(4) of the framework Regulation a special effort must be made to help the least prosperous regions. When this Article was being negotiated, the

Commission had stated that it would take account of regional GDP and per capita GNP of the Member State concerned[1]. It would also take account of the scale of the development problems involved so that Community programmes could enable the regions to overcome their backwardness.

2.6.2 The problems encountered with Objectives 2 and 5(b)

The Commission's main concern with these two Objectives was to ensure that the allocation of funds was as close as possible to that resulting from the application of the criteria for calculating the indicative allocation while honouring commitments which predate the reform. At the same time, existing commitments in the regions covered by these two Objectives had to be respected.

In a very small number of cases, particularly under Objective 5(b), the indicative allocation could not be strictly applied as this would have ruled out any new measures for certain regions.

2.6.3 Allocation of financial resources for Objectives 3 and 4 outside the regions covered by Objective 1

The allocation of the total amount available between Objectives 3 and 4 approximately reflects the ratio of adult unemployed (around 45%) to unemployed under 25 years old (around 55%) in the Community. The allocation also corresponds to the ratio of measures for the long-term unemployed and measures for unemployed under 25 years old in the overall funding request made by the Member States in their plans.

Within each Objective, the allocation by Member State was made on the basis of objective criteria, essentially using statistics harmonized at Community level which show the gravity of employment-related problems to which the Community wishes to give priority (long-term unemployment and youth unemployment).

The allocation between Member States for Objective 3 was fixed on the basis of the ratio of long-term unemployed in each Member State to the number in the Community as a whole.

The same approach was used for the allocation for Objective 4: the number of unemployed under 25 years old in each Member State as a percentage of total youth unemployment in the Community.

2.6.4 The allocation of financial resources between the Funds

The new approach adopted under the reform assigns priority objectives to the Funds. This means that the multiannual budgetary forecast only covers these objectives.

Consequently, the Commission did not adopt *a priori* an allocation between the three Funds. The priorities for Community intervention and the relevant financial resources for each Fund were fixed by the partnership.

The present allocation between the different instruments is the result of negotiations on each of the Community support frameworks. As the duration of these varies from objective to objective, it is not possible to draw up a statement of the situation for the five years 1989-93.

1 Statement No.XII drawn up after the Council meeting of 20 June 1988.

Annexes I show the allocation on the basis of the CSFs approved.

## 3: COMBINATION OF THE COMMUNITY GRANT AND LOAN INSTRUMENTS

### 3.1 Principles

One of the essential features of the reform is the tailoring of the form of assistance to the nature of the operations and, more particularly, finding an appropriate combination of Community grants and loans.

Under Article 5 of the framework Regulation, assistance from the structural Funds, the EIB and the other Community lending instruments (essentially the ECSC) must be combined by appropriate financial engineering techniques to maximize the stimulus provided by the budgetary resources deployed.

As regards ECSC loans, they should be better integrated during the implementation of Objective 2, as a result, in particular, of the adoption of new criteria for granting these loans(1) and the use of interest subsidies financed from the ECSC budget, which could be supplemented by ERDF financing.

In its communication on the role of the EIB and the other financial instruments in the strengthening of economic and social cohesion (COM(88)244 final of 23 December 1988), the Commission stated that efforts to achieve this grant/loans combination should be based on consideration of the financial profitability and the overall financing plan of projects eligible for Community aid. Therefore, in general terms:

- for investment projects generating considerable income, the use of budgetary resources should be minimized and the projects financed through loans; any Community grants which might be given for these projects should help to keep the financial contribution of the beneficiary Member State to a minimum;

- on the other hand, for investment projects with limited income or with no specific income, an increased budgetary contribution would be justified in place of loans; in such cases, Community grants should underpin an increased level of funding from the beneficiary Member State.

### 3.2 The agreement between the Commission and the EIB

This approach, which applies more particularly to investments in infrastructures, was confirmed during the preparation of the Community support frameworks by guidelines agreed in principle in May 1989 between the Commission and the EIB to fix the practical arrangements for the coordination of Community financing combining grants and loans.

Under these arrangements, investments in infrastructures were categorized according to their capacity to generate income:

- investments generating substantial income are subject to an upper limit on the rate of Community grants (variable according to region) to enable appropriate weight to be given to loans,

(1) OJ C 188 of 28 July 1990.

- investments generating limited income or no specific income are subject only to the limits applying to all Community measures financed by the structural Funds (see Annex III 1).

### 3.3 Grants and loans in the CSFs

The texts of the reform of the structural Funds explicitly state that:

- the combination of loans and grants is determined with the participation of the EIB when the CSFs are drawn up;

- all CSFs include an indicative financing plan laying down the overall financing planned for the various types of measure, including those of the Funds and the Community lending instruments when they contribute directly to the financing plan concerned.

A pragmatic approach was adopted regarding the concrete procedures for deciding on a judicious combination of Commission and EIB measures when the Community support frameworks are implemented. Commission and Bank staff have agreed joint guidelines for the coordinated implementation of the CSFs: direct contact between those responsible for appraising operational programmes or large projects; early exchange of information on planning and *ex ante* evaluation of the different projects; consistency in the appraisal of applications, etc.

When the CSFs were prepared it was difficult, however, to follow these criteria rigidly and to ensure the planning of Community loans in the same way as grants.

In the financing plans included in the CSFs, national contributions represent a financial requirement (net of Community grants) the covering of which (government grants, private sector resources, Community or other loans) could not be planned. This national financing requirement could be partly covered by the Community loans being offered. The sum offered was given in the CSFs for Objective 1 but was generally only given pro memoria for Objective 2.

The financial contributions of the EIB and the other Community lending instruments, where they are given, are therefore only estimates. The actual volume of loans will depend on projects submitted by the developers with the agreement of the competent national authorities and approved by EIB bodies and the Commission when the CSFs are implemented.

Several reasons can be given to explain this difficulty in planning the contribution of Community loans to the financing of the total cost of the priorities adopted.

It should first of all be noted that examination of the regional development plans submitted by the Member States by Commission staff revealed that in general requests for financing from the structural Funds were higher than could reasonably be granted. On the other hand, the proportion of loans in the financing plans proposed was generally too low, particularly in view of the amount of income-generating investment in infrastructures they contained.

Consequently, both the volume of funds requested and the mix of financing methods had to be adjusted in the light of the budgetary constraints on the structural Funds and the economic nature of the proposed investments.

During the negotiations on the preparation of the CSFs, the Community authorities tried to make the necessary adjustments in the allocation of structural Fund financing through appropriate proposals for loans. The extremely tight schedule for the negotiations, however, and the newness of the procedure meant that complete financing plans were not drawn up within the time-limits. The Community, therefore, particularly as regards Objective 1, limited itself to offering Community loans based on the total cost of the priorities adopted. During the implementation phase, the Commission and the Bank will ensure that the national authorities clearly act on this offer of loans so that the final financing plans for the various measures include a suitable mix of grants and loans.

Nevertheless, the grant/loan mix for this first year of implementation of the reform may not be totally satisfactory if the Member States, the Commission and the EIB do not make the necessary effort :

- the CSFs show levels of Community grants which appear quite high, even in the case of investments generating substantial income, without the corresponding financial contribution from the beneficiary Member State necessarily being minimized;

- the combination of loans and grants depends in practice on the demand for loans expressed by Member States in the programmes or projects which they submit in implementing the CSFs;

- the decision-making processes and operating procedure of the Commission and the EIB are not identical.

The offers of loans included in the CSFs appear so far to be meeting with a satisfactory response, since about a quarter of the individual loans approved in 1989 also involved a Community grant for all or part of the project concerned.

It should be noted that, whether incorporated in CSFs or not, EIB lending for regional development in 1989 is predominantly directed towards regions eligible under Objectives 1, 2 and 5(b), and related to projects consistent with the strategies and priorities of the CSFs. Hence, in 1989, more than 85% of regional development loans, amounting to ECU 6 billion, were for projects located in those regions.[1]

1 See EIB Annual Report 1989.

## CHAPTER II: OPERATIONAL PHASE

### 1: PROMOTING THE DEVELOPMENT AND STRUCTURAL ADJUSTMENT OF THE REGIONS WHOSE DEVELOPMENT IS LAGGING BEHIND (OBJECTIVE 1)

#### 1.1 Definition of general regional policy guidelines

In line with Article 8 of the ERDF Regulation, the Commission drew up a memorandum on regional policy guidelines before the Member States submitted their plans. In keeping with the notion of partnership, these guidelines were not conceived with the aim of dictating to the various regions in the Member States what should be included in their plans. Rather they were intended to provide the Commission's partners with a clear idea of the principles and priorities that had guided the Commission through the various stages of preparing its own action.

It was in this spirit that the Commission approved on 15 February 1989 a note setting out guidelines for operations in Objective 1 and 2 areas.

It should be pointed out, in this context, that one of the aims when the Community support frameworks were being drawn up was to strike a balance between infrastructure measures (which in the past formed the bulk of ERDF operations in less-favoured areas) and the development of productive investments.

As regards more particularly Objective 1, when examining the applications received from the Member States, the Commission looked, in particular, at the contribution that the infrastructures proposed for part-financing could make to boosting the economic potential of the regions. Application of this criterion means that priority was given to infrastructure projects relating to transport, telecommunications, vocational training facilities and energy.

In addition, the Commission sought to give particular priority to rural areas within those countries whose own overall development possibilities cannot be dissociated from the specific development of such areas.

#### 1.2. Assessment of regional development plans in the light of the Community guidelines

##### 1.2.1 Characteristics of the plans submitted

The regional development plans are substantial documents, in terms of both the volume of aid requested and their analysis of regional problems.

Analysis of the grant applications showed that stated needs were greatly in excess of available funds.

Leaving aside the special case of Objective 5(a), a breakdown of the applications revealed that most were for funding from the ERDF. While that was true for the Community in general, countries adopted one of two different approaches:

- those countries or regions that gave a dominant role to ERDF funding: namely Spain, Italy, Portugal and the United Kingdom;

- those countries that adopted a different approach: namely France and Greece.

With regard to an indication of the use to be made of loans from the EIB and the other financial instruments, it may be seen that certain countries (Spain Greece and Ireland) made no requests whatsoever for this type of funding in the context of their RDPs. Other countries (Italy, Portugal) made requests for loans as soon as they had submitted their plans, although this type of funding was still marginal by comparison with grants.

But the fact that they did not ask for any loans under the plan does not mean that the Member States concerned do not avail themselves of EIB loans.

Generally speaking, the development strategies were clearly set out. The difficulty of forward planning was, however, revealed when the time came to move from a general development strategy to specify what this meant in terms of operational priorities. It was frequently necessary to take a much closer look at the substance of these priorities with the Member State concerned.

Secondly, the plans necessarily reflected development priorities that varied from country to country, causing problems of comparability between Member States and making it difficult to monitor future developments. While attempting to respect the particular characteristics of each region, the Commission accordingly set about harmonizing to a certain extent the main thrusts of its action.

### 1.2.2. Commission guidelines and subsequent changes of emphasis

After assessing the regional development plans, the Commission opened negotiations with the Member States before deciding on the allocation of the available financial resources. These negotiations looked at the plans in qualitative terms and constituted one of the most decisive innovations as regards implementation of the reform. The aim was to determine what sort of partnership role the Commission would have when it came to making joint choices for the purpose of defining a development strategy on which both parties could agree, as required by the framework Regulation.

Having had previous experience of such contractual relationships when preparing the IMPs, where programme contracts were drawn up, the Commission was able to extend this type of negotiation to all the countries concerned.

For this purpose, it attempted to define, on the basis of the spirit underlying the Regulations, the main thrusts of its approach to structural policy problems in conjunction with its desire to bring greater efficiency to Community intervention, which now takes the form of part-financing of national policy initiatives. The main goal may be summarized as: greater synergy between the Funds, a more even distribution of ERDF appropriations between basic infrastructures and productive investments, concentrating on a limited number of priorities, obtaining a better distribution of financial resources between the central and regional authorities and defining the forms of assistance.

This phase of preparation of the CSFs took account of the importance of the macroeconomic context as a condition for the success of the doubling of the structural Funds in these regions.

(a) Greater synergy between the Funds

One of the main priorities when drawing up the CSFs was to maximize the complementary effects of the various Funds.

Even before the programmes were prepared, the Commission had taken the step of identifying those priority areas where there was genuine scope for synergy, so as to exploit such possibilities fully.

The way in which the CSFs are structured reflects this approach, as is shown by the fact that many of the specific subheadings within a given priority area draw financing from two or all three Funds.

Synergy was sought in three main areas:

- boosting productive sectors through investments on the one hand and measures to raise the skill levels of human resources on the other;

- the development of farming and the rural sector which, more than any other, requires a multi-pronged approach. For example, ERDF operations relating to tourism will be complemented by EAGGF measures relating to farm tourism and measures under the Social Fund;

- the development of human resources, which will entail a combined approach involving training facilities part-financed by the ERDF and training measures funded by the ESF.

(b) A more even distribution of ERDF appropriations between basic infrastructures and productive investments

The main contribution that regional policy can make to reducing the regional disparities in the Community lies in stimulating productive investments that can generate employment opportunities and infrastructure investments directly related to the development of economic activities. Regional disparities in productivity, employment and earnings can be reduced only if production and the number of jobs created in the Member States concerned and in the less-favoured areas increase at a rate well above the Community average

Taking as a basis the regional policy guidelines, the Commission saw to it that the share of appropriations allocated to productive investments was increased during the negotiations. Taking account of this general principle and the pattern of demand for ERDF funding in respect of basic infrastructures, a particular effort was made to reach a balance more favourable to productive investment.

Although, at the end of the negotiations, basic infrastructures remained the main priority for the Objective 1 areas, support for productive sectors is likely to take up a large part of the assistance provided for in the CSFs. Basic infrastructures account for more than half of total ERDF funding (ECU 10 381 million out of a total of ECU 20 960 million) in the CSFs and for 29% of the amounts allocated from the three Funds to Objective 1, while aid for productive investment is set to consume some 18% of ERDF funding and 17% of ESF funding. This category of expenditure includes direct investments in undertakings, the provision of services to companies, R&D and technical training. In addition, investments in infrastructures and activities directly related to production account for 9% of ERDF aid. Overall, for the seven Member States concerned, the total allocated to these two categories of assistance represents 27 % of ERDF funding and 21% of total funding from the three Funds for Objective 1.

The situation varies quite considerably from Member State to Member State. In Ireland and Italy, the proportion of funds allocated to these two categories is well above the Community average. In Portugal, on the other hand, considerable efforts were made to restrict the share of ERDF funding earmarked for basic infrastructure projects, for which requirements are still substantial. In Spain the proportion of funding devoted to bringing basic infrastructures up to scratch remains very considerable (67% of total ERDF funding, or ECU 4 173 million). However, the proportion of funding devoted to productive investments and directly related activities is not below 10% in any Member State (see Annexes IV 2 to IV 9).

c) Concentrating on a limited number of priorities

With a view to enabling Community operations to be better targeted, the priority areas defined in the negotiations are of limited scope and reflect a number of guidelines common to all the Member States concerned. They also reflect the major priorities of the structural policy which the Commission intends to encourage in these countries:

- improvement of communications, involving primarily upgrading of basic infrastructures;
- assistance to industry, crafts sector and business services;
- tourism;
- development of agricultural resources and rural development;
- support infrastructures for economic activities;
- development of human resources.

Before describing the breakdown of appropriations, it should be pointed out that existing commitments have been included in the CSFs (IMPs, IDOs). These make up a large part of the CSFs, accounting as they do for ECU 3 632 million in the seven countries concerned, out of a total amount available of ECU 36 200 million. Most of the outstanding commitments still to be met over the period covered by the CSFs will be borne by the ERDF (ECU 2 930 million), the two other Funds having only limited liabilities from the past (ESF: ECU 426 million; EAGGF: ECU 276 million).

The available appropriations from the three Funds, namely ECU 36 200 million for all the CSFs, have been allocated as follows:

- ECU 10 657 million, or 29% of the funds allocated to Objective 1, was earmarked for improved communications. The ERDF will finance the bulk of these measures for an amount provisionally set at ECU 10 381 million. This priority area includes measures aimed at upgrading basic infrastructures:

  - access and internal communications (roads, motorways, railways, waterways and port improvements, airports, urban transport),

  - telecommunications,

  - power and water supplies,

  - training facilities,

  - health and community care services;

- 15% of the total multiannual amount was earmarked for industry, the crafts sector and tourism. The ERDF will contribute ECU 3 755 million and the ESF ECU 1 712 million. The aim of this priority area is to make firms more competitive through measures to support productive investments in industry, the crafts sector, services and tourist infrastructures. In addition, measures relating to business services are planned, in particular as regards business advice and technology transfers. Measures to promote research, development and innovation are also planned, as well as technical and vocational training;

- ECU 6 364 million, or 18% of available appropriations, has been earmarked for the development of agricultural and fishery resources. The bulk (ECU 4 978 million) of this funding will be provided by the EAGGF, with the ERDF contributing ECU 1 204 million and the ESF ECU 182 million.

  Many of the Objective 1 regions are confronted with problems as regards the development of isolated rural areas that need improved access and whose productive structures are deficient and lack diversity. This priority is concerned primarily with measures to put agricultural resources to better use, encourage rural development and with horizontal measures under Objective 5(a) (improving the efficiency of production, processing and marketing structures in agriculture and forestry). These are supplemented by measures to promote rural tourism to stimulate economic diversification and by measures relating to the vocational training of farmers;

- ECU 2 184 million, or 6% of total funding available, has been earmarked for infrastructure supporting economic activities. Most of this amount will be provided by the ERDF (ECU 1 976 million). This priority area includes the following main measures:

  * setting-up of business zones for industrial and craft companies,
  * telecommunications services and information technologies,
  * environmental protection measures;

- ECU 7 748 million, or 21% of the total amount available, has been earmarked for human resource development. This priority will be financed by the ESF (ECU 7 159 million). The ERDF will cover the costs of the necessary improvements in training facilities. Included in this priority are measures relating to technical and secondary education, apprenticeship, measures to bring training facilities up to scratch and measures relating to one or more sectors of economic activity not included under the other development priorities. Measures under Objectives 3 and 4 are also covered by this priority.

Particular importance was attached during the negotiations to :

- training/recruitment measures directed at boosting productive sectors, as well as measures that comply with the guidelines set for the European Social Fund;

- the Commission also sought to promote programmes aimed at improving training structures, training courses designed to provide the qualifications required for research programmes and the organization of measures directed at specific categories, such as the women's action programmes, the emergence of which the Commission has promoted in certain Member States, in particular Ireland.

In all the Member States concerned by Objective 1, the CSF negotiations emphasized a regional approach to training and employment problems, while taking account of the specific structures of each country.

Wherever possible the Commission encouraged recourse to multifund assistance. All the CSFs covering Objective 1 regions avail themselves to some extent of this system, depending on the institutional structure of the Member State concerned.

d) <u>Obtaining a better distribution of financial resources between the central and regional authorities</u>

Firstly, the Commission made sure that all the CSFs, apart from those for Ireland, France and the United Kingdom (Northern Ireland) whose plans were constructed on a regional basis from the outset, included two sections:

- one setting out the multiregional measures;
- another setting out regional Community support sub-frameworks.

The multiregional measures are centrally directed measures whose impact generally extends beyond the individual regions. The second category consists of measures that are planned and carried out at a regional or local level.

This dual approach was negotiated and adopted for Spain, Greece, Italy and Portugal.

At the same time the Commission wished to shift the balance of ERDF and ESF resource allocation towards operations conducted by the regions. Significant changes were obtained in Spain, where the share of funding allocated to measures that are not the competence of the central authorities will be much larger than envisaged in the plan (42% instead of 35%). In Italy, the RDP provided for an even distribution of multiregional and regional appropriations for new measures. The negotiations did not result in any great change in this balance (49% for multiregional operations and 51% for the regions, or 45/55% in the case of new measures).

By shifting the emphasis slightly away from basic infrastructures, the Commission opened things up somewhat for those with a regional role to play in economic development who provide support in their regions to investment-oriented operations and assistance to SME-SMIs and to local development measures.

Thus the CSFs devote an average of around 5% of resources to this type of assistance as a result of the negotiations, whereas such measures were not included at all in the plans submitted by some Member States.

e) <u>Defining the forms of assistance</u>

Pursuant to Article 8 of the framework Regulation the CSFs should specify the forms of assistance chosen by the Member States for the actual implementation of the CSF as defined in Article 5 of the same Regulation (part-financing of operational programmes, national aid schemes, or suitable projects, provision of global grants and support for technical assistance). The approval of the forms of assistance constitutes the decision to commit funds; the CSF is, according to the Regulation, only a declaration of intent.

During the negotiations, the Commission sought to obtain detailed information from each Member State on this aspect, as the RDPs were, generally speaking, insufficiently explicit.

As the Member States availed themselves little of the possibility open to them of submitting aid applications together with the plans, the Commission was able to advance its own view of the appropriate forms of assistance under the right of initiative it enjoys pursuant to Article 5.

The Commission strongly urged that multifund programmes should be drawn up by the Member States where genuine economic interrelationships existed.
Multifund programmes are a more efficient means of managing assistance, because they bring together measures that will develop certain synergies and which may be eligible for assistance from different Funds and enable the problems to be tackled as a whole. A single Commission decision to grant assistance is then required in respect of that programme pursuant to Article 14(3) of the coordinating Regulation.

This approach was accepted by some Member States, notably Greece, Spain, Ireland and Portugal, from the outset of negotiations on the CSFs.

The applications submitted by the Member States show that the majority of the CSFs will be implemented in the form of operational programmes, in accordance with the rules laid down.
Secondly, applications for very large-scale basic infrastructures are being treated as major projects, a system which seems particularly appropriate for this type of investment.
Recourse to global grants is still quite limited. This may be due to the fact that this is a new type of assistance whose advantages are not yet fully appreciated and also to the fact that a decentralization of management in favour of an intermediate body is meeting with some administrative resistance due to the internal organization of some Member States.

1.3. <u>Preparation and approval of the forms of assistance</u>
If one looks at the activity of the Funds in terms of commitments, the main feature of 1989 was the concomitant application of different sets of rules.

In the case of the ESF, Article 9 of the ESF Regulation lays down that applications for assistance for 1989 will continue to be covered by Council Decision 83/516/EEC on the tasks of the Fund.

Pursuant to this Article, the commitments under the 1989 budget by Decision of 23 March were made according to the previous rules. These commitments are indicated for the record in the CSFs.

As regards the ERDF, Regulation (EEC) No 1787/84 was repealed subject to the application of the transitional measures provided for in Article 15 of the coordinating Regulation and of Article 33 of that Regulation, which is designed to guarantee continuity of the activities of the Funds during the period between 1 January and 1 October 1989. Likewise, as regards the EAGGF, the old Regulation (EEC) No 729/70 was repealed subject to the implementation of the same two provisions.

A detailed report on the activities of the Funds will be made to supplement this report in accordance with the second subparagraph of Article 25(1) of the coordinating Regulation which specifies that the Commission is to report each year to the relevant Committees on the progress made in implementing assistance operations under the Funds. The conclusions of this report will be forwarded to the European Parliament for information.

Although the activities of the Funds result largely from the application of the old rules, it was right and proper that the Member States should prepare operational programmes straight away, as from 1989, so as to ensure that the new measures got off the ground quickly. The Commission had to be in a position, in the light of budgetary availabilities, to approve certain of these programmes. With this in mind, and throughout the negotiations on the CSFs, the Commission urged the Member States to submit applications for assistance as early as possible.
Apart from the ESF Regulation, which specified that applications for assistance for operations to be implemented in 1990 had to be submitted before 31 August 1989, the two other Funds did not lay down any specific restrictions as regards the submission of dossiers. As has been pointed out above, the Member States were often reluctant to submit programmes before the negotiations on the CSFs had been completed. They preferred to wait until negotiations were sufficiently far advanced or had even been concluded before moving on to the actual operational stage.

Despite these difficulties, before the end of the year the Commission was able to approve a number of programmes relating to new measures in the CSFs.

An examination of the programmes received shows first that it was easier for Member States to submit national programmes, which involve fewer partners than regional programmes. Secondly, it is becoming clear, with regard to all the Funds, that the Objective 1 countries, and sometimes even certain regions within the same country, are progressing at different rates. Although all the CSFs were approved on 31 October 1989, with the exception of the Greek CSF, the rate at which the Community commitments will be translated into hard facts will depend on the ability of the regions or countries concerned to submit operational programmes as soon as possible.

Particular attention should be paid when monitoring the implementation of the CSF to ensure that commitments are made at a harmonious rate.

## 1.4 Integration of measures relating to agriculture and rural development

### 1.4.1. General context

Given the problems of the rural areas of the Community, the Commission has decided to establish a rural development policy to improve the economic development of these areas. This means that measures to improve agricultural structure will continue while support is also provided for measures to encourage the diversification of rural production (e.g. forestry, rural tourism) as well as measures to assist rural economies and to develop local infrastructures. For the period 1989-93 the EAGGF will have an overall budget allocation of ECU 5 427 million for these measures.

In keeping with the spirit of partnership, the allocation of the Funds between horizontal measures (Objective 5(a)) on the one hand and other measures was decided in agreement with the Member States and the regions on the basis of requirements.

Most Objective 1 regions benefit from specific regional measures for the development of agriculture and rural areas. Member States were given the option of continuing with existing measures until they came to an end, with the assistance provided being included in the CSFs, or of beginning to implement new measures for which they would have to submit operational programmes.

In addition, the reform of the structural Funds meant that certain tasks were transferred from the EAGGF to the two other Funds. This was the case for vocational training in agriculture which comes under the ESF, and for the financing of rural infrastructures which went to the ERDF.

However, under Article 21 of Council Regulation(EEC) No 797/85 of 12 March 1985 as amended, the EAGGF may provide assistance for agricultural training but only to the extent that schemes cannot be part-financed by the ESF and for vocational training schemes linked to specific measures (premium for the installation of young farmers; premiums for the introduction of new accounting methods).

1.4.2 <u>The integration into the CSFs of specific measures already decided or in hand under the EAGGF</u>

All Objective 1 CSFs are made up in part of previously decided specific and regional measures, the continuation of which entails budgetary commitments between 1989 and 1993. EAGGF operations in the period 1989-93 include horizontal measures (Objective 5(a)) which account for 48.5% of Community financing, existing regional measures that are being continued (25.2%) and new regional measures (26.3%). For this reason, a distinction is drawn between those measures already in force in 1989, which include the IMPs, and the planned measures which make up the major part of the CSFs. Three groups of measures can, therefore, be distinguished by type and purpose:

<u>Specific measures related to certain production sectors</u>

These measures include:

- measures for improving the production and marketing of citrus fruit: this relates to Greece[1], Italy and Corsica. Aid is also being paid following applications from growers affected by natural disasters in 1987 in Greece[2] and three Italian regions[3].

  These measures expire at the end of 1990 for Greece and in June 1991 for Italy. The basic Regulation has expired in respect of Corsica, but there will be a small, residual financial impact in the period 1989-93;

1 Regulation (EEC) No 2511/69 - OJ L 318, 18.12.1969 - As amended by Regulation (EEC) No 1204/82 - OJ L 140, 20.5.1982)
2 Regulation (EEC) No 3223/88 - OJ L 288, 21.10.1988
3 Regulation (EEC) No 1130/89 - OJ L 119, 29.4.1989

- measures to improve the structure of the wine sector: two Member States are affected by measures to restructure vineyards: Greece[1] and Portugal[2]. These measures will, of course, have financial repercussions over the period covered by the CSFs (1989-93), as their initial duration extends beyond 1993;

- measures in respect of olive groves: of all the Objective 1 regions, only Greece is the subject of a specific measure[3].

On the other hand, in Portugal, a measure concerning the restructuring of olive groves forms part of the specific programme for the development of Portuguese agriculture (PEDAP)[4]. The same applies as regards diversification within the context of the development of agriculture in the French overseas departments (FOD).

With the reform of the structural Funds, these measures have been integrated into the CSFs and will continue to be implemented in accordance with the provisions that applied, prior to the reform, with certain exceptions.

Regional measures concerning the agricultural and rural development of certain areas in difficulty

What marks these measures out is the geographic rather than sectoral approach and the global perception of the structural problems of the regions concerned. In this category one finds a wide range of operations relating to agricultural development in less-favoured areas of Greece[5], Ireland[6] and Spain[7], the development of agricultural advisory services in Italy[8] and the development of agriculture in the French overseas departments (FOD)[9], Northern Ireland[10] and the whole of Portugal (PEDAP).

The fields covered include in particular:

- rural infrastructures (Greece, Portugal, Spain, Ireland, Northern Ireland, FOD);
- irrigation (Greece, Portugal, Spain, FOD);
- land tenure (Greece, Spain, Portugal, Ireland, Northern Ireland, FOD);
- support for certain types of production such as livestock production and/or certain crops (fruit, vegetables, olives, etc.) that are the subject of restructuring or conversion measures (Greece, Portugal, Northern Ireland, FOD);
- forestry (Greece, Portugal, Spain, Ireland, FOD);
- the rural environment (Spain);
- agricultural training infrastructures (Greece, Ireland, Portugal);

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1 Regulation (EEC) No 895/85 - OJ L 97, 4.4.1985
2 Regulation (EEC) No 2239/86 - OJ L 196, 18.7.1986
3 Regulation (EEC) No 3222/88 - OJ L 288, 21.10.1988
4 Regulation (EEC) No 3828/85 - OJ L 372, 31.12.1985
5 Regulation (EEC) No 1975/82 - OJ L 214, 22.7.1982
6 Regulation (EEC) No 1820/80 - OJ L 180, 14.7.1980
7 Regulation (EEC) No 1118/88 - OJ L 107, 28.4.1988
Regulation (EEC) No 3224/88 - OJ L 288, 21.10.1988
Emergency operation following the 1987 floods
8 Regulation (EEC) No 270/79 - OJ L 38, 14.2.1979
9 Directive 81/527/EEC - OJ L 197, 20.7.1981
10 Regulation (EEC) No 1942/81 - OJ L 197, 20.7.1981

- additional employment opportunities (Ireland);
- technical assistance, publicity (FOD, Ireland).

These measures, which cover varying periods within the CSFs, share two common features:

- an operational aspect: they have all been conceived and applied as part of an overall approach to the problems of the areas concerned;

- a financial aspect: they all entail expenditure, of varying amounts and for different periods, in the form of commitment appropriations from the EAGGF for at least some part of the duration of the respective CSFs.

As in the case of the specific measures relating to production sectors, the measures in question are, save exception, incorporated in the CSFs.

- The agricultural section of the IMPs

To these two types of scheme should be added, in the case of Greece, the Objective 1 regions of Italy and Corsica (France), the agricultural sections of the IMPs, which have been included in the relevant CSFs.

## 2: CONVERTING THE REGIONS, FRONTIER REGIONS OR PARTS OF REGIONS SERIOUSLY AFFECTED BY INDUSTRIAL DECLINE (OBJECTIVE 2)

### 2.1 Identification of the areas and of priorities

Community support for regions affected by industrial decline forms an integral part of the drive for economic and social cohesion.

Of the some 900 areas proposed by the Member States, the Commission, after consulting the Committee on the Development and Conversion of Regions, selected 60 eligible areas and identified those that were most seriously affected by industrial decline on the basis of the criteria decided by the Council[1].

The areas concerned are primarily regions at NUTS level III or smaller areas which satisfy the three basic criteria set out in Article 9 of the framework Regulation and other areas affected by the decline of vital industrial sectors, as well as areas adjacent to those of the basic list and a small number of urban communities where the level of unemployment is particularly high.

These regions, distributed between nine Member States, have a total population of 53.2 million or some 16.36% of the total population of the Community. Berlin was included in the list by the Council.

This percentage, given the extent of the proposals made by the Member States, is slightly above that referred to in the recital to the framework Regulation which said that Community action could cover up to 15% of the population.

The list of eligible areas is set out in Annex I 8.

1 Article 9(2) of Council Regulation (EEC) No 2052/88 of 24.4.1988

As with Objective 1, the Commission adopted, by the same decision of 15 February 1989, guidelines for Community assistance in respect of Objective 2.

The main guidelines are common to both objectives. However, a number of adjustments were made as regards Objective 2, where the Commission wished to stress the development of productive investment with a view to creating alternative employment to replace jobs lost in declining industries. Infrastructure investments should be directed towards-regenerating run-down industrial areas and modernizing such infrastructures as are necessary for the creation or development of economic activities, given that the problem in these regions is not generally a matter of providing basic infrastructures as these are already to a large extent in place.

2.2. Appraisal of the plans in the light of the Community guidelines

The regions - via the governments of the Member States - presented their plans for economic and social conversion between March and September 1989. For each of the sixty regions concerned, the Commission engaged in partnership negotiations with the central and regional authorities.

All the CSFs were approved on 20 December 1989, apart from the one for Spain, which was approved on 14 March 1990.

In view of the diversity of the sixty plans submitted it is impossible to give a detailed assessment of each one, but the approaches adopted by the Member States have some points in common.

Many Member States seem to have had difficulty, when preparing their plans, in shifting the emphasis of their applications for assistance to the Funds in line with the Commission's suggestions, especially in the case of the ERDF.

Nevertheless, most of the Member States, apart from Spain and the United Kingdom, managed to minimize the proportion of aid sought for support for basic infrastructures.

As regards duration, seven Member States chose to programme their assistance over three years. Spain and France, on the other hand, presented five-year plans, in line with their national planning systems. Although the framework Regulation merely specifies a minimum duration of three years, the fact that the list of eligible regions has a validity of only three years made it difficult to envisage implementation of the CSFs over a five-year period. And the difference in duration would have raised a problem as regards the allocation of resources between Member States. The Commission therefore decided, as mentioned, to approve all the CSFs on a three-year basis.

Since some of the areas are contiguous to rural areas or contain predominantly agricultural areas, certain Member States submitted schemes which were borderline cases between EAGGF and ERDF assistance. Particular attention had to be paid to this problem in order to avoid the risk of overlap between Objective 2 and Objective 5(b).

Furthermore, some of the plans included schemes eligible under Objective 2 and under Objectives 3 and 4 (Social Fund). This point had to be cleared up during the negotiations.

Lastly, the proportion of commitments dating from before 1989 was very high in the case of Objective 2. The regions had to allow for this in their plans, which limited their scope for submitting applications for new schemes.

## 2.3. Negotiations

### 2.3.1. The CSFs were negotiated at regional level.

As the plans were submitted at regional level, the Commission wished to draw up one CSF per area concerned. This approach enabled closer partnership to be established with the regions. It met with the approval of eight Member States, but Spain wanted a single CSF for the seven areas concerned. This flexibility was admitted, but the Commission managed to get the Spanish CSF partly regionalized.

The 54 CSFs were drawn up in close cooperation with the regions. Indeed partnership went beyond the regional level and in many subregional areas the local authorities took part in the elaboration of conversion policies and definition of priorities.

### 2.3.2. Determination of existing commitments

Pre-reform conversion measures and active support under Community structural policy in regions affected by industrial decline continue to be effective in the period covered by the CSFs.

Many regions are receiving aid under IDOs or IMPs, whose geographical coverage is wider than the areas eligible under Objective 2. However, the IDOs approved in 1988 had already been drawn up, in terms of content, in keeping with the policy embodied in the regulations then being elaborated.

The ongoing ERDF and ESF schemes to be included in the CSFs were initially identified on the basis of the Commission's figures: after comparison with Member States' data, the share of assistance to be allocated to Objective 2 was increased. ECU 600 million was transferred from the amount earmarked for "transitional measures" and assigned to Objective 2.

Ongoing multiannual commitments included in the CSFs amount to ECU 938 million, ECU 101 million of which correspond to ESF commitments under the IDOs and ECU 837 million for prior multiannual commitments still to be honoured by the ERDF in respect of NPCIs and IDOs.

This situation has implications for the planning of new measures to be implemented under Objective 2.

### 2.3.3. Definition of CSF priorities

The difference between the sum represented by the applications - ECU 5 300 million - and the funds available for new schemes necessitated some sharp cuts in the proposed schemes. This was done within the partnership framework but was made difficult by the high quality of the plans.

In line with Member States' wishes, the Commission proposed that the limited resources of the Funds be concentrated on a number of priorities directly connected with job creation and most likely to ensure an additional impact in the regions receiving Community assistance.

Although conditions in the 60 regions vary, the nature of the problems to be tackled is often similar, so it was possible to define identical development priorities in all the Objective 2 regions. The emphasis of the priorities varies greatly, however, from one region to another.

The Commission also apportioned the overall appropriations between the regions of each country in association with the central authorities of the Member State concerned. This apportionment was based on the same criteria as were used for the initial selection of eligible regions. Prior commitments were also a factor in this breakdown.

2.3.4. Common priorities for the conversion of regions

The development priorities fall in the following categories:

- schemes to improve the scope for setting up and developing productive activities, e.g. providing land and premises for industrial and commercial use, by reclaiming industrial sites as far as possible. Emphasis on the rehabilitation of disused industrial sites will help to improve the environment and enhance the image of the areas concerned. Measures under this priority may also include appropriate training and employment projects;

- schemes to promote the development of new businesses, particularly small and medium-sized ones, making use of local potential. These schemes will include, for instance, projects concerning training and employment, the creation of business consultancy centres, measures encouraging the use of new technologies and the provision of joint services.

  The aim of this priority is to resolve the problems connected with the narrowness of the industrial base in many Objective 2 areas due to the earlier predominance of heavy industry now in decline, e.g. iron and steel, coal and shipbuilding;

- schemes to improve the environment and enhance the image of rundown industrial areas, enabling them to attract new businesses and develop new economic activities. Schemes under this priority will include the renovation of wasteland;

- schemes to promote and develop tourism as a new sector of activity. Some industrial areas have sites of historical and cultural interest. Community assistance under this priority will promote the development of such sites and other tourist attractions;

- schemes to encourage research and development, in particular by the provision of vocational training facilities. The purpose of this priority is to remedy the problems facing Objective 2 areas due to the technological skills shortage of the local workforce. Schemes may include measures to reinforce links between the universities and industry in the region, step up training in certain key sectors and provide vocational training facilities;

- schemes to promote transfrontier cooperation, in particular for certain specific regional development and vocational training projects. The joint transfrontier development programmes already under way in some frontier areas will be taken into consideration.

- schemes to improve the transport infrastructure, regarded as vital in certain areas for the future development of economic activity and tourism.

In these areas the Community will part-finance projects making a direct contribution to job creation and maintenance, and ensuring the free flow of industrial and commercial goods and tourist traffic;

Some CSFs contain additional priorities. It has been endeavoured in all the areas to keep the number of priorities to the required minimum; in some areas - particularly those to which a relatively small share of the funds has been allocated - the CSFs contain only two or three priorities.

2.3.5. Complementarity between ERDF and ESF

As in the case of Objective 1, the Commission has endeavoured to achieve maximum complementarity between the two Funds.

First of all, when the CSF priorities were defined, the vocational training and employment aid schemes were selected on the basis of the economic development priorities identified, the aim being to select training/employment schemes appropriate to the objectives of economic conversion and necessary to ensure that the workforce acquired the relevant skills and retraining. Coordination between the two instruments was such that, in the standardized presentation of priorities, a separate priority for human resources was not envisaged. Training/employment measures were included under the respective conversion priorities.

This synergy does not imply that the ESF is involved in every development priority, only in those where the situation warrants it (SME support; aid for the creation and development of productive activities).

2.3.6. Situations specific to individual Member States

The details by Member State shown in Annexes V indicate major differences in the respective importance of the different priorities.

For some Member States, the share of commitments pre-dating the reform constitutes a major part of the CSF. This is the case in Luxembourg (53%), the United Kingdom (45%), Belgium and the Netherlands (over 30%).

If pre-reform schemes are excluded, the share allocated to productive investment generally represents over half of the overall budget for the CSFs in all the Member States, with the exception of the United Kingdom, for which this proportion is only one third. Support for investment in basic infrastructures appears in the CSFs for Spain and the United Kingdom only.

There are also major differences in the balance between the Funds. Out of an overall appropriation of ECU 3 900 million for Objective 2 for the first phase, the ESF represents a total of ECU 983 million, including 1989 commitments, i.e. 25.20% of the total available.

Some Member States, on the other hand, have placed more emphasis on schemes supported by the ESF. For instance, Belgium, Denmark, Germany, France, Italy and the Netherlands will be devoting a percentage above the Community average to these schemes (between 25.6% and 40.3% of resources). For Spain and the United Kingdom, the ESF represents 21.6% and 23.3% respectively of the total available for Objective 2.

2.4. Preparation and approval of the forms of assistance

As in the case of Objective 1, the ESF continued in 1989 to grant assistance under the old rules.

In the case of the ERDF, some countries were able to obtain approval for new measures before the end of the year. This was made possible by the fact that, as provided for in the coordinating Regulation, many regions submitted their draft aid applications before the end of the negotiations on the CSFs.

Some of these aid applications, presented in the form of operational programmes, were processed and approved before 31 December 1989. Others were processed early in 1990.

In Germany, two operational programmes were approved on 21 December 1989 representing total ERDF commitment appropriations of ECU 108.3 million and ECU 39 million respectively. In France the 17 Objective 2 regions sent their aid applications to the Commission at the end of September 1989 for 21 ERDF operational programmes and four infrastructure projects. One operational programme was approved on 21 December for Nord/Pas de Calais, providing for ERDF aid of ECU 41.9 million. In the United Kingdom, several operational programmes for new ERDF schemes were submitted in 1989. Seven programmes were approved in 1989.

## 3. COMBATING LONG-TERM UNEMPLOYMENT (OBJECTIVE 3) AND OCCUPATIONAL INTEGRATION OF YOUNG PEOPLE (OBJECTIVE 4)

Under Article 3 of the framework Regulation, these two objectives constitute the main tasks of the European Social Fund. They apply to all twelve Member States. For the countries and regions covered by Objective 1, however, schemes relating to Objectives 3 and 4 were included in the Community support frameworks for Objective 1.

3.1. Multiannual guidelines for the management of the ESF

Given the large funding requirement of the policies operated by the Member States, it was necessary, to facilitate the planning stage, to lay down general guidelines as provided for in Article 10 of the framework Regulation. Under this Article, the Commission, on 24 February 1989, adopted general guidelines[1] specifying the options and Community criteria for the two objectives.

In accordance with the principle of the reform, based on decentralized management of aid from the Funds, these guidelines do not attempt to fix such detailed priority criteria as in the past, which were warranted in a project-based management system. The transition to a programme approach

1 OJ No C 45, 24.2.1989

involved drawing up broader guidelines defining the framework within which the Commission intends to act.

The guidelines stress the qualitative nature of the criteria for selecting schemes to be funded, which must take account of employment market requirements and the priorities set by employment policies in the Community. They also give priority to transnational training schemes, training in advanced technologies, innovative schemes, training and recruitment incentives in the interest of modernization, operations for categories of persons encountering special difficulties on the labour market and schemes to improve the efficiency of training facilities.

3.2. Content of the plans submitted by the Member States

The Member States sent their plans to the Commission in June and July 1989.

The plans generally contained information about the employment market and the training/employment policy implemented at national level, and grouped the measures for which Community aid was requested by form of assistance, giving details as to how ESF aid would be used.

There was considerable disparity between the plans submitted, the level of analysis of employment problems varying greatly from one Member State to another, some of them being unable, within the short time available, to give all the details which the Commission would have wished to receive in line with Article 5 of the ESF Regulation. These details concerned the employment market, in particular as regards prospects, the disparity between job applications and vacancies, the nature of unfilled vacancies and the occupational opportunities appearing on the labour market.

The demand expressed by the Member States far exceeded the resources available, representing 289% of the allocation for Objectives 3 and 4 outside Objective 1 areas.

The plans predominantly provided for schemes to assist young people.

This reflects two factors: firstly, some of the countries concerned continue to have very high levels of unemployment among young people (e.g. Spain). Secondly, the rise in long-term unemployment is not being met immediately by tailor-made solutions.

3.3. Partnership negotiations and changes of emphasis

In the course of the negotiations, the Commission wanted more emphasis to be placed on training schemes covering new technologies, and in general those leading to high-level skills.

The Member States agreed to give more prominence to certain schemes such as:

- regional schemes, which seem the most appropriate for local needs, especially in the Member States which submitted, by virtue of their administrative structure, both a national section and regional sections in their plans;

- new and more comprehensive arrangements to assist the long-term unemployed, ranging from counselling and guidance, through job training to placement in employment;

- schemes to improve collaboration and the effectiveness of relations between national and local authorities;

- and new schemes most likely to reflect the added benefits of Community assistance.

The full implications of these shifts of emphasis will take effect during the implementation of the Community support frameworks and will have to be confirmed when it comes to control, monitoring and assessment.

The negotiations enabled presentation of the priorities to be fairly standardized, with emphasis on following measures:

- <u>as regards Objective 3</u>

  - schemes combining several types of measure so that training makes a real contribution to occupational and social integration;

  - schemes harnessing local potential for developing employment, implemented in a context of synergy between the various partners concerned with employment problems;

  - those encouraging the creation of self-employed activities;

  - and also schemes to facilitate the integration of women into the labour market (particularly those who have had a long career break) and to improve the integration of handicapped and migrant workers.

- <u>as regards Objective 4</u>

  - training schemes leading to skills equipping unskilled school-leavers for a first stable job;

  - schemes combining theoretical training with work experience;

  - training in the skills sought by employers in the new technologies.

Generally speaking, in all cases preference is given to transnational schemes, those geared to the modernization of production and marketing, particularly at SME level, training in advanced technologies, especially those covered by Community R & D programmes, schemes targeted at vulnerable categories and those of an innovative nature.

In quantitative terms, taking into consideration the CSFs for Objectives 3 and 4 outside the Objective 1 regions, for the years 1990 to 1992 the top priorities are the following:

- initial and basic training. This priority mainly concerns people without training. It accounts for 45% of the indicative amounts of the CSFs;

- further training, i.e. training for people who already have some training or job experience (ECU 322 million, i.e. 8% of the total of the CSFs for Objectives 3 and 4);

- technological and specialized training, training in new technologies leading to high-level skills (ECU 388 million, i.e. 9.4%);

- recruitment aids (ECU 321 million or 7.7%);

- a total of ECU 134 million is also set aside for the schemes referred to in Article 1(2) of the ESF Regulation (3.3% of the amount of the CSFs).

- the schemes aimed specifically at categories experiencing particular difficulties on the labour market represent ECU 804 million or nearly 20% f the amounts specified in the CSFs for Objectives 3 and 4 outside Objective 1 regions.

The priority for handicapped people alone accounts for half of this figure of ECU 804 million and about 10% of the amounts envisaged in the CSFs (ECU 411 million), specific schemes to assist women encountering particular difficulties on the labour market represent ECU 239 million (5.8%) and those relating to migrant workers are estimated at ECU 154 million (3.7%).

Taking into account the amounts for Objectives 3 and 4 in all the CSFs (including aid for Objectives 3 and 4 included in the Objective 1 CSFs), the overall budget for the categories regarded as having particular difficulties on the labour market should come to 16% of the total allocated to these two objectives.

For the handicapped alone, the figures in the CSFs for Objectives 3 and 4 represent 8.8% of the total indicative amounts (ECU 714 million out of ECU 8 100 million) allocated to Objectives 3 and 4 (both within and outside Objective 1 regions).

For women with particular difficulties the amounts earmarked under Objectives 3 and 4 (in the CSFs for Objectives 3 and 4 and in the CSFs for Objective 1 regions) total just under ECU 373 million, i.e. nearly 5% of the total funds for Objective 3 and 4 schemes. This percentage does vary considerably, however, between the least developed regions of the Community and the others. For instance, in Denmark, 17.1% of the total amount for Objective 3 and 4 schemes is reserved for the "women" priority and in the Netherlands the corresponding percentage is 15.9%. In some Member States, notably Greece, Ireland and Portugal, the amounts allocated to measures specifically reserved for women have greatly increased but are still modest in absolute terms.

More could thus be done on this kind of scheme in some Objective 1 regions, which could benefit from experience gained in other Member States.

Bearing in mind that women are also eligible for all the other training and employment schemes supported by the ESF (in 1989 41.35% of the beneficiaries of training/employment schemes part-financed by the Fund were women), it is clear that the Community is doing more and more to improve women's training and employment opportunities.

3.4. Specific problems

3.4.1. The overall significance of Objectives 3 and 4

Analysis of the figures requires caution because, as noted in Chapter I, it is necessarily based on the sums actually allocated in the CSFs under the five objectives.

The total amount available from the ESF under the CSFs is ECU 15 365 million.

In accordance with Article 3 of the framework Regulation, this amount will be devoted primarily to combating long-term unemployment and to the occupational integration of young people (ECU 8 100 million out of a total of 15.365 million, i.e. 52.71%).

These analyses seem to indicate a reorientation of ESF schemes, with a return to a philosophy of assistance closer to that of the Treaties. This is the effect of geographical concentration on the Objective 1 regions and increased ESF support for the conversion of industrial and rural areas.

3.4.2. Inclusion of Objectives 3 and 4 in the Objective 1 CSFs

The ESF element represents 27.10% of the total of the sums allotted to the Objective 1 CSFs (ECU 9 813 million out of a total of ECU 36 200 million).

Although the plans dealing with Objectives 3 and 4 were submitted separately, the measures they covered had to be incorporated into the single CSFs approved for the regions covered by this Objective. On this basis a special priority was introduced into all the frameworks to identify the proportion of ESF appropriations to be devoted to measures under the priority "development of human resources" and that to be assigned to Objective 3 and 4 schemes.

Within the overall ESF allocation to the CSFs approved, the average proportion for the CSFs is 40%. The figure varies from country to country, and the Member States can be divided into two categories:

- on the one hand, the Member States which preferred to concentrate ESF assistance on the training of the workforce and more generally on employment measures more closely connected with economic development. This is the case with Portugal, which will devote 76% of ESF resources to Objective 1 measures, Greece (64%) and Ireland (65%).

- on the other hand, those which wished to concentrate a major part of the appropriations on support for measures to assist the long-term unemployed and the integration of young people. This is the case with Spain, which will be devoting 54% of the appropriations to Objectives 3 and 4, France (50%), the United Kingdom (66%) and Italy (49%).

This difference of approach can be explained by two factors. Firstly, the structure of unemployment in the Member States is reflected in the choice of requirements expressed in the plans and included in the CSFs. For Greece and Portugal, for instance, the main problem is to improve the skills of the workforce.

Secondly, wide use has been made of the broader eligibility criteria laid down in Article 1(5) and (6) of the ESF Regulation by the Objective 1 regions belonging to the first group. Under this Article, the ESF may, in these regions, contribute to the financing of "that part of national secondary, or corresponding education systems specifically devoted to vocational training following compulsory full-time schooling".

In addition to this new possibility, the ESF is still able to grant assistance for recruitment and apprenticeship schemes. The total for these three types of measure represents 10.29% of the total financial allocation for the ESF (ECU 1 010 million out of a total of ECU 9 813 million).

3.4.3. Avoiding the risks of combination and overlapping of assistance

As the ESF grants assistance under several objectives in the Member States and regions covered by Objectives 1, 2 and 5(b), the greatest attention has been paid to the risks of combination, overlapping and duplication of financing.

To make a clearer distinction between the categories of Fund assistance in a region covered by several objectives, the Commission has given priority under Objectives 1, 2 and 5(b) to training/employment schemes to assist the unemployed, those threatened with unemployment or employed in SMEs and schemes directly linked to a development priority under these objectives. In this way assistance for the long-term unemployed and young people under 25 years of age seeking a first job after compulsory schooling could be concentrated under Objectives 3 and 4.

In practice it has not always been completely possible to make this distinction, particularly in the case of measures to assist categories of persons covered more specifically by Objectives 3 and 4 but also concerned by Objectives 1, 2 and 5(b) in that they are involved in a conversion or local development policy.

In cases of this kind particular care will be paid to the problem of overlapping when it comes to monitoring, assessment and control.

## 4: ADJUSTMENT OF PRODUCTION, PROCESSING AND MARKETING STRUCTURES IN AGRICULTURE, FORESTRY AND FISHERIES (OBJECTIVE 5(a)

### 4.1. Main changes in 1989

Speeding up the adjustment of agricultural structures with a view to reform of the common agricultural policy is one of the priority objectives of the reform of the structural Funds.

During 1989 and early 1990 major amendments were made by the Council to the main regulations governing structure policy, including in particular those made under Council Regulation N° 3808/89 of 19 December 1989[1].

Unlike the other objectives, for which the Member States drew up multiannual plans which led to negotiations with the Commission and the establishment of Community support frameworks, the implementation of Objective 5(a) will continue largely as in the past, subject to the adjustments required by the reform. Once approved by the Council, 5(a) measures are horizontal measures applicable to the whole of the Community. It is up to each Member State to implement the compulsory measures and to decide whether or not to take up the opportunities afforded by the regulations in the case of non-compulsory schemes.

The adjustments made to measures coming under Objective 5(a) will be described in detail in the Report on the situation of Agriculture in the Community for 1990. Particularly noteworthy among the adjustments

1 OJ L 371 of 20 December 1989.

occasioned by the reform was the increase in the rate of Commmunity financing for schemes implemented in Objective 1 regions.

In accordance with this rule, the Commission adopted in January 1990 a Regulation adjusting the rates of Community contributions towards common measures under Objective 5(a).[1] The new rates may apply, at the Member State's request, to expenditure in respect of 1989.

The rates at present vary according to the measure and region concerned. They range from 50 to 65% for Objective 1 regions and from 25 to 50% for others.

In the case of measures to improve the marketing and processing of agricultural and fishery products, Fund aid may not exceed 50% of the eligible costs in regions covered by Objective 1 and 30% in other regions.

The Member States are also allowed some margin for differentiating rates of aid according to area and type of investment. In the case of aids for agricultural holdings they may, for instance, grant the maximum to investments in farm tourism only in areas covered by Objectives 1 and 5(b).

A further change was the introduction of the "plan" procedure for schemes to improve the marketing and processing of agricultural[2], forestry[3] and fishery[4] products. Member States now have to submit sectoral plans, on the basis of which the Commission will negotiate, within the partnership framework, the corresponding CSF. Under this new procedure, the Member States are themselves responsible for selecting and analysing projects, which must meet the selection criteria adopted by the Commission.

Lastly, and although the appropriations allocated to Objective 5(a) are not broken down _a priori_ by Member State, it was nonetheless essential to include in the CSFs of the Objective 1 countries the estimated share of the resources allocated to Objective 5(a) measures.

Article 8 of the framework Regulation specifies that the Objective 1 CSFs ensure overall coordination of Community structural aid for all these regions. Objective 5(a) is taken into account by a reference to any 5(a) schemes and by a separate explicit heading in the financing plan. However, 5(a) measures are defined not in the CSF but on the basis of the relevant horizontal Regulations.

Community assistance provided for within and outside the CSFs for 5(a) measures totals ECU 6 052 million, including ECU 157 million for processing and marketing of fishery and aquaculture products (1991-93).

### 4.2. Trend in expenditure under Objective 5(a) in 1989 and breakdown by measure

Total 5(a) expenditure rose overall by 2.4% from 1988 to 1989. At the same time expenditure relating to Objective 1 regions increased by about 30%.

1 Regulation (EEC) No 223/90 of 26 January 1990 OJ L.
2 Regulation (EEC) No.866/90 of 29 March 1990, OJ L91, 6.4.1990
3 Regulation (EEC) No.867/90 of 29 March 1990, OJ L91, 6.4.1990
4 Regulation (EEC) No.4042/88 of 19 December 1989, OJ L388, 30.12.1989

This led to 52.2% of the total expenditure for 1989 on Objective 5(a) going to the Objective 1 regions.

Two measures account for three quarters of Objective 5(a) spending in 1989: firstly the marketing and processing of agricultural and fishery products and, secondly, compensatory allowances. Apart from these the only notable measures are investment aids and installation aids for young farmers. Annexes VI and VII show the trend in expenditure for the period 1987 to 1989 and the breakdown of that expenditure by Objective 5(a) measure.

4.3. Implementing provisions

Two points should be stressed with regard to Objective 5(a) schemes.

- In Objective 1 regions implementation of 5(a) schemes does not require the approval of operational programmes. Schemes take effect after the adoption by the Commission of the implementing arrangements submitted by the Member States in accordance with the STAR Committee procedure.

- Objective 5(a) structural schemes concerning the processing and marketing of agricultural products are the only ones requiring the adoption of Community support frameworks. The Member States submit sectoral plans setting out the framework in which the projects are to be placed.

## 5 : PROMOTION OF RURAL DEVELOPMENT (OBJECTIVE 5(b))

Community assistance for Objective 5(b) is being concentrated on those regions most affected by reform of the common agricultural policy, to sustain their efforts to develop, diversify and revitalize the rural economy.

The Objective 5(b) regions include rural areas which require an individually tailored development effort, based not only on the specific characteristics of their agriculture but also exploiting all their potential. This is why all three Funds are involved in these areas.

5.1. Selection of rural areas

Under Article 11 of the framework Regulation the Commission had to lay down the eligibility criteria for rural areas and draw up the list of areas so that the Member States could submit plans.

The Commission adopted the following criteria:

(a) high proportion of total employment in agriculture;
(b) low level of farm income;
(c) low level of socio-economic development based on the per capita gross domestic product.

In addition to these three basic criteria, the Commission also considered rural areas meeting one or more of the criteria laid down in Article 4(2) of the coordinating Regulation.

After consulting the Member States, the Commission, on 10 May 1989, adopted the list of eligible areas under Objective 5(b), which is contained in Annex I 9.

The areas selected are small in size (mainly NUTS III or in some cases NUTS II), to enable programmes geared to their specific needs to be drawn up. These areas represent 17% of the territory of the Community and 5% of its population. They are significant in size in some Member States (France: 34.2% of the area and 10.7% of the population; Germany: 21.1% of the area and 7.6% of the population). The three Member States entirely covered by Objective 1 are not eligible for Objective 5(b).

5.2. Duration of plans and geographical scope

After approval, the list was communicated to the Member States so that they could draw up regional plans by 28 October 1989. All the Member States, with the exception of Belgium, which submitted its plans on 22 November, met the deadline. These plans cover a period of five years (1989-1993), except in some regions where the programming period is three or four years.

This is the case with Belgium, some regions of the Federal Republic of German and the United Kingdom. In accordance with the spirit of Objective 5(b), these plans were drawn up at area level. The Commission received 56 plans, i.e. one per 5(b) area.

Although the duration of the plans varies from one Member State to another, the Commission wished to adopt all the CSFs for five years, in line with the period adopted for the financial allocations. Unlike with Objective 2 there was no problem as regards revision of the lists making a two-phase approach necessary.

On the basis of the plans, the Commission drew up 44 CSFs, some covering several regions. They were finalized in 1990. Spain, as for the other objectives, wanted a single CSF. The Commission accepted this request but regionalized the whole CSF.

Out of a total of ECU 2 795 million allocated to Objective 5(b), on 20 December 1989 the Commission decided on a first share-out between Member States of ECU 2 493 million. As in the case of the other objectives, the balance between the Funds was established through the partnership. In addition to the ECU 2 493 million, ECU 114 million was shared out in a second phase with a view to finalizing the CSFs in 1990.

5.3. Details of priorities for assistance

To ensure that the resources available for this Objective could have a real impact on the regions, it was necessary to concentrate on a limited number of priorities likely to make a significant contribution to the development of the indigenous potential.

The following priorities were set:

- development of the primary sector (agriculture, forestry and fisheries) in order to help agriculture to adapt to the reform of the Common Agricultural Policy and to ensure that it plays a positive role in the economic and social development of rural areas.

- development of other activities, including SMEs in particular;

- expansion or promotion of tourist and leisure activities and the creation of nature parks;

- respect for the environment;

- ESF assistance for training programmes in support of agricultural and non-agricultural activities.

The CSFs were approved on 6 June 1990, apart from those for France, which were approved on 27 June.

The CSFs for this Objective will be reviewed in depth in the 1990 annual report.

## 6 : PILOT SCHEMES FOR REGIONAL DEVELOPMENT AT COMMUNITY LEVEL

Article 10 of the ERDF Regulation lays down that studies and pilot schemes are to be carried out to promote regional development at Community level.

In accordance with the Regulation, these measures should relate to:

- the establishment of a prospective outline of the utilization of Community territory and the consequences therefor of major infrastructures;

- the problems of border regions, the pooling of experience, cooperation between regions and innovative measures.

The measures provided for in Article 10 can be applied across the Community as a whole, permitting the necessary tie-ups between the areas covered by the priority objectives of the reform of the Funds and those not so covered.

In 1989 most of the resources allocated under Article 10 and financed from heading 5490 of the Community budget were used to finance studies and pilot projects relating to cross-border cooperation. In regions which have already carried out preparatory studies, mainly those more centrally located, assistance was given to innovative pilot projects aimed at encouraging cross-border cooperation. In other, mainly peripheral regions studies have been initiated to look at the problems of cooperation between transfrontier regions and ways of increasing such cooperation.

In addition, as regards cooperation, information flows and links between different Community regions, three schemes for the pooling of experience at regional level were launched in December last year to encourage and facilitate contacts between regions and to promote the spread of innovative ideas. These schemes were launched in cooperation with the Assembly of European Regions, the Council of European Municipalities and Regions and the International Union of Local Authorities.

## 7 : COMMUNITY INITIATIVES

Article 11 of the coordinating Regulation stipulates that "the Commission may, on its own initiative decide to propose to the Member States that they submit applications for assistance in respect of measures of significant interest to the Community...".

More explicitly Article 3(2) of the ERDF Regulation defines three types of Community initiatives of a regional nature: those whose purpose is to help resolve serious problems directly associated with the implementation of other Community policies, those aimed at promoting the application of Community policies at regional level and those designed to help resolve problems common to certain categories of region.

About ECU 1.7 billion of the funds intended for Community initiatives is already allocated to ongoing Community programmes, namely Star (telecommunications), Valoren (renewable energy), Resider (conversion of iron and steel areas) and Renaval (conversion of shipbuilding areas) and for some non-quota ERDF schemes nearing completion. The Commission decided to allocate ECU 3.8 billion to new Community initiatives.

On 22 November 1989 the Commission decided to allocate an overall budget of ECU 2.1 billion to a first series of five new initiatives: Rechar ECU 300 million; Envireg ECU 500 million; Stride ECU 400 million; Interreg ECU 700 million; Regis ECU 200 million.

The aim of the Rechar initiative decided by the Commission on 17 December 1989 is to help diversify the economic base of the coal-mining areas hardest hit by the restructuring of the coal industry, by making additional funds available over and above those provided for in the Community support frameworks. Some ECU 300 million in ERDF and ESF assistance is earmarked, plus up to ECU 120 million in the form of ECSC interest subsidies and about ECU 40 million of additional aids for readaptation under Article 56 of the ECSC Treaty in 1990; additional funds may be granted for subsequent years depending on the resources available.

Rechar provides for the implementation of three types of measure:

- improvement of the environment in areas damaged by coal-mining. This may consist, for instance, in landscaping, coal-tip reclamation, the conversion of disused mining buildings, the modernization of premises for use by SMEs, and the modernization of small-scale community facilities in mining villages.

- the promotion of new economic activities and the development of existing ones by support for measures to assist SMEs in the form of incentives for innovation, the establishment of common services, aid for productive investment, better access to risk capital and the provision of factories and short-stay workshops.

- more intensive vocational training for the unemployed, persons threatened with unemployment and persons employed in SMEs; particular attention should be paid, thanks to the readaptation aids financed under Article 56 of the ECSC Treaty, to the training of miners and former miners to facilitate their integration into a changing economy.

The Community initiative Envireg was decided in principle by the Commission on 29 November 1989. The aim of this initiative, with an indicative financial appropriation of around ECU 500 million, is to help those regions in the Community whose development is lagging behind to resolve some of their environmental problems in order to safeguard their development potential, particularly as regards tourism. Four specific objectives are envisaged:

- reduction of pollution in coastal areas, especially in the Mediterranean region, by helping medium-sized towns to establish sewage treatment systems and urban waste disposal together with, in some cases, recycling schemes.

- promotion of coastal development in a way that preserves the natural beauty of the coastline and protects its biotopes.

- improvement of the management of toxic and dangerous industrial waste by encouraging businesses to cut their waste production and to establish production processes less wasteful of water and raw materials, and by encouraging the establishment of waste treatment, storage and recycling facilities.

- the development of know-how among local and regional authorities and experts on the subject of management of the environment, by technical back-up measures, pooling of experience and vocational training schemes.

The Commission adopted the definitive version of this initiative on 9 May 1990 after receiving the opinions of the European Parliament and the Economic and Social Committee.

For Stride, Interreg and Regis the Commission adopted guidelines on 13 March 1990:

- the aim of Stride is to increase regional capacities for research, technology and innovation in Objective 1 regions, encourage the participation of these regions in Community research programmes and networks and promote cooperation between research centres and industry in Objective 1 and 2 regions (indicative financial appropriation of ECU 400 million for the period 1990 to 1993).

- with the prospect of the single market, Interreg is to encourage cooperation between border regions within the Community and help areas on its external frontiers to overcome problems stemming from their remoteness (indicative financial appropriation ECU 800 million for the period 1990 to 1993).

- Regis concerns the regions on the extreme periphery of the Community: the French overseas departments, the Canary Islands, the Azores and Madeira. The objectives of this initiative are to promote economic diversification, consolidate links with the rest of the Community and stimulate cooperation with neighbouring non-Community countries (indicative financial appropriation ECU 200 million for the period 1990 to 1993).

On 2 May 1990 the Commission gave its consent in principle to the establishment of a second series of initiatives scheduled to be funded with ECU 1 700 million for the period 1990-93. The selected proposals should dovetail into a coherent overall strategy, linking up with the initiatives approved in 1989 and complementing the Community support frameworks.

Three areas of action have been defined for this second phase:

- extension of certain basic infrastructures;
- development of human resources;
- greater integration of rural areas.

The Commission has now approved the draft guidelines for the following initiatives:

| | | | |
|---|---|---|---|
| - | Regen | Natural gas supply network | ECU 300 million |
| - | Telematics | Extension of the Star programme | ECU 200 million |
| - | Prisma | Preparing firms for the internal market | ECU 100 million |
| - | Increased allocation for Interreg | | ECU 100 million |
| - | EUROFORM, NOW and HORIZON (Development of human resources) | | ECU 600 million |
| - | Leader | Greater integration of rural areas | ECU 400 million |

## CHAPTER III: THEMATIC PRESENTATION OF COMMUNITY ASSISTANCE

### 1: UPGRADING OF BASIC INFRASTRUCTURES

As stated in Chapter II, upgrading basic infrastructures is the first priority in Objective 1 areas since 50% of the ERDF assistance for new measures will be assigned to that purpose.

Within this priority, transport, telecommunications and energy infrastructures predominate. They represent about ECU 6 500 million of Community aid (see Annex VIII).

### 1.1. Transport infrastructures

#### 1.1.1. Road and motorway networks

Member States continue to focus their support on this type of infrastructure, for which Community assistance in the Objective 1 CSFs amounts to ECU 3 647 million. The expenditure authorized for this type of infrastructure is heavily concentrated in certain countries (Spain, Portugal and Ireland). In other countries and regions (Greece and Italy) relatively little emphasis is placed on such measures in the CSFs.

There is thus a downward trend in Community assistance towards road and motorway projects, which could point to a fall-off in the activities of the Funds, particularly the ERDF, in coming years. The monitoring and execution of the CSFs will make it possible to evaluate these developments more fully.

#### 1.1.2. Rail networks

Assistance for this type of infrastructure was requested by Spain, Greece, Portugal and Northern Ireland. The CSFs provide for a total of about ECU 1 015 million, with the largest sum going to Spain, which has requested Community assistance of ECU 600 million towards the high-speed train project.

### 1.2. Telecommunications infrastructures

Telecommunications continue to be a key area for the economic development of the regions, particularly the Objective 1 regions, which are undoubtedly lagging behind in this field. ECU 1 162 million is to be allocated for investments in this sector in the Objective 1 areas.

All the Objective 1 countries are interested in developing telecommunications, which is a priority in the CSFs of all the regions concerned. Spain, Greece and Italy will dedicate a large part of their multi-annual allocation to this: ECU 311 million, ECU 345 million and ECU 308 million respectively.

Community assistance will be provided partly through the STAR programme. whose objective is to provide support for investments in advanced communications infrastructures and to finance measures to stimulate the supply of and demand for advanced services, aimed at SMEs in particular.

The programme was adopted for the period from 1987 to 1991 with a financial package of ECU 780 million and the appropriations remaining for the period 1989-91 have been incorporated in the CSFs.

The difference will be funded from appropriations available for new measures.

In addition to the funds earmarked under the CSFs, the Commission decided, as mentioned earlier, to strengthen the process begun with the Star programme with the adoption of the Community initiative Telematics, with a budget of ECU 200 million.

### 1.3. Energy

Energy infrastructures are identified as being of particular importance in the CSFs for Greece and Italy, where Community funds will be used to support major projects for the supply and distribution of natural gas and electricity.

For all the Objective 1 regions, some ECU 1 700 million is earmarked under the CSFs. Community assistance will be partly channelled through the Valoren programme. This programme was adopted for the period from 1987 to 1991 with a financial package of ECU 393 million and the appropriations available for the period covered by the CSFs (ECU 278 million) have been incorporated in the CSFs. The purpose of the Valoren programme is to contribute to the development of certain less-favoured areas in the Community by enhancing the indigenous energy supply potential. The programme is thus concerned with exploiting local energy resources and, in particular, renewable energy sources and small deposits of peat and brown coal, rational energy use in SMEs and the regional promotion of ways of making better use of the energy supply potential.

In addition, the Commission has decided to approve a Community initiative called Regen, for ECU 300 million, to assist natural gas and electricity distribution networks in Objective 1 regions. This measure will speed up the more widespread availability of natural gas in Member States where it is not available at present, thereby helping them to diversify their energy supplies whilst at the same time reducing their dependence on oil. Moreover, increased hook-ups between major European gas and electricity networks will bring about greater flexibility of energy supply systems in line with the main objectives of Community action in this field.

### 1.4. Improving and protecting the environment

When deciding on the priorities for the CSFs, the Commission maintained the measures relating to environmental protection and improvement proposed by the Member States.

For six of the seven countries concerned by Objective 1, the CSF includes a specific priority on the environment. Although the Portuguese CSF does not make it a specific priority, it was agreed under the partnership arrangements that environmental considerations would be taken into account in implementing the measures. Community appropriations allocated to other environmental protection measures in the period from 1989 to 1993 may be estimated at ECU 1 799 million.

There can be no doubt that this is a considerable improvement on the pre-reform activities of the Funds. In Objective 1 areas, efforts are concentrated above all on water-related infrastructures (controlling, protecting and improving available resources), but do not exclude other areas such as waste management and measures to encourage the introduction of "clean" technologies. In many Objective 2 regions, the emphasis is on the rehabilitation of derelict sites, but measures to improve the infrastructures required to develop and manage natural resources have not been ruled out. Supporting vocational training will also be provided.

Despite this new awareness in all the regions, serious problems still persist. On the one hand there is a severe backlog of problems to be remedied, while on the other there is a risk that development measures financed by the Funds will aggravate the pressure on the environment (creating precisely the kind of problem that other funds are seeking to remedy). Lastly, the legislative framework for smooth implementation of measures financed by the Funds presents shortcomings in all the Member States.

## 2. STRENGTHENING THE PRODUCTIVE SECTORS

### 2.1. Improving competitiveness

In accordance with its regional policy guidelines, the Commission has given priority to Community support to develop and improve the competitiveness of productive firms.

This effort has been concentrated in the regions eligible under Objectives 1 and 2.

In the Objective 1 regions, ECU 5 143 million of Community funds are to be allocated to this priority, with an additional ECU 1 256 million under the CSFs for Objective 2, making a total of ECU 6 699 million not including Community initiatives and existing commitments.

Four main measures have been adopted for the Objective 1 regions:

- direct aid to businesses for productive investments in manufacturing, crafts, services and tourism. A large part of the appropriations (ECU 1 334 million) has been allocated to financing these measures,
- assistance for technical and vocational training;
- development of capacity for research and technological innovation;
- business services.

The situation in the Objective 2 areas is slightly different.

Firstly, improving the competitiveness of firms is the main priority, and has been allocated ECU 1 256 million, or 35.38% of appropriations.

Secondly, only a small amount of the aid will be used for direct investment support. In these regions, the most urgent task is to improve the conditions in which businesses are set up and develop. To this end, a range of measures have been adopted under the CSFs for 1989 to 1991 :

- measures to support modernization and restructuring, by training for staff or jobseekers in new production techniques and recruitment subsidies for entrepreneurs starting new businesses;

- varied measures to develop local potential, including:

  * the creation of incubator facilities and a range of support services for entrepreneurs starting new businesses;

  * support for investments in intangibles such as the recruitment of managerial staff, external advisory services;

  * implementation of technical innovation measures (resource centres, industry/research collaboration, technological advisors);

  * support for collective measures (shared services, sectoral studies, venture capital studies, etc.).

Although assistance for small businesses and industries is not a specific priority in the CSFs, a wide range of measures will benefit them.

At this stage it is impossible to quantify the Community effort in their favour; this will be feasible in the course of monitoring of the implementation of the operational programmes.

In qualitative terms, the Objective 1 CSFs provide for a variety of measures: financial services, better access to capital, promotion of technological innovation and research, skill training schemes.

For Objective 2, similar measures are envisaged, with emphasis on the creation and development of small firms as major contributors to the regeneration of the local economy.

## 2.2 Promotion of tourist potential

The importance of tourism for the development of a region lies in its potential to create jobs and its contribution to economic diversification in the area. Tourism therefore plays an important role not only in the development of less-favoured regions, which often have natural assets which make them very attractive for recreational tourism, but also in certain industrial regions with a rich and varied cultural heritage.

### 2.2.1. Inclusion in the CSFs approved in 1989

When the Community support frameworks were being drawn up for the Objective 1 and 2 regions, a section on tourism was included among the priorities for assistance.
The total provision for direct Community assistance from the structural Funds for tourism is ECU 1 613 million in the Community support frameworks for Objective 1 regions. This represents 5.5% of all the appropriations available for the period in question, 86% of which comes from the ERDF.

The funds are allocated among the Member States as follows:

| | million ECU | % of total Community assistance under CSF |
|---|---|---|
| Greece | 166.7 | 3.1 |
| Spain | 182 | 2.4 |
| France | 34.3 | 4.8 |
| Ireland | 188.6 | 6.6 |
| Italy | 780 | 12.5 |
| Portugal | 203 | 3.5 |
| United Kingdom | 58.2 | 10.5 |
| Total for Objective 1 | 1 612.8 | 5.5 |

In the case of Greece, it should be specified that the regional operational programmes will also contain tourism measures. They have not yet been specified in the relevant section of the CSF.

These measures only concern direct assistance. It is difficult to assess exactly the Community's total contribution for tourism, since some assistance, particularly for transport, telecommunications and environment infrastructure indirectly benefits this sector.

The CSFs for the Objective 2 areas provide for ECU 267 million of Community assistance for tourism activities, or 7.5% of all Community assistance under the CSFs.

The geographical distribution is shown in the table below:

| 1989-91 | million ECU | % of total Community assistance under CSF |
|---|---|---|
| Belgium | 12.85 | 7.2 |
| Denmark | 0.5 | 1.6 |
| Germany | 1.32 | 0.4 |
| Spain | - | - |
| France | 44.1 | 7.3 |
| Italy | 24.67 | 9 |
| Luxembourg | - | - |
| the Netherlands | 10.09 | 13.1 |
| United Kingdom | 173.89 | 12.8 |
| Total for Objective 2 | 267.42 | 7.5 |

### 2.2.2. Tourism in the Community initiatives

Among the Community initiatives proposed by the Commission, the programme of regional measures concerning the environment (Envireg) is of growing importance for tourism. One of the specific objectives of Envireg is to reduce pollution of coastal areas, particularly in the Mediterranean regions, whose economy depends significantly on tourism.

Under the Commission guidelines for the Community initiative concerning the economic conversion of coal-mining areas (Rechar), Community assistance may be granted for measures to promote tourism.

Lastly, measures to encourage cross-frontier cooperation in matters of tourism may receive Community assistance under the Community initiative concerning trans-frontier areas (Interreg).

### 2.3. Promotion of technological potential (RTD)

#### 2.3.1. The Technology gap in the less-favoured areas

Recognition in the Single Act of research, innovation and technological development (RTD) as one of the common policies emphasized the vital role of RTD in promoting economic development and strengthening economic and social cohesion.

The technology gap in the less-favoured regions, particularly the Objective 1 regions, is still very large: it is three or four times greater than the socio-economic gap. Because of the lack of resources in RTD, the level of participation of those regions in Community scientific and technological programmes is still inadequate. The structural Funds provide an opportunity to improve the RTD capacity of those regions.

The relationship between science and technology on the one hand and regional development on the other hand requires further analysis as a prerequisite for the simplification of institutional structures to facilitate the process of coordination and the definition of priorities which will call for appropriate management systems and resources.

The Commission has emphasized the importance of RTD for economic development in the priorities it has laid down for the Community support frameworks. Measures in favour of RTD are now eligible for the first time.

#### 2.3.2. The strategies of the Member States

As regards Objective 1, the responses of the Member States to the new opportunities for strengthening their RTD infrastructures varied.

Ireland drew up a specific plan and should receive ECU 142 million in Community funding.

In collaboration with the Commission Portugal presented the "Ciencià" programme for a total cost of ECU 304 million, 162 million of which will be financed from the Community budget.

Greece said it would submit a plan for RTD infrastructures at a later date. Spain has suggested that the additional resources from the Funds should be used to strengthen its RTD plan launched in 1988.

The regions have allocated a larger proportion of the funds to RTD-related measures under Objective 2, not only to improve infrastructure but also to promote stronger links between RTD and businesses, especially SMEs, and to encourage technology transfers.

Under Objectives 3 and 4, research-related measures in the CSFs mainly concern the vocational training of young people in new and advanced technologies. The proportion of ESF funds allocated to these measures varies considerably.

In the Objective 5(b) areas, the demand is negligible. Although certain areas show a keen interest, only 1.3% of all the requests for all the areas eligible under this Objective relate to RTD. They focus mainly on the agri-food sector (quality improvement and control), the environment and the new information technologies.

## 3. CHANGES OF EMPHASIS IN COMMUNITY POLICY IN FAVOUR OF HUMAN RESOURCES

There has been a change of emphasis in the role of the Funds, not only because the criteria for eligibility have been extended but also because of the influence of the partnership.

### 3.1. A new approach to skill training

The importance of occupational training and employment policy as factors of economic growth is explicitly recognized in all the CSFs for the regionally-targeted Objectives, especially Objective 1.

Not only is the funding to be stepped up, but qualitative improvements are to be encouraged. There are three major forms of assistance:

- training measures and recruitment subsidies part-financed by the ESF within the framework of priority measures to promote economic growth (tourism, research, development in productive sectors);

- assistance from the ESF under the specific heading of "human resources" in the CSFs for Objective 1, reflecting the importance attached to training in the general context of development. This heading covers training of "multi-priority" relevance, training infrastructure and measures provided for in Article 1(5) and (6) of the ESF Regulation;

- ESF assistance under Objectives 3 and 4 in the Objective 1 regions (included as a distinct item in the Objective 1 CSFs), for a global sum of ECU 3 972 million.

From now on the ESF priorities in these regions are predominantly determined in relation to the economic growth priorities which the Commission is seeking to emphasize through the CSFs. The scale of funding is a major determining factor for Community policy on human resources.

The importance of vocational training and employment policy for economic development is also explicitly acknowledged in the case of Objectives 2 and 5(b). Thus, only measures to assist the conversion of the active population (Objective 2) and to promote economic activity in rural areas (Objective 5(b)) were approved in the CSFs.

### 3.2. Support for training facilities

The inadequacy of training structures has been and continues to be an obstacle to implementing the employment policy needed for economic development. Improvements in training are a common priority throughout the Objective 1 regions. Community assistance under this heading in the CSFs amounts to ECU 514 million (ECU 341 million financed from ERDF appropriations; ECU 173 million from ESF appropriations).

Investments are needed to build and equip training centres and it is also necessary to ensure that these centres are staffed by qualified personnel. To this end, provision has been made for training schemes for instructors and employment and vocational training experts.

All the countries concerned by Objective 1 consider this to be a top priority measure. However, Community assistance will be concentrated on certain countries, particularly Greece, Spain and Portugal.

### 3.3 Upgrading of vocational training at secondary school level

Under Article 1 (5) of the ESF Regulation eligibility for assistance from the Social Fund is extended to measures to develop vocational training at secondary school level, after the period of compulsory education.

This new opportunity has been taken up by Greece, Ireland and Portugal, where there is a real need to develop vocational training facilities to give young people the necessary skills for their first job or to prepare them better for further technical training.

It is clear that the national school systems in such countries can play a major role in improving skill levels, provided that certain structural adjustments are made.

However, assistance of this type represents only a small part of the work of the Funds, particularly the Social Fund.

### 3.4 Priority for the drive to combat long-term unemployment

Although long-term unemployment has been increasing in all the Member States[1], there has hitherto been no legal basis for the Community to respond at a level matching national government efforts.

Under the partnership arrangements and on the basis of the CSFs approved for the nine countries for Objectives 3 and 4, a large share of Community assistance is now being allocated to measures to combat long-term employment.

The amount involved is ECU 1 704 million, out of the ECU 4 128 million allocated specifically to Objectives 3 and 4 for 1990-92, plus ECU 1 104 million earmarked for combating unemployment under the CSFs for Objective .

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1 See Employment in Europe 1990

## 4: IMPROVEMENT OF AGRICULTURAL STRUCTURE AND RURAL DEVELOPMENT

### 4.1 Improvement of conditions of production and upgrading of agricultural resources

Assessment of structural measures to improve the conditions of production and upgrade agricultural resources must take various factors into account, and the impact is only measurable in the long term.

In the case of the "classic" structural measures (Objective 5(a)), figures are sent by the Member States after a certain time lapse (latest available year 1988) and published each year in the report on The agricultural situation in the Community. Since the entry into force of Regulation (EEC) No 797/85, the number of plans for the physical improvement of holdings approved by the Member States has increased considerably; more than 70 000 were approved in 1988 and 1989.

A large number of structural measures of a specific or regional nature in the CSFs for Objective 1 regions have been adopted. They are concerned mainly with the improvement of rural infrastructures and land tenure and support for stockfarming in certain areas experiencing difficulties. The object is to increase incomes and living standards for the inhabitants of the rural areas concerned. Such measures absorb a large share of the resources available for the CSFs.

### 4.2 Protection of the environment and forestry measures

Under the heading of Objective 5(a) structural measures, encouragement is given to agricultural practices which are kind to the environment.

By 31 December 1989, three Member States (Germany, the Netherlands and the United Kingdom) had defined areas in which farmers adopting appropriate agricultural methods could receive assistance. The relevant schemes, under which the amounts paid to farmers vary from one area to another, are designed mainly to protect biotopes or natural resources (water).

Certain schemes concerning farm woodlands were also adopted under Objective 5(a). They included afforestation, woodland improvement, forest paths, firebreaks and water reserves, but had been implemented only in part by Germany, Denmark, Greece, Ireland , Portugal and Spain when changes were brought in under the Forestry Action Programme in 1989.[1] After that, all farmers undertaking forestry schemes on agricultural land could receive assistance related to the area concerned; the ceilings for investment have also been raised.

On a specific regional level, some individual measures for the environment have been implemented[2] within the framework of investment aid schemes for stockfarmers, alongside other regional agricultural development measures. These will be amplified, strengthened and extended to other regions under the operational programmes, principally in Ireland, Greece and Spain. In the same context, major measures are also being implemented under the IMPs,

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1 Regulation (EEC) No 1609/89, OJ L 165, 18.6.1989.

2 Regulation (EEC) No 1820/80 (Ireland)
Regulation (EEC) No 1942/81 (Northern Ireland)

with particular emphasis on the conservation, improvement and enhancement of natural parks.

Furthermore, almost all the Objective 1 regions may benefit from major forestry measures, either under the IMPs or under regional measures. The various CSFs assign considerable importance to forestry, in some cases in conjunction with protection of the environment. Implementation of the Forestry Action Programme will undoubtedly permit measures concerning forestry and the timber industry in Objective 1 regions to be completed.

In certain regions affected by natural disasters, the CSFs provide for the continuation of certain ongoing schemes, such as support for olive and citrus plantations in Greece and for flood-damaged farms in Spain (Murcia and Valencia). Ad hoc measures to resolve urgent problems created by natural disasters may be taken under several regional operational programmes in Greece and an overall operational programme in Portugal, and under preventive measures indirectly related to natural disasters in the French overseas departments.

### 4.3 Conversion, diversification and adjustment of agricultural production capacity

This objective is achieved through specific measures under the various CSFs (vines, citrus fruit growing, olive growing, stockfarming), under the IMPs (tobacco, fruit and vegetables, cotton, vines, berries, nuts, stockfarming, etc.) and under horizontal Objective 5(a) measures (set-aside and extensificiation). Other measures are provided for in the context of operational programmes in certain CSFs (Spain, Greece, France, Portugal and Italy). The heading also includes irrigation operations which help farmers to convert to other enterprises. Several irrigation measures are being implemented under regional measures and the IMPs (Greece, France, Italy, Spain and Portugal) and others will be implemented under the operational programmes in certain regions.

To help diversify the income sources of farmers, the scheme of investment aid governed by Regulation No 797/85 now includes investment in tourist enterprises and crafts at farm level. However, beneficiaries must undertake to continue a minimum level of farming.

Regional aid is already available under the IMPs, mainly for farm tourism. Such measures, which are crucial for balanced rural development, will be included in the new operational programmes, principally in Italy, the French overseas departments, Ireland and Northern Ireland.

Horizontal structural measures (set-aside and extensification) are also being implemented with the aim of adjusting agricultural production. The basic aim of the set-aside scheme[1] is to limit the supply of products in surplus by reducing the area sown. Assessment of the first year of operation (see Table IV) must take account of the fact that certain Member States were late in adopting national implementing measures. The impact in terms of decreased production is estimated at 1 million tonnes of cereals compared with an average Community production figure of 163 million tonnes.

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1 Regulation (EEC) No 1094/88, OJ L 106, 27.4.1988
Regulation (EEC) No 1272/88, OJ L 121, 11.5.1988

The extensification scheme[1] was introduced late by all the Member States. In the course of 1989, six Member States notified draft national rules for its implementation, at least in experimental form.

## 4.4 Early retirement and the establishment of young farmers

Aid for early retirement is a horizontal measure, but when accompanied by farm restructuring must be integrated into the regional programmes for regions covered by Objectives 1 and 5(b). Two Member States covered by Objective 1 (Greece and Spain) intend to implement early retirement schemes with restructuring under the national operational programmes.

Incentives to young farmers include installation aid in the form of a grant and extra investment assistance. This is classed as a horizontal structural measure and is applied to varying extents in the Member States.

Establishing more young farmers in full-time farming is a major aim for the agricultural population which shows a marked trend towards ageing.

1 Regulation (EEC) No 4115/88, OJ L 361, 29.12.1988

## CHAPTER IV: IMPLEMENTATION

### 1: Practical implementing arrangements

#### 1.1 Financial provisions

The financial provisions laid down in Articles 19 to 24 of the coordinating Regulation constitute an important factor for the success of the reform of the structural Funds.

They are all the more essential because widespread use of the programme approach requires special vigilance as regards both continuity in the flow of finance and stricter monitoring arrangements which complement the decentralization of the management of Community assistance. The consequences of the reform were reflected in the financial implementing provisions approved by the Commission on 17 December 1989.

These were intended to clarify the following points:

- the system of commitments and payments;
- financial control procedures;
- use of the ecu;
- the reduction, suspension and cancellation of Community assistance and the recovery of sums wrongly paid;
- amendment procedures;
- procedures for terminating forms of assistance.

#### 1.1.1 The system of commitments and payments

In addition to the provisions in the Regulation, the Commission decided to spell out the system for the commitment of expenditure. In the first place, initial and subsequent budgetary commitments will be based on the indicative financing plan included in each decision approving an operational programme or other form of assistance. Except in the case of measures lasting for less than two years, funds are committed in annual instalments.

The first annual instalment is committed when the Commission adopts the decision approving the type of assistance. Subsequent commitments will be based on the level of expenditure and will generally be made when a Member State can certify to the Commission that at least 60% of the estimated total eligible cost relating to the previous commitment has been spent and that the assistance is being implemented in accordance with the decision.

#### 1.1.2 Strengthening monitoring arrangements

The Commission has taken all the necessary steps to ensure that financial control is as effective as possible.

Initially, as soon as consideration of measures begins, the Member States must state the authority responsible for ensuring compliance with Article 23 of the coordinating Regulation and describe the system for managing and monitoring the operational programmes.

Secondly, efforts are being made to improve monitoring methods. The greater decentralization to the Member States or intermediary bodies of the management of the structural Funds necessitates a general assessment of national control arrangements. The extent to which the Community's authorizing officer and financial control can meet their responsibilities depends on the quality and management of national monitoring. Care must therefore be taken that the quality of the relevant structures and systems will ensure the success of structural measures in the Member State. In line with this systems audit approach, certain analyses are in hand on the basis of information concerning systems and structures. These analyses will be pursued and stepped up, along with on-the-spot checks, in 1990.

Furthermore, in view of the importance which the Commission attaches to the problems of fraud and irregularities, it has been decided to introduce a code of conduct between the Commission and its partners. That code was approved and notified to the Member States in July 1990.

Finally, closer collaboration is being achieved with the national supervisory bodies. This collaboration is operational in eight Member States, gradually enabling joint monitoring to be effected.

1.1.3 Use of the ecu

Article 22 of the coordinating Regulation requires Commission decisions, commitments and payments to be denominated and carried out in ecus.

This provision is an important step forward in the use of the ecu in management of the Community budget although it is not intended to force the Member State to use the ecu in its own national budget.

In accordance with Article 22 a Regulation was approved by the Commission on 2 July 1990[1]. It states that decisions concerning grants must be taken in ecus at constant prices and allows Member States to choose whether to submit plans and applications for assistance and balances in ecus or in national currency.

Since the amounts of assistance must be expressed in ecus at constant prices there must be a mechanism for automatically adjusting them in line with annual changes in prices. Accordingly, each year the amounts laid down in the Community support frameworks and decisions on the granting of assistance will be adjusted for the remaining years of the financing plan in line with the Community GDP price index used each year to adjust the financial perspectives attached to the Interinstitutional Agreement on budgetary discipline.

1.2 Establishment of the monitoring committees

Article 25 of the coordinating Regulation requires the Commission and the Member State to ensure effective monitoring of the implementation of

1 OJ L 170, 3 July 1990

assistance from the Funds, at the level of the Community support framework as a whole and at that of specific operations (programmes, etc.).

For this purpose, the Commission has introduced a system of monitoring committees to work at those two levels.

The operating rules for the committees for all the CSF Objectives were laid down when the frameworks were drawn up and form one of the elements of each CSF. The Committees comprise representatives of the Commission, the European Investment Bank and the local, regional and national authorities of the Member State.

### 1.3 Implementation of the forms of assistance

In order to ensure the coherent implementation of projects and operational programmes part-financed by the structural Funds, some matters must be treated in a uniform manner in all the Member States.

Besides the financial aspects referred to above, these include:

- monitoring and assessment;
- information and publicity;
- compliance with Community policies.

Accordingly, the Commission prepared a series of standard clauses on matters, such as the financial arrangements, which will form an integral part of each decision to approve assistance.

## 2. Technical assistance

Under the Regulations, the Commission, acting in the context of partnership, may provide the Member States with all the technical assistance required to facilitate implementation of the reform. Technical assistance may be provided for a wide variety of very different measures at various stages of the programming process.

To facilitate the multiannual programming of structural assistance, during negotiation of the priorities to be included in the CSFs a budgetary allocation was set aside for financing any technical assistance which the authorities might need to ensure the implementation, monitoring and, where appropriate, assessment of the CSFs.

Provision has been made for a contribution of ECU 140 million from the structural Funds to be shared among all the Objective 1 CSFs

Given the very short time available for negotiation of the CSFs, it was agreed that a detailed working programme for the implementation of technical assistance would be negotiated between the Commission and the appropriate authorities in the Member State.

At operational level, the technical assistance measures are programmed within the various types of assistance.

A large number of the new programmes approved in 1989 include a "technical assistance" subprogramme of measures to accompany operations laid down in the programme (technical studies, organization of monitoring, collection of financial data, financial back-up, publicity measures, measures relating to compliance with Community policies).

These measures will be financed under Article 16 of the coordinating Regulation as far as technical assistance relating to joint use of the Funds is concerned and under Article 1(2)(b) of the ESF Regulation as far as Objectives 3 and 4 are concerned.

In addition to that Article the Regulations for each Fund also provide for a contribution to be made to technical assistance measures.

For Objectives 3 and 4, Article 1(2) of the ESF Regulation permits the Fund to contribute up to 5% of its annual budget towards measures such as technical assistance. Here finance is intended primarily to cover labour market analyses, the collection of statistics for preparation of a vocational training policy to meet the market needs of the Social Fund's target groups, analyses and studies to help national authorities prepare their plans and programmes, etc.

In the case of Objective 5 (b), Article 8 of the EAGGF Regulation permits the Fund to spend up to 1% of its annual budget on various measures, including technical assistance. Examples of priorities where recourse to technical assistance could be considered include studies, analyses, pilot projects, new ventures in economic sectors of importance for diversification and the development of rural areas and information for national, regional and local operators.

The Commission is convinced that partnership offers the best guarantee of the sound implementation of technical assistance. However, besides the measures taken in the partnership framework, it can undertake, on its own initiative, measures to meet needs other than these expressed in the CSFs or to respond more efficiently to the requirements of the reform. In addition to the various articles of Regulations already quoted, the Commission may finance such operations from Article 554 of the Community budget.

3. <u>Methodology for assessing the CSFs and programmes</u>

Article 6 of the framework Regulation states that, in order to gauge the effectiveness of Community structural operations, they are to be the subject of <u>ex-ante</u> and <u>ex-post</u> assessments to evaluate their impact with respect to the five priority objectives and analyse their effects on specific structural problems. Article 26 of the coordinating Regulation specifies the three levels at which effectiveness should be assessed: the overall impact on strengthening the economic and social cohesion of the Community, the impact of each Community support framework and the impact of individual operations.

Since assessment of the impact on the economic and social cohesion of the Community will not have real significance until a much more advanced stage of the reform of the Funds, the bulk of the Commission's work in 1989 concentrated on the CSFs, particularly those for the Objective 1 regions. During the year the preparation, negotiation and adoption of those CSFs accounted for the lion's share of the Commission's work.

Assessment operated on three parallel tracks. First of all internally, i.e. assessment by the Commission's departments of the operations submitted by the Member State. Secondly, externally, i.e. by an independent body evaluating the overall impact of the CSF on the socio-economic problems which it was intended to tackle. Finally, the Commission attempted to establish a generalised methodology of assessment. The three levels of assessment are detailed below.

In the first place, the Commission assessed the applications for action submitted by the Member States. This covered principally:

- conformity of the various structural measures proposed with the objectives and development strategies set out in the regional development plans and particularly with the priorities for action;

- compatibility of measures with the Community's objectives, particularly those of the other Community policies;

- cohesion and the synergetic effects of the various measures proposed.

This exercise culminated in the adoption of the Objective 1 CSFs. Subsequently, at the end of 1989 the Commission employed external consultants in each country concerned to assess the impact of the CSFs in the light of the objectives. The brief for all the consultants required :

- overall assessment of the ability of the CSF to remedy the socio-economic problems which it was drawn up to deal with;

- assessment of each priority to measure its impact on the economic and social development of the country and its contribution to the Community interest;

- establishment of a theoretical framework for ex-post assessment of the CSF;

- analysis of the content of the various forms of assistance proposed, highlighting the strong and weak points of each and the technical, economic, cultural or political constraints liable to affect its implementation.

More generally, the Commission departments are analysing methodologies in order to develop a procedure for the assessment of Community structural assistance.

They are at present looking at the practicability, reliability and performance of the techniques for calculating and/or forecasting impact at each of the three levels referred to. Assessment as such will involve measuring the extent to which the various objectives have been achieved and ex-post comparison with the corresponding forecasts. Systematic analysis of the reasons for divergences will permit the results of the assessment to be fed into the design of future Community policies.

## CHAPTER V - BUDGETARY IMPLEMENTATION IN 1989

In 1989, the first year of the reform, the budgetary nomenclature was simplified and the ERDF and Social Fund appropriations were each brought together in a single article. In the case of the EAGGF Guidance Section, the temporary retention of certain expenditure as compulsory led the Commission to propose in its preliminary draft budget for 1990 the maintenance of two Articles. However, the budgetary authority decided to split the Article classified as non-compulsory expenditure into one classified as "provisionally compulsory" and one as non-compulsory.
(Under the Commission's classification, ECU 248 million, or 17.6% of the EAGGF Guidance Section appropriations, was classified as compulsory).

### 1. Budgetary implementation in 1989 by objectives

For the first year of the reform, the remarks section of the general budget of the European Communities gave the following indicative breakdown by objective of the appropriations for the structural Funds as a whole.

The following table compares that breakdown with the outturn in 1989.

million ecus

| | Indicative breakdown in 1989 budget | 1989 outturn TOTAL | EAGGF Guidance Section | ERDF | ESF |
|---|---|---|---|---|---|
| Objective 1 | 5 800.0 | 6 137 | 862 | 3 630 | 1 645 |
| Objective 2 | 1 022.0 | 1 060 | -- | 758 | 302 |
| Objectives 3 & 4 | 1 250.0 | 1 332 | -- | -- | 1 332 |
| Objective 5(a) | 661.0 | 516 | 516 | -- | -- |
| Objective 5(b) | 264.0 | 232 | 27 | 115 | 90 |
| Transitional and innovative measures | 298.0 | 326 | 57 | 164 | 105 |
| Not defined | -- | 4 | -- | -- | 4 |
| TOTAL | 9 295.0 | 9 607 | 1 462 | 4 667 | 3 478 |

Growth in the appropriations for Objective 1 is to be linear from 1988 to 1990 and then at least equal to that of the appropriations for the structural Funds as a whole.[1]

In 1987 the appropriations for Objective 1 were estimated at ECU 3 931 million, or ECU 4 084 million at 1988 prices, which means thatappropriations for the Objective 1 regions may be estimated as follows (ECU million at 1988 prices):

1987 : 4 084
1988 : 4 900.8
1989 : 5 717.6
1990 : 6 534.4
1991 : 7 400
1992 : 8 168

1 Statement No X to the Council minutes adopting Regulation No 2052/88.

Accordingly, the amount which should have been allocated to the Objective 1 regions in 1989 was ECU 5 918 million (at 1989 prices) and the Commission undertook to compensate in subsequent years for the ECU 118 million difference between that amount and the indicative figure of ECU 5 800 million given in the remarks to the 1989 budget.

In the event, the outturn in 1989 was distinctly higher both than that shown in the 1989 budget and than the progress required to achieve a doubling of the Objective 1 appropriations.

The special stress laid on Objective 1, which has priority in the reform of the structural Funds, has prevented the other Objectives, particularly those concerned with agriculture, from achieving their indicative level. This shortfall should be made up in the years to come.

2. <u>Allocation of budgetary appropriations and implementation in 1989 by Fund</u>

The commitment appropriations available and their implementation were as follows:

(ECU million)

| | | EAGGF Guidance Section | ERDF | ESF | TOTAL |
|---|---|---|---|---|---|
| 1. | Appropriations entered in the budget | 1 413.0 | 4 494.0 | 3 387.0 | 9 295.0 |
| 2. | Existing appropriations and carryover | -- | -- | -- | -- |
| 3. | Appropriations made available again | 36.9 | 215.4 | 147.7 | 400.0 |
| 4. | Transfers | +15.0 | -- | -15.0 | -- |
| 5. | Total appropriations available | 1 464.9 | 4 710.4 | 3 519.7 | 9 695.0 |
| 6. | Implementation | 1 461.9 | 4 666.2 | 3 478.4 | 9 606.2 |
| 7. | Appropriations not used | 3.0 | 44.2 | 41.3 | 88.8 |

The appropriations made available again under Article 6(6) of the Financial Regulation are those released in 1988 from commitments made in 1987 and previous years. Strictly speaking, therefore, they do not form part of the doubling of the structural Funds between 1988 and 1993.

The ECU 89 million not used do, on the other hand, form part of that doubling and should, like any amounts released from commitments subsequent to 1 January 1988, be made available once again to the Funds. Accordingly, on 15 February 1990, the Commission decided, pursuant to the Financial Regulation:

(a) to carry over to 1989 a total of ECU 72.2 million for the structural Funds (ECU 2 million for the EAGGF Guidance Section, ECU 44.2 million for the ERDF and ECU 26 million for the Social Fund) (see COM(90) 317 of 15 February 1990);

(b) to include in the amount for which it requested a transfer to 1991 and 1992 under Articles 10 and 11 of the Interinstitutional Agreement ECU 15 million constituting the balance of the appropriations not used by the Social Fund in 1988 and not carried over to 1989.

The situation as regards payment appropriations is as follows:

(ECU million)

| | EAGGF Guidance Section | ERDF | ESF | TOTAL |
|---|---|---|---|---|
| 1. Payment appropriations available | 1 369.0 | 3 920.0 | 2 918.5 | 8 207.5 |
| 2. Implementation | 1 349.0 | 3 920.0 | 2 676.1 | 7 945.1 |
| 3. Appropriations not used | 20.0 | -- | 242.4 | 262.4 |

Commitments remaining to be settled totalled:

(ECU million)

| | 31 December 1988 | 31 December 1989 |
|---|---|---|
| EAGGF Guidance Section | 1 214.2 | 1 266.7 |
| ERDF | 6 878.4 | 7 529.7 |
| ESF | 2 059.8 | 2 261.6 |
| TOTAL | 10 152.4 | 11 057.3 |

This table shows changes in the amounts to be settled at the end of the year, that is the total of commitments from previous years and the current year which have still to be paid. The figures therefore show the totals for which each Fund is liable to the beneficiaries of aid and which will have to be settled in subsequent years.

# ANNUAL REPORT ON THE IMPLEMENTATION OF THE REFORM OF THE STRUCTURAL FUNDS

## ANNEXES

# LIST OF ANNEXES

## GLOSSARY

| | |
|---|---|
| C.I. | Community initiative |
| C.P. | Community Programme |
| CSF | Community support framework |
| EAGGF | European Agricultural Guidance and Guarantee Fund |
| ECSC | European Coal and Steel Community |
| ECU | European Currency Unit |
| EIB | European Investment Bank |
| ENVIREG | Commission initiative in the field of the environment (C.I.) |
| ESF | European Social Fund |
| ERDF | European Regional Development Fund |
| EUROFORM | Initiative for the development of new skills and new employment opportunities (C.I.) |
| FOD | French overseas departments |
| GDP | Gross domestic product |
| HORIZON | Community initiative for handicapped persons and certain other disadvantaged groups |
| IDO | Integrated Development Operation |
| IMP | Integrated Mediterranean Programme |
| INTERREG | Community initiative for border areas (C.I.) |
| LEADER | Links between activities for the development of the rural economy (C.I.) |
| NOW | Community initiative to promote equal opportunities for women in the field of employment and vocational training (C.I.) |
| NPCI | National Programme of Community Interest |
| NUTS | Nomenclature of Territorial Statistical Units |
| N.Q. | Non-Quota Community programmes (C.P.) |
| OP | Operational programme |
| PDB | Preliminary draft budget |
| PEDAP | Specific programme for the development of Portuguese agriculture |

| | |
|---|---|
| PEDIP | Specific programme for the development of Portuguese industry |
| POP | Plurifonds operational Programme |
| PRISMA | Preparation of firms for the Single Market (C.I.) |
| RDP | Regional development plan |
| RECHAR | Community initiative for the economic conversion of coalmining areas (C.I.) |
| REGEN | Community initiative concerning energy supply networks (C.I.) |
| REGIS | Community initiative for the remoter regions (C.I.) |
| RENAVAL | Conversion of shipbuilding areas (C.P.) |
| RESIDER | Conversion of steel areas (C.P.) |
| RTD | Research and technological development |
| SMEs | Small and medium-sized enterprises |
| STAR | Community programme : Special Telecommunications Action for Regional Development (C.P./C.I.) |
| STRIDE | Community initiative : Science and Technology for Regional Innovation and Development in Europe |
| TELEMATIQUE | To promote the use of advanced telecommunications services in regions whose development is lagging behind, including improved access to advanced services located elsewhere in the E.C. (C.I.) |
| VALOREN | Community programme for exploiting endogenous energy potential (C.P.) |

**CSF annual appropriations by fund and by objective** *Mecu, 1989 prices*

| | Total | 1989 | 1990 | 1991 | 1992 | 1993 |
|---|---|---|---|---|---|---|
| Total | 45,241 | 6,330 | 9,253 | 10,148 | 10,021 | 9,490 |
| Obj 1 (1989-93) | 36,200 | 5,853 | 6,560 | 7,217 | 7,868 | 8,702 |
| FEDER/ERDF | 20,960 | 3,392 | 3,685 | 4,196 | 4,623 | 5,064 |
| FSE/ESF | 9,813 | 1,662 | 1,776 | 1,916 | 2,071 | 2,388 |
| FEOGA/EAGGF | 5,427 | 799 | 1,099 | 1,105 | 1,174 | 1,250 |
| Obj 2 (1989-91) (1) | 2,306 | 263 | 1,017 | 1,026 | - | - |
| FEDER/ERDF | 1,691 | 262 | 722 | 706 | - | - |
| FSE/ESF | 615 | 0 | 295 | 320 | - | - |
| Obj 3/4 (1990-92) | 4,128 | - | 1,332 | 1,364 | 1,432 | - |
| FSE/ESF | 4,128 | - | 1,332 | 1,364 | 1,432 | - |
| Obj 5b (1989-93) | 2,607 | 214 | 343 | 541 | 721 | 788 |
| FEDER/ERDF | 1,103 | 108 | 231 | 237 | 254 | 273 |
| FSE/ESF | 436 | 80 | 39 | 82 | 112 | 124 |
| FEOGA/EAGGF | 1,068 | 25 | 74 | 222 | 355 | 392 |

*Notes :*

*(1) For Objective 2, the annual breakdown of CSFs takes into account only new measures.*
*The difference between 2306.2 Mecu and the objective 2 financial envelope of 3,900 Mecu is due to:*

- *mentioned in the CSF :* *275.3 Mecu for Community Programmes*
  *968.6 Mecu for ongoing actions.*
  *(including the ESF '89 allocation for Spain)*

- *not mentioned in the CSF :* *238.6 Mecu 1989 ESF ('89 ESF allocation for Spain not included)*
  *111.4 Mecu for Community Programmes not yet approved*

**Indicative breakdown of allocations by fund and by objective (1989-93)** *Mecu, 1989 prices*

| | Total | ERDF | ESF | EAGGF |
|---|---|---|---|---|
| Total | 60,315 | | | |
| Objective 1 | 38,300 | | | |
| CSF 89-93 | 36,200 | 20,960 | 9,813 | 5,427 |
| Community Initiatives (1) | 2,100 | | | |
| Objective 2 | 7,205 | | | |
| CSF 89-91 | 3,900 | 2,917 | 983 | |
| CSF 92-93 | 2,805 | | | |
| Community Initiatives (1) | 500 | | | |
| Objectives 3 & 4 | 7,450 | | | |
| Alloc 1989 | 1,353 | | | |
| CSF 90-92 | 4,128 | | 4,128 | |
| CSF 93 | 1,752 | | | |
| Community Initiatives (1) | 217 | | | |
| Objective 5a | 3415 | | | 3,415 |
| Community Initiatives (1) | | | | |
| Objective 5b | 2,795 | | | |
| CSF 89-93 | 2,607 | 1,103 | 436 | 1,068 |
| Community Initiatives (1) | 188 | | | |
| Transitional & Innov. Activities | 1,150 | | | |

*Approved Community Initiatives, Mecu :*

| | |
|---|---|
| RECHAR | 300 |
| ENVIREG | 500 |
| STRIDE | 400 |
| INTERREG | 700 |
| REGIS | 200 |
| Integrating Basic Infrastructures: | |
| - REGEN | 300 |
| - TELEMATIQUE : extension of STAR | 200 |
| - PRISMA : internal market and SME | 100 |
| - INTERREG : increase of financial envelope | 100 |
| - EUROFORM, NOW, HORIZON : human res. strengthening | 600 |
| - LEADER : integration of rural areas | 400 |
| **Total (1)** | **3,800** |

(1) The total of Community Initiatives is not yet distributed by objective. The Community Initiatives mentioned in the table correspond to the period covered by the approved CSFs.

**Interventions for Objective 1 (1989-93)** *Mecu, 1989 prices*

| | CSF Financial Allocation (1) | | | | | | Others (2) |
|---|---|---|---|---|---|---|---|
| | Total | 1989 | 1990 | 1991 | 1992 | 1993 | |
| **EUR 12** | 36,200 | 5,853 | 6,560 | 7,217 | 7,868 | 8,702 | 1,084 |
| FEDER/ERDF | **20,960** | 3,392 | 3,685 | 4,196 | 4,623 | 5,064 | |
| FSE/ESF | **9,813** | 1,662 | 1,776 | 1,916 | 2,071 | 2,388 | |
| FEOGA/EAGGF | **5,427** | 799 | 1,099 | 1,105 | 1,174 | 1,250 | |
| **Ellas** | 6,667 | 1,163 | 1,220 | 1,327 | 1,419 | 1,538 | 526 |
| FEDER/ERDF | **3,662** | 648 | 600 | 726 | 792 | 896 | |
| FSE/ESF | **1,728** | 290 | 330 | 339 | 364 | 405 | |
| FEOGA/EAGGF | **1,277** | 225 | 290 | 262 | 263 | 237 | |
| **Espana** | 9,779 | 1,603 | 1,719 | 1,914 | 2,147 | 2,396 | 0 |
| FEDER/ERDF | **6,199** | 1,102 | 1,090 | 1,213 | 1,361 | 1,433 | |
| FSE/ESF | **2,348** | 386 | 394 | 431 | 486 | 651 | |
| FEOGA/EAGGF | **1,232** | 115 | 235 | 270 | 300 | 312 | |
| **France** | 888 | 150 | 164 | 177 | 187 | 210 | 8 |
| FEDER/ERDF | **406** | 62 | 78 | 85 | 85 | 96 | |
| FSE/ESF | **322** | 64 | 54 | 59 | 69 | 76 | |
| FEOGA/EAGGF | **160** | 24 | 32 | 33 | 33 | 38 | |
| **Ireland** | 3,672 | 616 | 665 | 723 | 784 | 884 | 0 |
| FEDER/ERDF | **1,646** | 273 | 280 | 314 | 354 | 425 | |
| FSE/ESF | **1,372** | 235 | 265 | 283 | 290 | 299 | |
| FEOGA/EAGGF | **654** | 108 | 120 | 126 | 140 | 160 | |
| **Italia** | 7,443 | 1,106 | 1,390 | 1,541 | 1,632 | 1,774 | 140 |
| FEDER/ERDF | **4,942** | 697 | 924 | 1,036 | 1,101 | 1,184 | |
| FSE/ESF | **1,700** | 280 | 316 | 343 | 360 | 401 | |
| FEOGA/EAGGF | **801** | 129 | 150 | 162 | 171 | 189 | |
| **Portugal** | 6,958 | 1,059 | 1,242 | 1,378 | 1,539 | 1,740 | 410 |
| FEDER/ERDF | **3,757** | 545 | 641 | 753 | 859 | 959 | |
| FSE/ESF | **2,028** | 339 | 356 | 400 | 440 | 493 | |
| FEOGA/EAGGF | **1,173** | 175 | 245 | 225 | 240 | 288 | |
| **United Kingdom** | 793 | 156 | 160 | 157 | 160 | 160 | 0 |
| FEDER/ERDF | **348** | 65 | 72 | 69 | 71 | 71 | |
| FSE/ESF | **315** | 68 | 61 | 61 | 62 | 63 | |
| FEOGA/EAGGF | **130** | 23 | 27 | 27 | 27 | 26 | |

Notes:

(1) The 'financial allocation' includes new measures, ongoing measures, and the part of Community Programmes running from 1989.

(2) 'Others' includes other grant instruments such as additional budget for IMPs lines, PEDIP, and technical assistance.

**Interventions for Objective 2 (1989-91)** *Mecu, 1989 prices*

| | (1) Allocation | CSF Financial Allocation | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Total | New measures | | | | Ongoing (2) | ESF '89 |
| | | | Total | 1989 | 1990 | 1991 | | |
| **EUR 12** | 3,900.0 | 3,788.6 | 2,306.2 | 262.8 | 1,017.3 | 1,026.0 | 1,243.8 | 238.6 |
| FEDER/ERDF | 2,916.7 | 3,043.4 | 1,691.1 | 262.4 | 722.4 | 706.3 | 1,113.7 | 0.0 |
| FSE/ESF | 983.3 | 745.2 | 615.1 | 0.4 | 294.9 | 319.7 | 130.1 | 238.6 |
| **Belgique/Belgie** | 195.0 | 195.0 | 78.8 | 0.7 | 38.8 | 39.2 | 100.2 | 16.0 |
| FEDER/ERDF | 145.0 | 161.0 | 67.8 | 0.7 | 33.5 | 33.5 | 77.2 | - |
| FSE/ESF | 50.0 | 34.0 | 11.0 | - | 5.3 | 5.7 | 23.0 | 16.0 |
| **Danmark** | 30.0 | 21.3 | 17.3 | 0.8 | 9.5 | 7.0 | 12.5 | 0.2 |
| FEDER/ERDF | 22.4 | 13.9 | 10.1 | 0.5 | 5.5 | 4.1 | 12.3 | - |
| FSE/ESF | 7.6 | 7.4 | 7.2 | 0.3 | 4.0 | 2.9 | 0.2 | 0.2 |
| **BR Deutschland** | 355.0 | 356.0 | 263.1 | 41.8 | 110.5 | 110.8 | 71.9 | 21.0 |
| FEDER/ERDF | 249.4 | 271.4 | 178.5 | 41.8 | 71.6 | 65.1 | 71.9 | - |
| FSE/ESF | 105.6 | 84.6 | 84.6 | - | 38.9 | 45.7 | - | 21.0 |
| **Espana** | 735.0 | 694.4 | 531.6 | 20.6 | 247.3 | 263.7 | 191.8 | (29.0) |
| FEDER/ERDF | 576.0 | 535.4 | 401.6 | 20.6 | 188.8 | 192.2 | 162.8 | - |
| FSE/ESF | 159.0 | 159.0 | 130.0 | - | 58.5 | 71.5 | 29.0 | (29.0) |
| **France** | 700.0 | 677.8 | 439.6 | 64.7 | 181.5 | 193.3 | 166.7 | 71.5 |
| FEDER/ERDF | 514.5 | 563.3 | 334.6 | 64.6 | 130.1 | 139.9 | 157.2 | - |
| FSE/ESF | 185.5 | 114.5 | 105.0 | 0.1 | 51.4 | 53.4 | 9.5 | 71.5 |
| **Italia** | 265.0 | 247.0 | 209.0 | 0.0 | 103.9 | 105.1 | 12.0 | 26.0 |
| FEDER/ERDF | 179.0 | 187.0 | 149.0 | - | 74.0 | 75.1 | 12.0 | - |
| FSE/ESF | 86.0 | 60.0 | 60.0 | - | 30.0 | 30.0 | - | 26.0 |
| **Luxembourg** | 15.0 | 15.0 | 4.1 | 0.0 | 2.0 | 2.0 | 10.9 | 0.0 |
| FEDER/ERDF | 15.0 | 15.0 | 4.1 | - | 2.0 | 2.0 | 10.9 | - |
| FSE/ESF | - | 0.0 | 0.0 | - | - | - | - | 0.0 |
| **Nederlands** | 95.0 | 88.0 | 55.8 | 0.6 | 26.9 | 28.3 | 21.3 | 10.9 |
| FEDER/ERDF | 56.8 | 60.7 | 28.5 | 0.6 | 13.8 | 14.0 | 21.3 | - |
| FSE/ESF | 38.2 | 27.3 | 27.3 | 0.0 | 13.1 | 14.2 | - | 10.9 |
| **United Kingdom** | 1,510.0 | 1,456.5 | 707.0 | 133.6 | 296.8 | 276.6 | 656.5 | 93.0 |
| FEDER/ERDF | 1,158.6 | 1,198.1 | 517.0 | 133.6 | 203.1 | 180.4 | 588.1 | - |
| FSE/ESF | 351.4 | 258.4 | 190.0 | - | 93.7 | 96.2 | 68.4 | 93.0 |

Notes :

1: The difference between the 'Allocation' and the 'Total' of 'CSF Financial Allocation' is due to the 238.6 Mecu from FSE 1989 (the 29 Mecu allocation for Spain is included in the ongoing measures), and 111.4 Mecu from Community Programmes not yet approved. (Resider and RENAVAL).

2: The ongoing measures include the IMPs NPCIs and IDOs, the part of the Community Programmes running from 1989 and the 1989 ESF allocation for Spain.

**Interventions for Objectives 3 & 4 (1990-92)** *Mecu, 1989 prices*

*All funding from ESF*

| | CSF Financial Allocation | | | | 1989 alloc's (1) |
|---|---|---|---|---|---|
| | Total | 1990 | 1991 | 1992 | |
| **EUR 12** | **4,128.0** | 1,332.4 | 1,363.9 | 1,431.7 | 1353.0 |
| Obj. 3 | 1,705.0 | 532.2 | 571.4 | 601.4 | |
| Obj. 4 | 2,288.3 | 755.6 | 748.6 | 784.1 | |
| Art. 1(2) | 134.8 | 44.6 | 43.9 | 46.2 | |
| **Belgique/Belgie** | **174.0** | *49.7* | *58.0* | *66.3* | 25.0 |
| Obj. 3 | 87.3 | 24.9 | 29.1 | 33.3 | |
| Obj. 4 | 79.3 | 22.7 | 26.4 | 30.2 | |
| Art. 1(2) | 7.4 | *2.1* | *2.5* | *2.8* | |
| **BR Deutschland** | **573.0** | 171.3 | 198.3 | 203.4 | 137.0 |
| Obj. 3 | 271.8 | 77.9 | 98.2 | 95.7 | |
| Obj. 4 | 296.1 | 91.9 | 98.4 | 105.8 | |
| Art. 1(2) | 5.1 | 1.5 | 1.7 | 1.9 | |
| **Danmark** | **99.0** | 34.7 | 32.7 | 31.6 | 26.0 |
| Obj. 3 | 46.0 | 16.0 | 15.0 | 15.0 | |
| Obj. 4 | 49.0 | 16.7 | 16.7 | 15.6 | |
| Art. 1(2) | 4.0 | 2.0 | 1.0 | 1.0 | |
| **Espana** | **563.0** | 203.0 | *168.2* | *191.8* | 173.0 |
| Obj. 3 | 169.4 | 61.1 | *50.6* | *57.7* | |
| Obj. 4 | 388.1 | 139.9 | *115.9* | *132.2* | |
| Art. 1(2) | 5.6 | 2.0 | *1.7* | *1.9* | |
| **France** | **872.0** | 290.7 | 290.7 | 290.6 | 241.0 |
| Obj. 3 | 399.3 | 133.1 | 133.1 | 133.1 | |
| Obj. 4 | 437.8 | 145.9 | 145.9 | 145.9 | |
| Art. 1(2) | 34.9 | 11.6 | 11.6 | 11.6 | |
| **Italia** | **585.0** | *167.1* | *195.0* | *222.9* | 226.0 |
| Obj. 3 | 92.0 | 26.3 | 30.6 | 35.1 | |
| Obj. 4 | 466.0 | 133.3 | 155.2 | 177.5 | |
| Art. 1(2) | 27.0 | *7.6* | *9.2* | *10.3* | |
| **Luxembourg** | **7.0** | 2.0 | 2.3 | 2.7 | 2.0 |
| Obj. 3 | 1.8 | 0.5 | 0.6 | 0.7 | |
| Obj. 4 | 5.2 | 1.5 | 1.7 | 2.0 | |
| Art. 1(2) | 0.0 | | | | |
| **Nederland** | **230.0** | *65.9* | *76.7* | *87.5* | 69.0 |
| Obj. 3 | 123.5 | 35.4 | 41.2 | 47.0 | |
| Obj. 4 | 96.8 | 27.7 | 32.3 | 36.8 | |
| Art. 1(2) | 9.7 | *2.8* | *3.2* | *3.7* | |
| **United Kingdom** | **1,025.0** | 348.0 | 342.0 | 335.0 | 454.0 |
| Obj. 3 | 514.0 | 157.0 | 173.0 | 184.0 | |
| Obj. 4 | 470.0 | 176.0 | 156.0 | 138.0 | |
| Art. 1(2) | 41.0 | 15.0 | 13.0 | 13.0 | |

- Figures in italics indicate that the annual breakdown of art. 1(2) is based on estimates by DG V.
- The financial allocation includes new measures.

1: The 1989 allocation appears separately as Objective 3 & 4 CSFs start in 1990.

**Interventions for Objective 5b (1989-93)** *Mecu, 1989 prices*

| | CSF Financial Allocation | | | | | |
|---|---|---|---|---|---|---|
| | Total | 1989 | 1990 | 1991 | 1992 | 1993 |
| **EUR 12** | **2,607.0** | **213.8** | **343.3** | **540.7** | **721.0** | **788.1** |
| FEDER/ERDF | **1,103.0** | **108.4** | **231.0** | **237.2** | **253.9** | **272.5** |
| FSE/ESF | **435.9** | **80.0** | **38.7** | **81.6** | **111.8** | **123.8** |
| FEOGA/EAGGF | **1,068.1** | **25.4** | **73.7** | **221.9** | **355.3** | **391.9** |
| **Belgique/Belgie** | **32.5** | **4.0** | **1.6** | **6.5** | **10.3** | **10.1** |
| FEDER/ERDF | 11.3 | - | 0.5 | 2.3 | 3.9 | 4.6 |
| FSE/ESF | 9.7 | 3.0 | 0.3 | 1.3 | 2.3 | 2.7 |
| FEOGA/EAGGF | 11.5 | 1.0 | 0.8 | 2.9 | 4.0 | 2.8 |
| **Danmark** | **23.0** | **1.6** | **3.6** | **4.3** | **6.4** | **7.1** |
| FEDER/ERDF | 12.2 | 0.6 | 3.2 | 2.3 | 3.0 | 3.1 |
| FSE/ESF | 6.3 | 1.0 | 0.4 | 1.0 | 2.0 | 1.9 |
| FEOGA/EAGGF | 4.5 | - | - | 1.0 | 1.4 | 2.1 |
| **BR Deutschland** | **525.0** | **36.9** | **45.2** | **109.8** | **150.7** | **182.4** |
| FEDER/ERDF | 235.5 | 20.9 | 38.4 | 53.9 | 55.1 | 67.2 |
| FSE/ESF | 95.1 | 16.0 | 2.2 | 16.7 | 28.0 | 32.2 |
| FEOGA/EAGGF | 194.4 | - | 4.6 | 39.3 | 67.6 | 83.0 |
| **Espana** | **285.0** | **16.5** | **27.7** | **55.4** | **88.1** | **97.4** |
| FEDER/ERDF | 61.1 | 2.6 | 6.7 | 11.0 | 18.5 | 22.3 |
| FSE/ESF | 39.0 | 9.0 | 0.9 | 6.0 | 10.5 | 12.6 |
| FEOGA/EAGGF | 184.9 | 4.9 | 20.1 | 38.4 | 59.1 | 62.5 |
| **France** | **960.0** | **73.2** | **129.1** | **189.8** | **278.5** | **289.4** |
| FEDER/ERDF | 335.0 | 41.3 | 76.9 | 61.2 | 78.3 | 77.3 |
| FSE/ESF | 176.0 | 23.0 | 23.4 | 35.4 | 45.4 | 48.8 |
| FEOGA/EAGGF | 449.0 | 9.0 | 28.8 | 93.2 | 154.7 | 163.3 |
| **Italia** | **385.0** | **21.5** | **24.0** | **75.9** | **120.8** | **142.9** |
| FEDER/ERDF | 145.4 | 3.7 | 8.7 | 28.0 | 47.0 | 58.0 |
| FSE/ESF | 54.7 | 8.0 | 2.2 | 10.6 | 16.0 | 17.9 |
| FEOGA/EAGGF | 184.9 | 9.7 | 13.2 | 37.2 | 57.8 | 67.0 |
| **Luxembourg** | **2.5** | **-** | **0.3** | **0.5** | **0.8** | **0.9** |
| FEDER/ERDF | 0.9 | - | 0.1 | 0.1 | 0.3 | 0.3 |
| FSE/ESF | 0.2 | - | 0.0 | 0.1 | 0.1 | 0.1 |
| FEOGA/EAGGF | 1.4 | - | 0.2 | 0.3 | 0.4 | 0.5 |
| **Nederland** | **44.0** | **4.4** | **5.4** | **10.4** | **13.8** | **10.0** |
| FEDER/ERDF | 24.9 | 3.4 | 4.7 | 5.9 | 7.5 | 3.4 |
| FSE/ESF | 6.6 | 1.0 | 0.2 | 1.4 | 2.0 | 2.0 |
| FEOGA/EAGGF | 12.5 | - | 0.5 | 3.1 | 4.3 | 4.6 |
| **United Kingdom** | **350.0** | **55.8** | **106.5** | **88.0** | **51.6** | **48.1** |
| FEDER/ERDF | 276.8 | 36.0 | 91.7 | 72.4 | 40.2 | 36.5 |
| FSE/ESF | 48.3 | 19.0 | 9.2 | 9.2 | 5.5 | 5.5 |
| FEOGA/EAGGF | 24.9 | 0.8 | 5.6 | 6.5 | 5.9 | 6.1 |

*Notes :*

- *The financial allocation comprises new measures, ongoing measures, and Community Programmes*

ANNEX N°I-7
(Chapter 1)

## REGIONS ELIGIBLE UNDER OBJECTIVE 1

### Spain

Andalusia
Asturias
Castile-Leon
Castile-La Mancha
Ceuta y Melilla
Valencia
Extremadura
Galicia
Canary Islands
Murcia

### Italy

Abruzzi
Basilicata
Calabria
Campania
Molise
Apulia
Sardinia
Sicily

### France

French Overseas Departments (FOD)
Corsica

### Greece

The whole country

### Ireland

The whole country

### Portugal

The whole country

### United Kingdom

Northern Ireland

ANNEX N° I-8
(Chapter 1)

## REGIONS ELIGIBLE UNDER OBJECTIVE 2

### Germany

Peine-Saltzgitter
Emden
Bremen
North Rhine Westphalia
Rheinhessen-Pfalz
Saarland
Berlin

### France

Picardie
Champagne-Ardennes
Haute-Normandie
Basse-Normandie
Bourgogne
Nord-Pas-de-Calais
Lorraine
Franche-Comté
Pays de la Loire
Bretagne
Poitou-Charentes
Aquitaine
Midi-Pyrénées
Rhône-Alpes
Auvergne
Languedoc-Roussillon
Provence-Alpes-Côte d'Azur

### Italy

Piedmont
Valle d'Aosta
Liguria
Lombardy
Veneto
Tuscany
Umbria
Marche
Lazio

### Netherlands

Groningen/Drenthe
Twente
Limburg

### Belgium

Turnhout
Hainaut
Liège prov.
Limburg
Luxembourg

### Luxembourg

Luxembourg

### United Kingdom

North East
East
Midlands
North West
West Cumbria
North Wales
South Wales
West Scotland
East Scotland

### Denmark

Storstrom-Vestlolland
Nordjyllands amt

### Spain

Cantabria
Basque Country
Navarra
Rioja
Aragon
Madrid
Catalonia

ANNEX N° I-9
(Chapter 1)

## REGIONS ELIGIBLE UNDER OBJECTIVE 5b (1)

**Germany**

Bavaria
Baden-Wurttemberg
Hessen
Lower Saxony
North Rhine Westphalia
Rhineland-Palatinate
Saarland
Schleswig-Holstein

**Belgium**

Wallonia
Hageland

**Denmark**

Islands

**Spain**

Aragon
Balearics
Cantabria

**Spain** (cont.)

Catalonia
Madrid
Navarra
La Rioja
Basque country

**France**

Alsace
Aquitaine
Auvergne
Bourgogne
Bretagne
Centre
Champagne-Ardennes
Franche-Comté
Languedoc-Roussillon
Limousin
Lorraine
Midi-Pyrénées
Basse-Normandie
Pays de Loire
Poitou-Charentes

**France** (cont.)

Provence-Alpes-Côte d'Azur
Rhône-Alpes

**Italy**

Bolzano
Lazio
Marche
Piedmont
Toscany
Trento
Umbria
Veneto

**Luxemburg**

Luxemburg (7 districts)

**Netherlands**

Friesland

**United Kingdom**

Highlands and Islands of Scotland
Devon and Cornwall
Mid-Wales
Dumfries and Galloway

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(1) A detailed list of rural areas within these regions was published in OJ n° L 198, 12.07.1989.

ANNEX N° II-1
(Chapter 1)

## UTILIZATIONS IN 1988

A. Commitment appropriations

(in million Ecu)

| | EAGGF-Guidance | ERDF | ESF | TOTAL |
|---|---|---|---|---|
| 1. Appropriations in budget | 1 130,7 | 3 684,0 | 2 865,6 | 7 680,3 |
| 2. Remaining and carry-over appropriations | 59,0 | 3,3 | - | 62,3 |
| 3. Commitments released/revalued in 1988 accounts | 2,8 | 150,6 | 33,6 | 187,0 |
| 4. Transfers | 10,0 | - | - | 10,0 |
| 5. Total available approps | 1 202,5 | 3 837,9 | 2 899,2 | 7 939,6 |
| 6. Utilization | 1 179,7 | 3 827,1 | 2 870,6 | 7 877,4 |
| 7. Appropriations not used | 22,8 | 10,8 | 28,6 | 62,2 |

Utilization of commitment appropriations was better than 99 % for all Funds and for the ERDF and EDF taken separately. The 62 million ECU not used were not carried over and therefore lapsed. Since these were appropriations belonging to the multiannual programme to double the size of the structural Funds, they may be transferred to a later budget year under Article 11 of the Interinstitutional Agreement.

B. Payment appropriations

(in million Ecu)

| | EAGGF Guidance | ERDF | ESF | TOTAL |
|---|---|---|---|---|
| 1. Payment appropriations available | 1 154,8 | 3 096,2 | 2 632,4 | 6 882,4 |
| 2. Utilization | 1 142,3 | 3 092,8 | 2 298,8 | 6 533,9 |
| 3. Appropriations not used | 12,5 | 2,4 | 333,6 | 348,5 |

The under-utilization of ESF payment appropriations is mainly due to high estimates of the amount of support needed in applications covering remaining balances and the lateness of some of these applications. This is the result of the old ESF management procedures; overestimates should be reduced considerably once the new operating rules for the structural Funds are applied to the ESF from 1990.

ANNEX N° II-2
(Chapter 1)

C. Commitment appropriations still to be utilized

(in million Ecu)

| | 31.12.87 | 31.12.88 |
|---|---|---|
| EAGGF Guidance | 1 232,2 | 1 214,2 |
| ERDF | 6 682,6 | 6 878,4 |
| ESF | 2 137,7 | 2 059,8 |
| TOTAL | 10 052,5 | 10 152,4 |

It should be noted that all ERDF and ESF appropriations were classed as non-compulsory expenditure, whereas 846,7 million ECU of EAGGF (Guidance) appropriations (74,9 % of the EAGGF total) were classed as non-compulsory expenditure.

ANNEX N° III-1
(Chapter 1)

AGREEMENT BETWEEN COMMISSION AND EIB
INFRASTUCTURE INVESTMENT
MAXIMUM RATES OF COMMUNITY SUPPORT (IN PER CENT OF TOTAL COST)

| Type of investment | Objective 1 regions | | | Other regions |
|---|---|---|---|---|
| | Priorities GR, IRL, P | I, E | Other | |
| With substantial return (1) | 45 | 35 | 35-45 | 25 |
| With limited or no direct return (2) | 75 | 75 | 75 | 50 |

- Investments with substantial return are : telecommunications infrastructure, energy infrastructure, infrastructure for additional capacity in transport between urban centres where this is of national or Community interest, including related investment in productivity.

- Investments with limited return are : water-supply infrastructure, infrastructure in transport within or between urban centres which are of regional interest, and industrial estates.

- Investments with no direct return are : infrastructure in education, social services, health care, cultural services, sport, and leisure amenities, infrastructure to protect the environment (non-toll roads, etc.).

(1) In exceptional cases, the rates indicated may be increased by 10 percentage points (5 percentage points in regions other than objective 1 areas) to take account of the inability of certain projects to generate a normal rate of return.
(2) In the case of investment with no direct return, provision is made for a minimum rate of support of 50 % of public expenditure in objective 1 regions (25 % in other regions).

ANNEX N°III-2
(Chapter 1)

## COMMUNITY LOANS ENVISAGED IN THE CSFs AND RELATED OPERATIONAL PROGRAMMES
(approved by the Commission until 31.12.1989)

(1989 prices in Mecus)

| PROJECTS | C S F | | | | OPERATIONAL PROGRAMMES AND LARGE PROJECTS | | | |
|---|---|---|---|---|---|---|---|---|
| | TOTAL ESTIMATED COST | LOANS FORESEEN | LOANS AS % OF TEC | GRANTS AS % OF TEC | TOTAL COST SUBMITTED TCS | LOANS FORESEEN | LOANS AS % OF TCS | GRANTS AS % OF TCS |
| **BELGIUM** | | | | | | | | |
| TOTAL OBJ. 1 (1) | - | - | - | - | - | - | - | - |
| TOTAL OBJ. 2 (2) | 421,81 | p.m. | p.m. | 35 | - | - | - | - |
| TOTAL OBJ. 5b | 96,93 | p.m. | p.m. | 37 | - | - | - | - |
| GERMANY | | | | | | | | |
| TOTAL OBJ. 1 (1) | - | - | - | - | - | - | - | - |
| TOTAL OBJ. 2 (2) | 760,2 | p.m. | p.m. | - | 521,5 | p.m. | p.m. | 44 |
| TOTAL OBJ. 5b | 1.625,747 | p.m. | p.m. | - | - | - | - | - |
| NETHERLANDS | | | | | | | | |
| TOTAL OBJ. 1 (1) | - | - | - | - | - | - | - | |
| TOTAL OBJ. 2 (2) | 382,82 | p.m. | p.m. | - | - | - | - | - |
| TOTAL OBJ. 5b | 69,9 | p.m. | p.m. | 26 | - | - | - | - |
| LUXEMBURG | | | | | | | | |
| TOTAL OBJ. 1 (1) | - | - | - | - | - | - | - | - |
| TOTAL OBJ. 2 (2) | 150 | p.m. | p.m. | 10 | - | - | - | - |
| TOTAL OBJ. 5b | 11,152 | p.m. | p.m. | 22 | - | - | - | - |
| DENMARK | | | | | | | | |
| TOTAL OBJ. 1 (1) | - | - | - | - | - | - | - | - |
| TOTAL OBJ. 2 (2) | 105 | p.m. | p.m. | 35 | - | - | - | - |
| TOTAL OBJ. 5b | 134,2 | p.m. | p.m. | 34 | - | - | - | - |
| IRELAND | | | | | | | | |
| TOTAL OBJ. 1 (1) | 5.411,58 | 500 | 9 | 51 | 3.627,8 | - | - | 31 |
| .Telecommunicat. | 45,70 | p.m. | p.m. | 55 | | | | |
| .Transport Infra- structure | 1.060,80 | p.m. | p.m. | 65 | | | | |
| .Others (Indu- stry, Tourism) | 4.305,08 | p.m. | p.m. | 35 | 3.627,8 | - | - | 31 |
| TOTAL OBJ. 2 (2) | - | - | - | - | - | - | - | |
| TOTAL OBJ. 5b | - | - | - | - | - | - | - | |
| GREECE | | | | | | | | |
| TOTAL OBJ. 1 (1) | 9.651,83 | 1.401,8 | 15 | 45 | 403,23 | - | - | 38 |
| National Plan | | | | | | | | |
| .Telecommunicat. | 750,05 | 65 | 11 | 49 | - | - | - | |
| .Energy | 1.466,6 | 576 | 39 | 35 | 403,25 | - | - | 38 |
| .Transport infra- structure | 675,3 | 206 | 30 | 52 | | | | |
| .Others | 1.914,88 | 554,8 | 29 | 34 | - | - | - | - |
| Regional Plan | 4.845 | p.m. | p.m. | 58 | | | | |
| TOTAL OBJ. 2 (2) | - | - | - | - | - | - | - | |
| TOTAL OBJ. 5b | - | - | - | - | - | - | - | |

(1) The total estimated cost for Objective 1 relates to projects for which Community loans could be envisaged.
(2) The total estimated cost for Objective 2 & 5b relates to the entirety of projects under all priorities of the CSF.

ANNEX III-3
(Chapter 1)

COMMUNITY LOANS ENVISAGED IN THE CSFs AND RELATED OPERATIONAL PROGRAMMES
(approved by the Commission until 31.12.1989)

(1989 prices in Mecus)

| PROJECTS | C S F | | | | OPERATIONAL PROGRAMMES AND LARGE PROJECTS | | | |
|---|---|---|---|---|---|---|---|---|
| | TOTAL ESTIMATED COST | LOANS FORESEEN | LOANS AS % OF TEC | GRANTS AS % OF TEC | TOTAL COST SUBMITTED TCS | LOANS FORESEEN | LOANS AS % OF TCS | GRANTS AS % OF TCS |
| **PORTUGAL** | | | | | | | | |
| TOTAL OBJ. 1 (1) | 11.967,2 | 2.805 | 23 | 38 | 1.926,07 | 317,6 | 16 | 55 |
| .Telecommunicat. | 2.272 | 918 | 40 | 32 | 1.292,56 | 317,6 | 25 | 44 |
| .Energy | 757 | 293 | 37 | 23 | – | – | – | – |
| .Support for productive inv. | 5.017 | 1.000 | 20 | 24 | – | – | – | – |
| .Ind. Reconv. and Restruct. | 508 | 152 | 30 | 58 | 342,25 | – | – | 60 |
| .Others(Tourism) | 3.413,2 | 442 | 13 | 55 | 291,206 | – | – | 61 |
| TOTAL OBJ. 2 (2) | – | – | – | – | – | – | – | |
| TOTAL OBJ. 5b | – | – | – | – | – | – | – | |
| **ITALY** | | | | | | | | |
| TOTAL OBJ. 1 (1) | 10.520 | 1.475 | 14 | 45 | 3.086 | 720 | 23 | 44 |
| .Telecommunicat. | 729 | 140 | 19 | 43 | 231 | 140 | 61 | 35 |
| .Energy | 2.165 | 240 | 11 | 41 | 1.937 | 240 | 12 | 40 |
| .Transport Infra-structures | 1.000 | 130 | 13 | 48 | – | – | – | – |
| .Water Supply Infrastructures | 1.487 | 310 | 21 | 49 | 662 | 260 | 39 | 50 |
| .Others(Tourism, Crafts, SME) | 5.139 | 655 | 13 | 42 | 256 | 80 | 31 | 50 |
| TOTAL OBJ. 2 (2) | 1.105,85 | p.m. | p.m. | – | – | – | – | |
| TOTAL OBJ. 5b | 1.568,3 | p.m. | p.m. | – | – | – | – | |
| **SPAIN** | | | | | | | | |
| TOTAL OBJ. 1 (1) | 14.238,2 | 1.811 | 13 | 48 | 580,82 | – | – | 44 |
| .Telecommunicat. | 677,7 | 165 | 24 | 45 | – | – | – | – |
| .Energy | 264,7 | 67 | 25 | 44 | – | – | – | – |
| .Transport Infra-structures | 1.272 | 381 | 50 | 50 | – | – | – | – |
| .Water Supply Infrastructures | 1.186,4 | 412 | 35 | 55 | – | – | – | – |
| .Others | 10.837,4 | 786 | 7 | 49 | – | – | – | |
| TOTAL OBJ. 2 (2) | 1.845,97 | p.m. | p.m. | – | 425,38 | – | – | 33 |
| TOTAL OBJ. 5b | 693,71 | p.m. | p.m. | 41 | – | – | – | – |
| **UNITED KINGDOM** | | | | | | | | |
| TOTAL OBJ. 1 (1) | 507,4 | p.m. | p.m. | 55 | 211 | – | – | 65 |
| .Telecommunicat. (Star) | 43 | p.m. | p.m. | 42 | | | | |
| .Transport Infra-structures | 211 | p.m. | p.m. | 65 | 211 | | | 65 |
| .Others (Ind. Dev.) | 253,4 | p.m. | p.m. | 58 | – | – | – | – |
| TOTAL OBJ. 2 (2) | 3.744,64 | p.m. | p.m. | 35 | 1.302,65 | 168,4 | 13 | 33 |
| TOTAL OBJ. 5b | 738,128 | p.m. | p.m. | 47 | – | – | – | – |
| **FRANCE** | | | | | | | | |
| TOTAL OBJ. 1 (1) | 433,18 | 120,9 | 28 | 45 | – | – | – | – |
| .Water Supply Infrastructures | 139,04 | 17 | 12 | 48 | – | – | – | – |
| .Transport Infra-structures | 294,09 | 103,9 | 35 | 43 | – | – | – | – |
| TOTAL OBJ. 2 (2) | 2.029,07 | p.m. | p.m. | – | 189,03 | – | – | 42 |
| TOTAL OBJ. 5b | – | – | – | – | – | – | – | – |

Source : EIB
(1) The total estimated cost for Objective 1 relates to projects for which Community loans could be envisaged.
(2) The total estimated cost for Objective 2 & 5b relates to the entirety of projects under all priorities of the CSF

ANNEX N° IV-1
(Chapter 2)

## OBJECTIVE 1 - 1989-93

SECTORAL AGGREGATE : Annex N° IV-2 to IV-9
The sectoral breakdown of assistance is not based upon a binding classification, but on an estimate of the most likely pattern of implementation.

### Ongoing operations and miscellaneous

### Increasing business competitiveness

Productive investment
- in industry
- in craft industry
- in services
- in tourism

Business services (advice, technology transfer)
Research & development, innovation
Technical and professional training

### Support infrastructure for economic activities

Sites, premises (industry, craft firms)
Telecommunications, information technology services
Protection of the environment (sanitation, waste disposal)

### Development of indigenous potential

Tourism
Agriculture and rural development
Promotion of agricultural resources
Rural development
Objective 5(a)
Fisheries

### Human resource development

Multi-priority training
Secondary-level technical training, apprenticeships
Employment aids
Innovative measures
Objectives 3 and 4

### Upgrading of basic infrastructures

Improvement of communications
Roads, motorways
Railways
Waterways and ports
Urban transport
Telecommunications
Energy supply
Water engineering
Physical and social environment
Training facilities
Welfare, health infrastructures

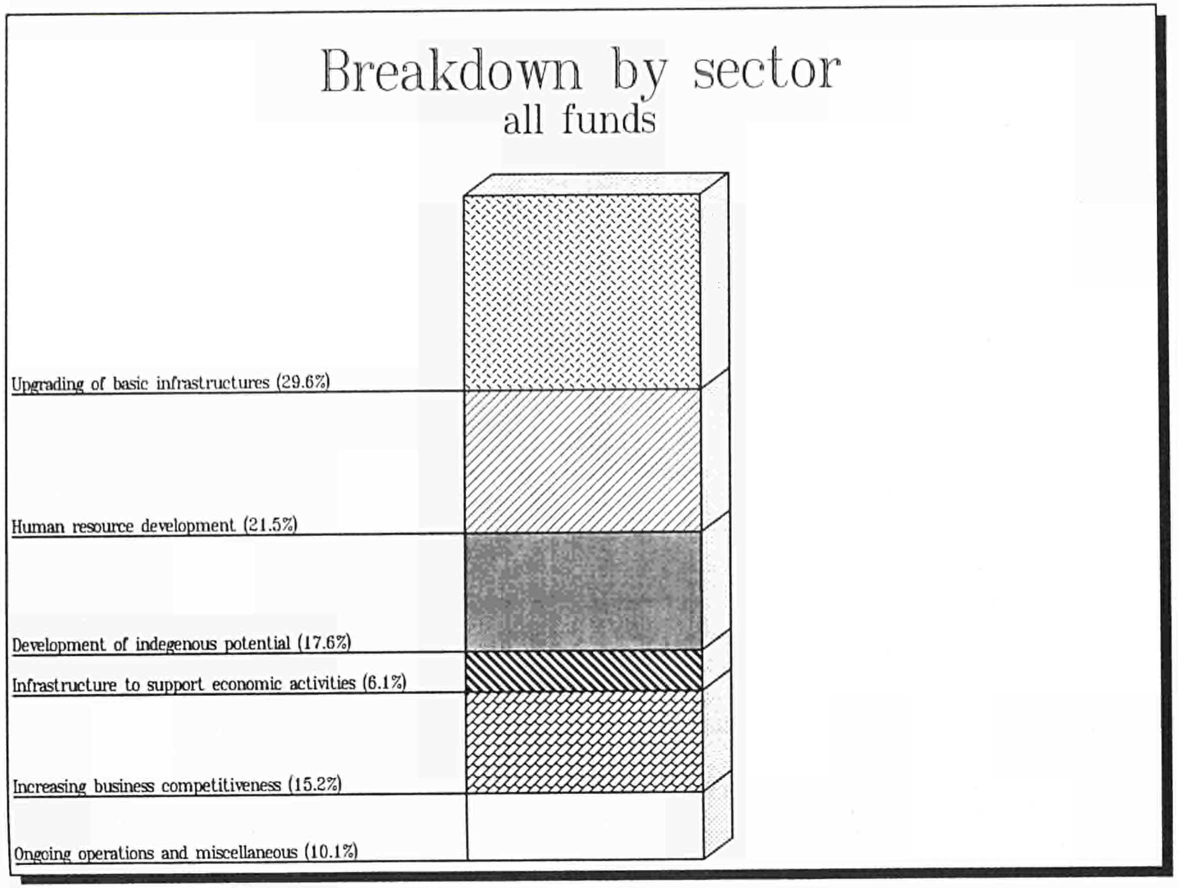
### Technical assistance, publicity, innovative measures

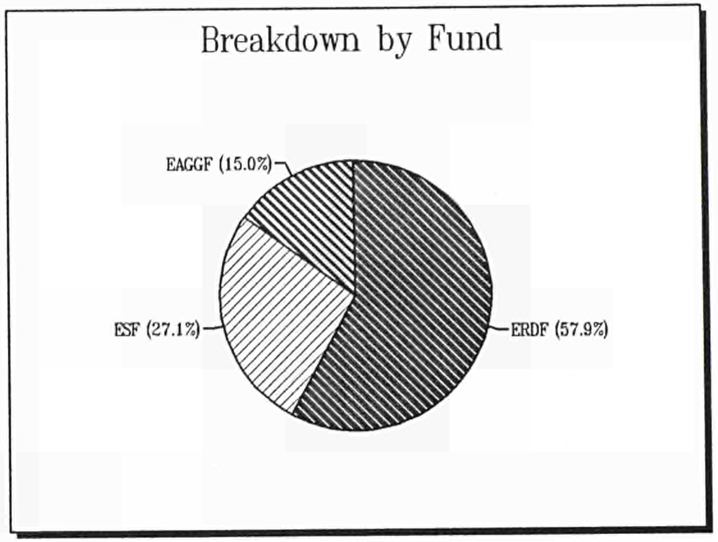
# Objective 1 Total assistance

Breakdown by sector. 1989-1993

million ecu 1989 price

| | ERDF | | ESF | | EAGGF | | Total | |
|---|---|---|---|---|---|---|---|---|
| Ongoing operations and miscellaneous | 2930.10 | 14% | 426.45 | 4% | 275.60 | 5% | 3632.15 | 10% |
| Increasing business competitiveness | 3754.83 | 18% | 1711.94 | 17% | 0.00 | 0% | 5466.77 | 15% |
| Infrastructure to support economic activities | 1975.88 | 9% | 124.28 | 1% | 93.20 | 2% | 2193.36 | 6% |
| Development of indegenous potential | 1203.90 | 6% | 181.62 | 2% | 4977.60 | 92% | 6363.12 | 18% |
| Human resource development | 589.20 | 3% | 7159.32 | 73% | 0.00 | 0% | 7748.52 | 21% |
| Upgrading of basic infrastructures | 10380.60 | 50% | 194.69 | 2% | 81.50 | 2% | 10656.79 | 29% |
| Technical assistance, publicity, innovative measures | 125.39 | 1% | 15.00 | 0% | 0.00 | 0% | 140.39 | 0% |
| Total | 20959.90 | | 9813.30 | | 5427.90 | | 36201.10 | |



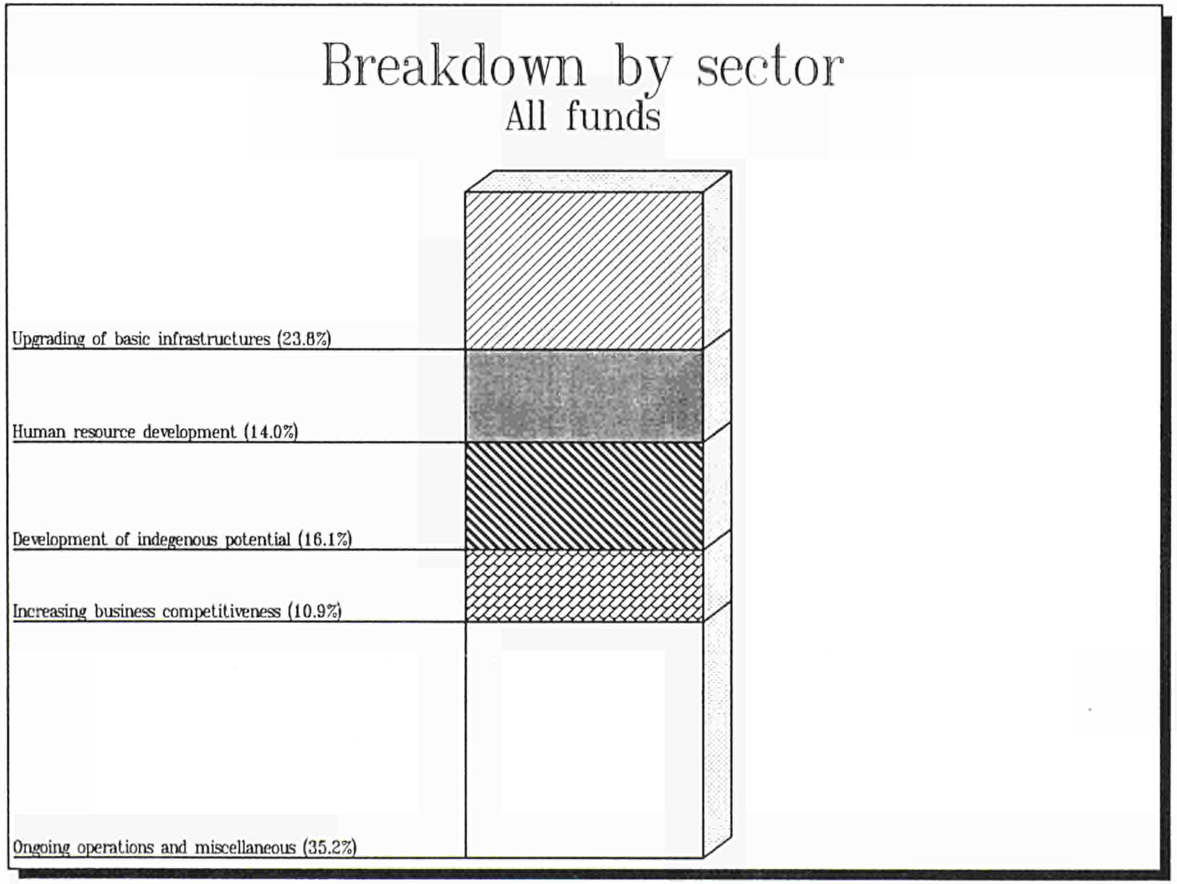

Source : Commission departments

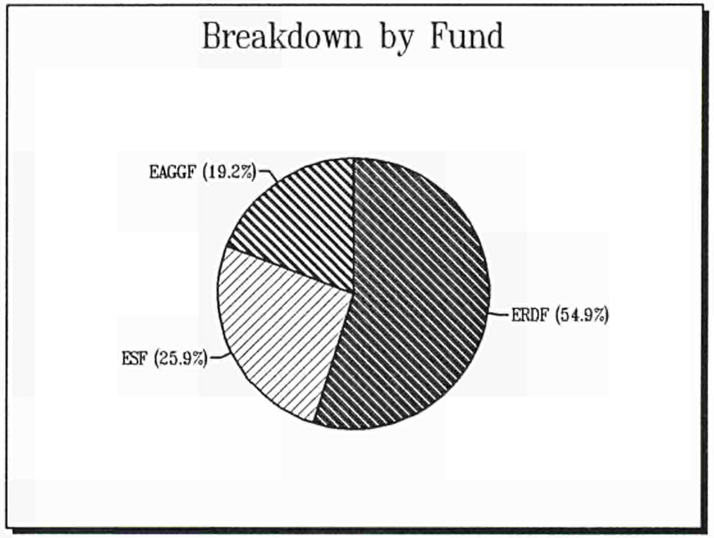
# Objective 1 Ellas

Breakdown by sector. 1989-1993

million ecu 1989 price

| | ERDF | | ESF | | EAGGF | | Total | |
|---|---|---|---|---|---|---|---|---|
| Ongoing operations and miscellaneous | 1688.00 | 46% | 358.45 | 21% | 270.60 | 21% | 2317.05 | 35% |
| Increasing business competitiveness | 340.21 | 9% | 377.98 | 22% | 0.00 | 0% | 718.19 | 11% |
| Infrastructure to support economic activities | 45.80 | 1% | 7.28 | 0% | 0.00 | 0% | 53.08 | 1% |
| Development of indegenous potential | 50.00 | 1% | 0.00 | 0% | 1006.40 | 79% | 1056.40 | 16% |
| Human resource development | 0.00 | 0% | 918.60 | 53% | 0.00 | 0% | 918.60 | 14% |
| Upgrading of basic infrastructures | 1512.90 | 41% | 50.69 | 3% | 0.00 | 0% | 1563.59 | 23% |
| Technical assistance, publicity, innovative measures | 25.00 | 1% | 15.00 | 1% | 0.00 | 0% | 40.00 | 1% |
| Total | 3661.91 | | 1728.00 | | 1277.00 | | 6666.91 | |



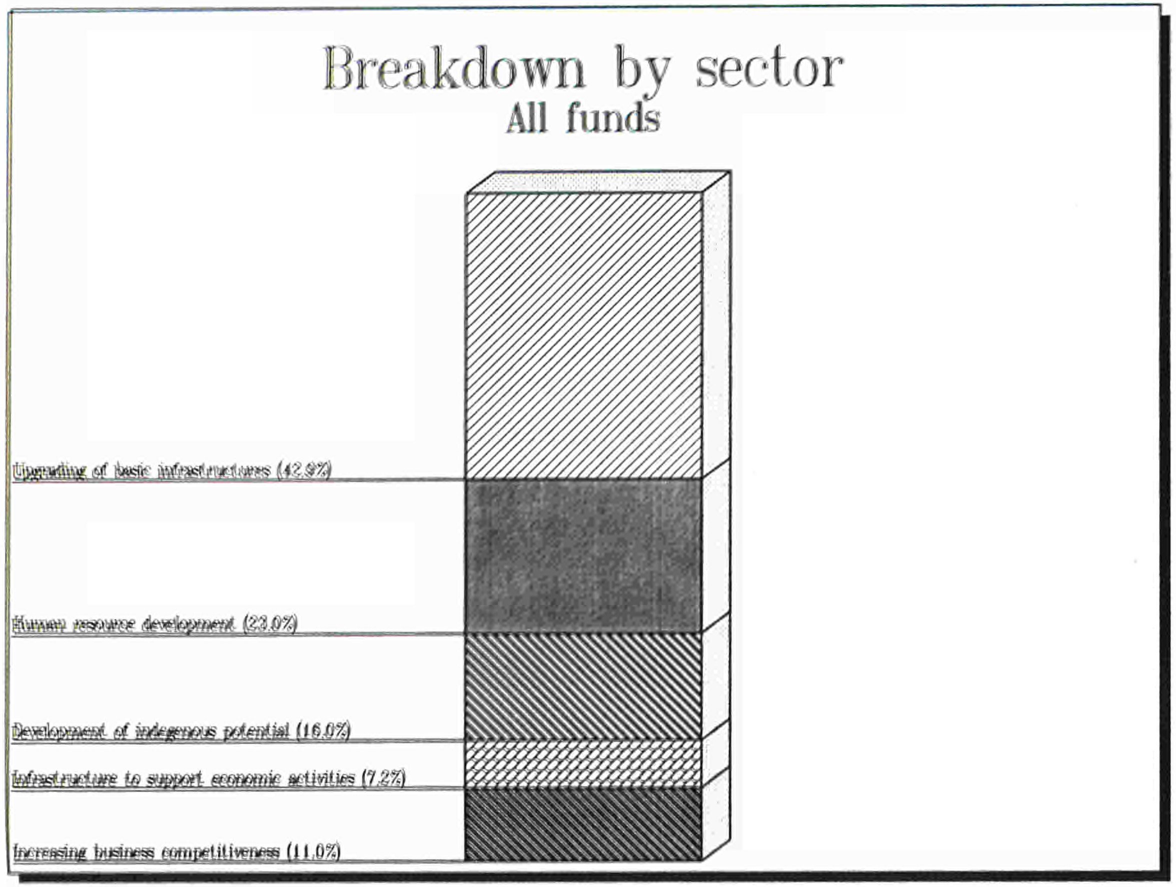

Source : Commission departments

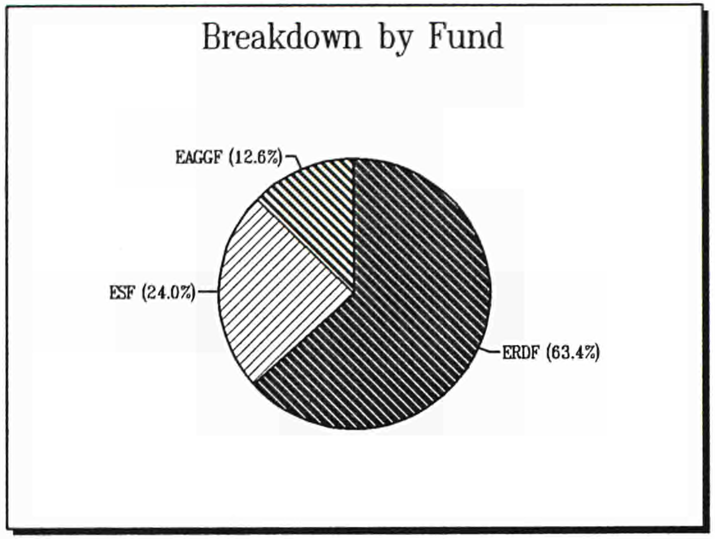
# Objective 1 España

Breakdown by sector. 1989-1993

million ecu 1989 price

| | ERDF | | ESF | | EAGGF | | Total | |
|---|---|---|---|---|---|---|---|---|
| Increasing business competitiveness | 767.60 | 12% | 300.00 | 13% | 0.00 | 0% | 1067.60 | 11% |
| Infrastructure to support economic activities | 698.10 | 11% | 0.00 | 0% | 0.00 | 0% | 698.10 | 7% |
| Development of indegenous potential | 321.60 | 5% | 0.00 | 0% | 1232.90 | 100% | 1554.50 | 16% |
| Human resource development | 194.20 | 3% | 2048.00 | 87% | 0.00 | 0% | 2242.20 | 23% |
| Upgrading of basic infrastructures | 4173.50 | 67% | 0.00 | 0% | 0.00 | 0% | 4173.50 | 43% |
| Technical assistance, publicity, innovative measures | 44.00 | 1% | 0.00 | 0% | 0.00 | 0% | 44.00 | 0% |
| Total | 6199.00 | | 2348.00 | | 1232.90 | | 9779.90 | |



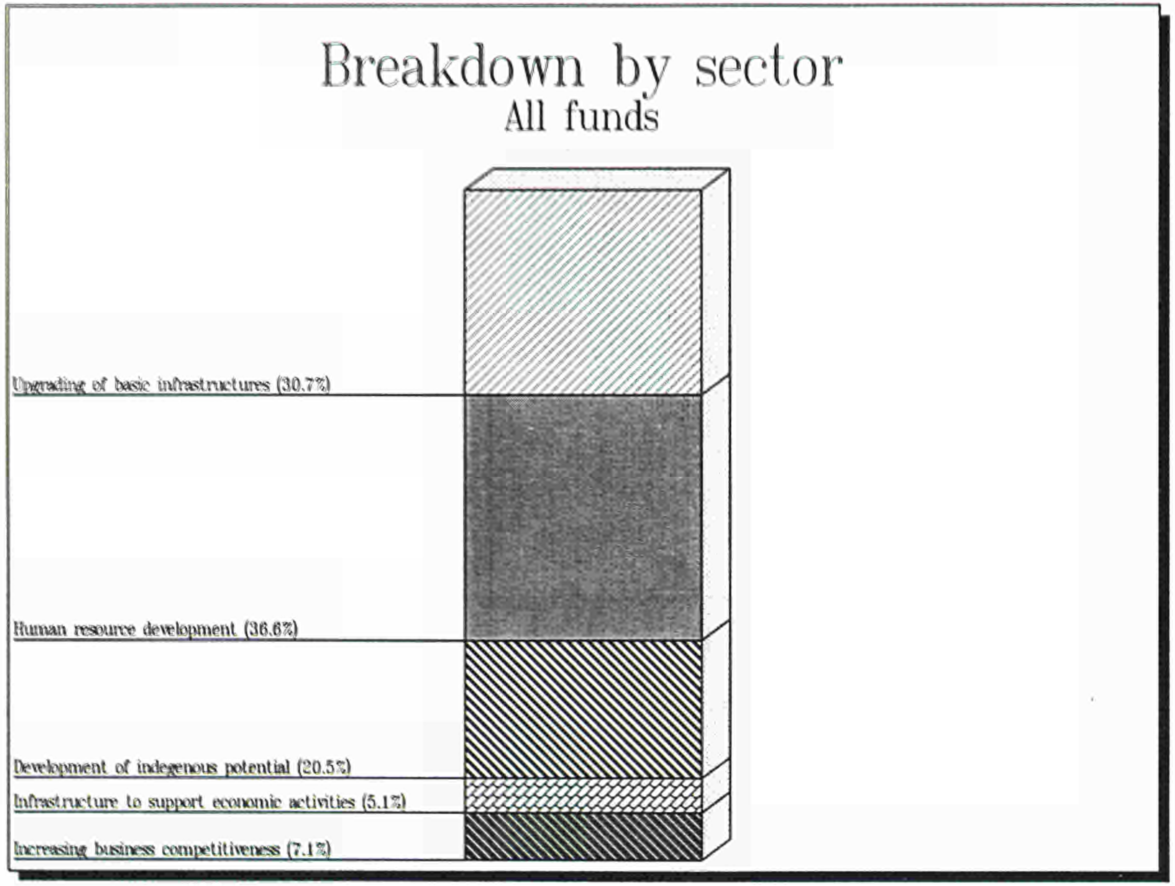

Source : Commission departments

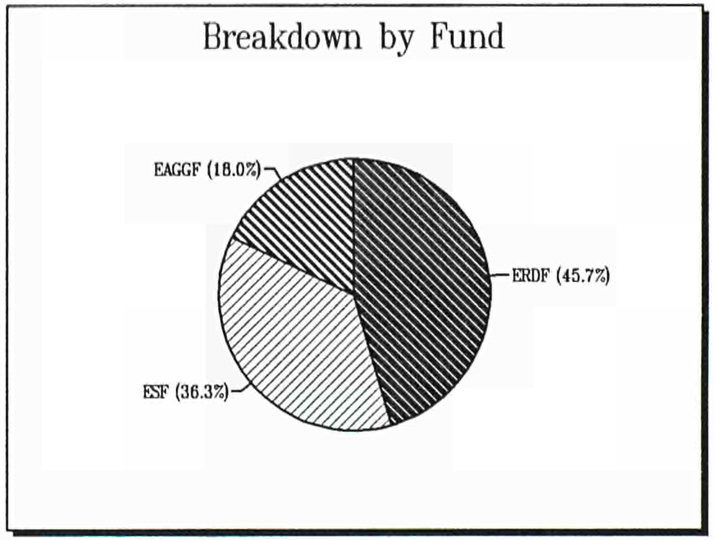
Objective 1 France

Breakdown by sector. 1989-1993

million ecu 1989 price

| | ERDF | | ESF | | EAGGF | | Total | |
|---|---|---|---|---|---|---|---|---|
| Ongoing operations and miscellaneous | 3.60 | 1% | 0.00 | 0% | 0.00 | 0% | 3.60 | 0% |
| Increasing business competitiveness | 62.62 | 15% | 0.00 | 0% | 0.00 | 0% | 62.62 | 7% |
| Infrastructure to support economic activities | 45.28 | 11% | 0.00 | 0% | 0.00 | 0% | 45.28 | 5% |
| Development of indegenous potential | 20.40 | 5% | 0.00 | 0% | 160.00 | 100% | 180.40 | 20% |
| Human resource development | 0.00 | 0% | 322.00 | 100% | 0.00 | 0% | 322.00 | 36% |
| Upgrading of basic infrastructures | 270.40 | 67% | 0.00 | 0% | 0.00 | 0% | 270.40 | 30% |
| Technical assistance, publicity, innovative measures | 3.69 | 1% | 0.00 | 0% | 0.00 | 0% | 3.69 | 0% |
| Total | 405.99 | | 322.00 | | 160.00 | | 887.99 | |



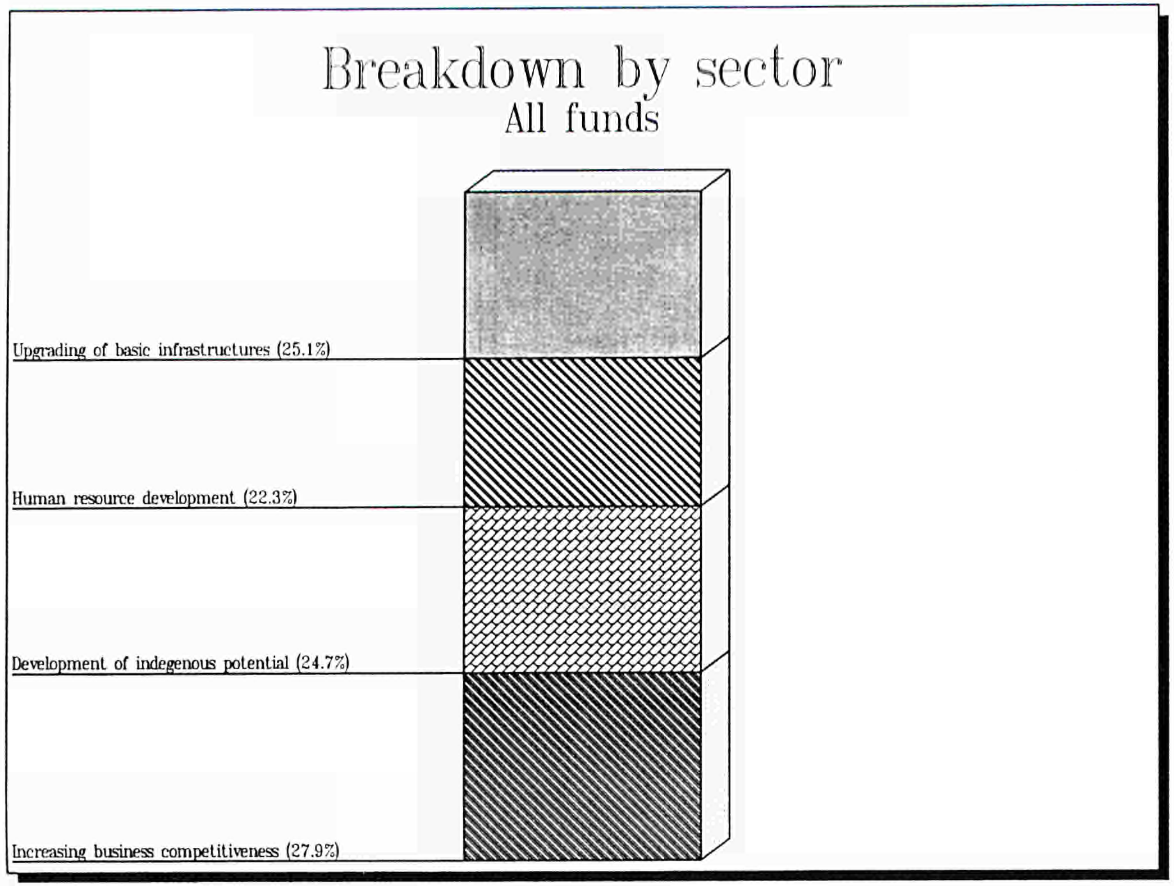

Source : Commission departments

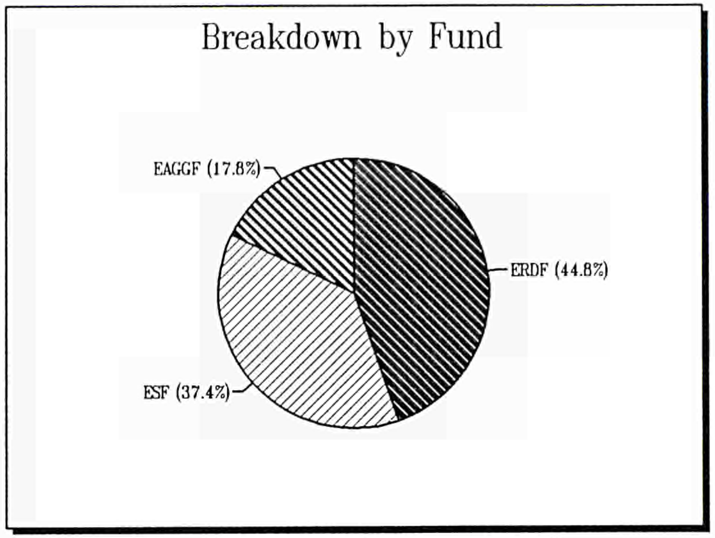
# Objective 1 Ireland

Breakdown by sector. 1989-1993

million ecu 1989 price

| | ERDF | | ESF | | EAGGF | | Total | |
|---|---|---|---|---|---|---|---|---|
| Ongoing operations and miscellaneous | 8.50 | 1% | 0.00 | 0% | 0.00 | 0% | 8.50 | 0% |
| Increasing business competitiveness | 534.00 | 32% | 485.50 | 35% | 0.00 | 0% | 1019.50 | 28% |
| Development of indegenous potential | 182.50 | 11% | 67.40 | 5% | 654.00 | 100% | 903.90 | 25% |
| Human resource development | 0.00 | 0% | 815.10 | 59% | 0.00 | 0% | 815.10 | 22% |
| Upgrading of basic infrastructures | 916.00 | 56% | 4.00 | 0% | 0.00 | 0% | 920.00 | 25% |
| Technical assistance, publicity, innovative measures | 5.00 | 0% | 0.00 | 0% | 0.00 | 0% | 5.00 | 0% |
| Total | 1646.00 | | 1372.00 | | 654.00 | | 3672.00 | |



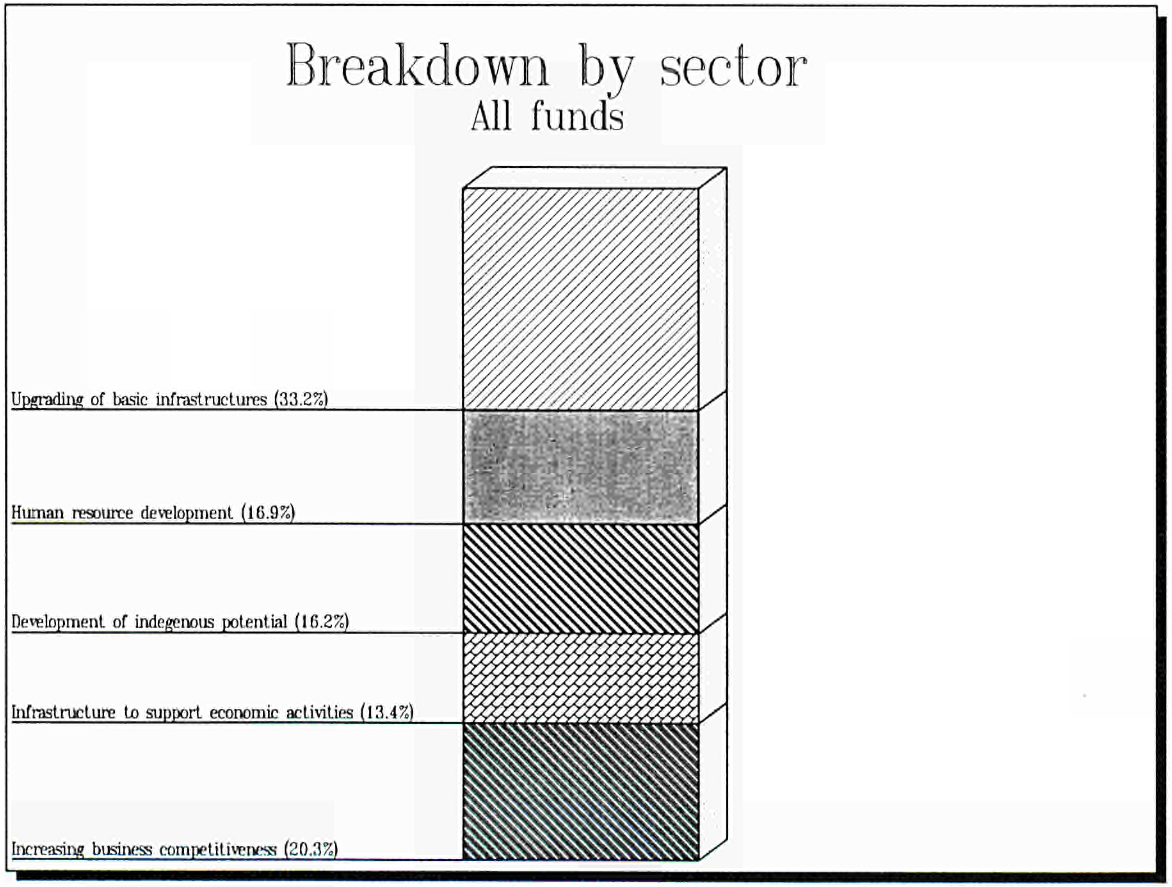

Source : Commission departments

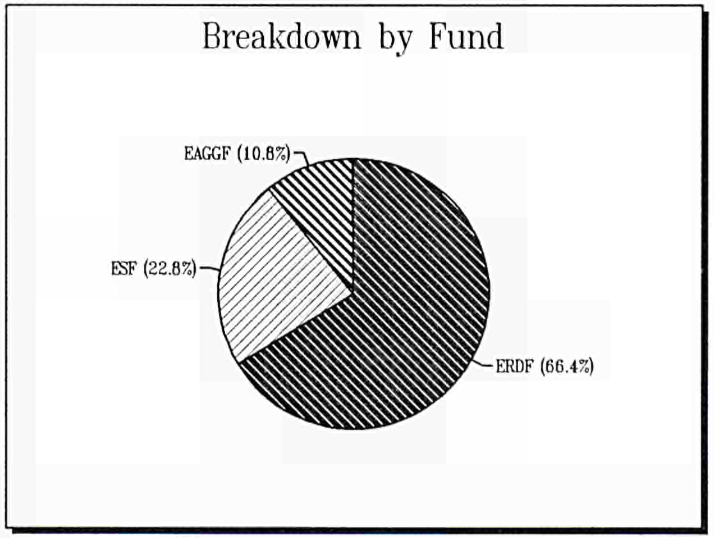
# Objective 1 Italia

Breakdown by sector. 1989-1993

million ecu 1989 price

| | ERDF | | ESF | | EAGGF | | Total | |
|---|---|---|---|---|---|---|---|---|
| Increasing business competitiveness | 1207.40 | 24% | 299.00 | 18% | 0.00 | 0% | 1506.40 | 20% |
| Infrastructure to support economic activities | 863.70 | 17% | 34.00 | 2% | 93.20 | 12% | 990.90 | 13% |
| Development of indegenous potential | 466.40 | 9% | 112.00 | 7% | 626.30 | 78% | 1204.70 | 16% |
| Human resource development | 0.00 | 0% | 1254.30 | 74% | 0.00 | 0% | 1254.30 | 17% |
| Upgrading of basic infrastructures | 2379.80 | 48% | 1.00 | 0% | 81.50 | 10% | 2462.30 | 33% |
| Technical assistance, publicity, innovative measures | 24.70 | 0% | 0.00 | 0% | 0.00 | 0% | 24.70 | 0% |
| Total | 4942.00 | | 1700.30 | | 801.00 | | 7443.30 | |



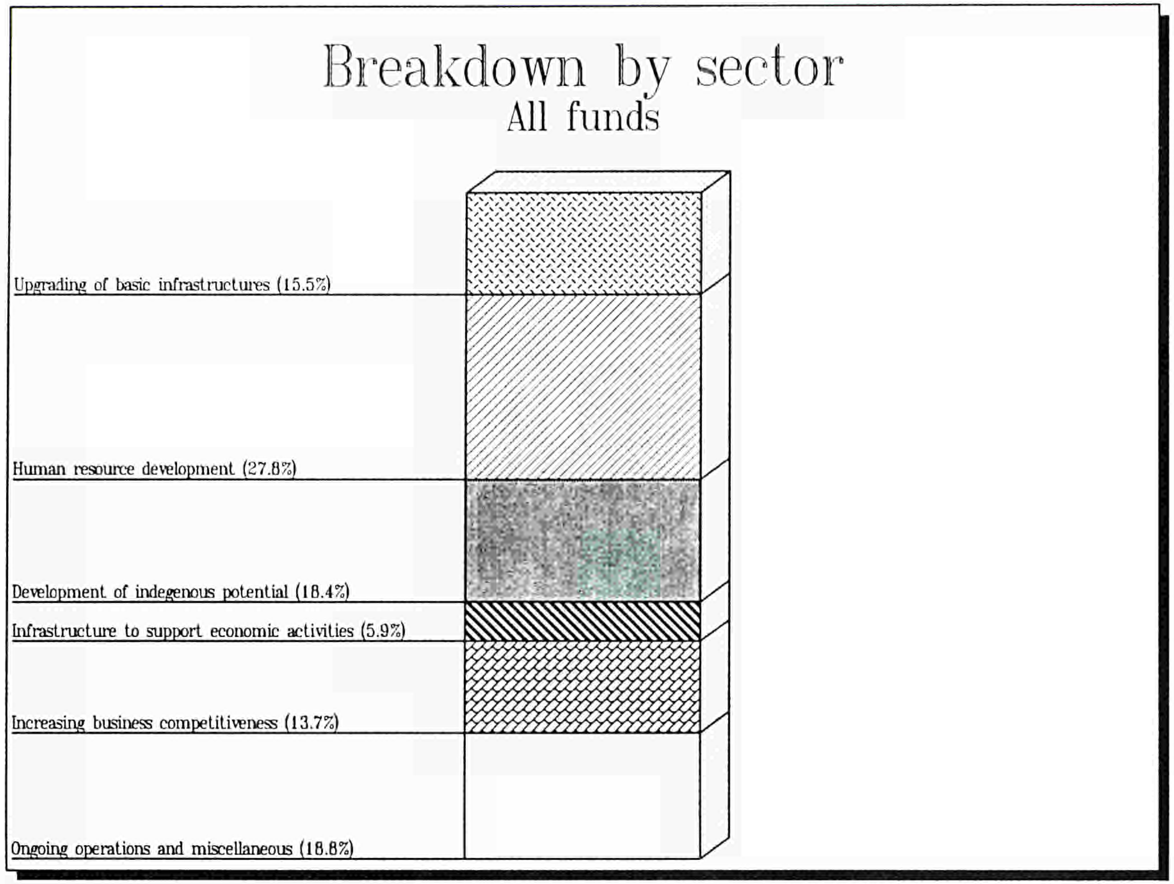

Source : Commission departments

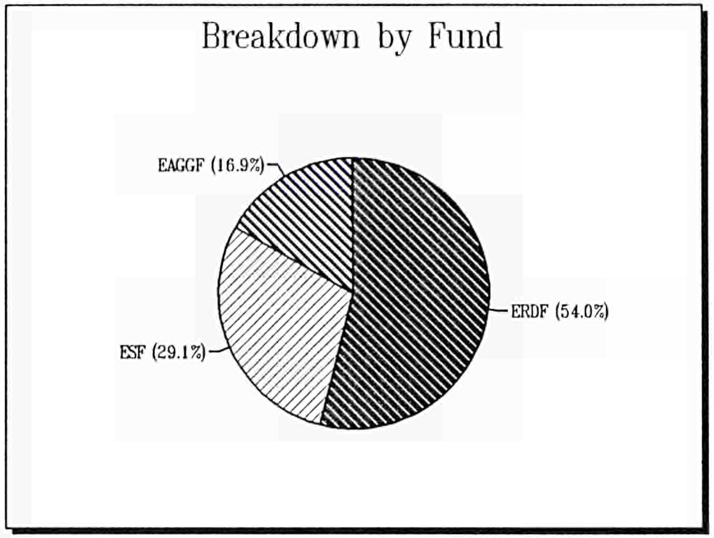
# Objective 1 Portugal

Breakdown by sector. 1989-1993

million ecu 1989 price

| | ERDF | | ESF | | EAGGF | | Total | |
|---|---|---|---|---|---|---|---|---|
| Ongoing operations and miscellaneous | 1230.00 | 33% | 68.00 | 3% | 5.00 | 0% | 1303.00 | 19% |
| Increasing business competitiveness | 746.00 | 20% | 205.00 | 10% | 0.00 | 0% | 951.00 | 14% |
| Infrastructure to support economic activities | 323.00 | 9% | 83.00 | 4% | 0.00 | 0% | 406.00 | 6% |
| Development of indegenous potential | 107.00 | 3% | 0.00 | 0% | 1168.00 | 100% | 1275.00 | 18% |
| Human resource development | 395.00 | 11% | 1533.00 | 76% | 0.00 | 0% | 1928.00 | 28% |
| Upgrading of basic infrastructures | 934.00 | 25% | 139.00 | 7% | 0.00 | 0% | 1073.00 | 15% |
| Technical assistance, publicity, innovative measures | 22.00 | 1% | 0.00 | 0% | 0.00 | 0% | 22.00 | 0% |
| Total | 3757.00 | | 2028.00 | | 1173.00 | | 6958.00 | |



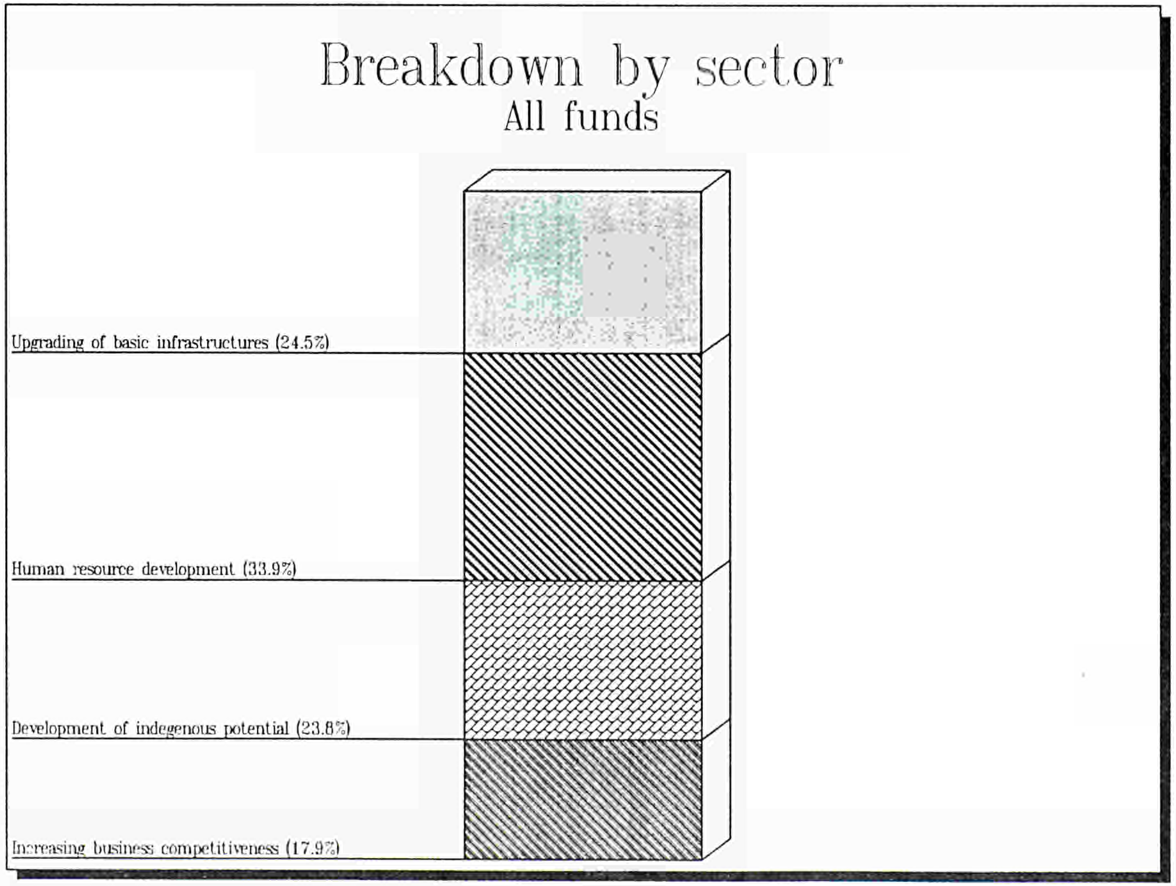

Source : Commission departments

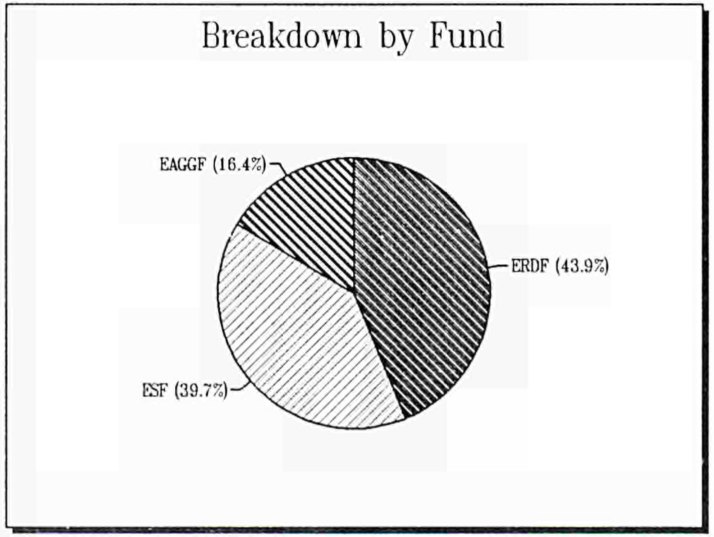
# Objective 1 United Kingdom

Breakdown by sector. 1989-1993

million ecu 1989 price

| | ERDF | | ESF | | EAGGF | | Total | |
|---|---|---|---|---|---|---|---|---|
| Increasing business competitiveness | 97.00 | 28% | 44.46 | 14% | 0.00 | 0% | 141.46 | 18% |
| Development of indegenous potential | 56.00 | 16% | 2.22 | 1% | 130.00 | 100% | 188.22 | 24% |
| Human resource development | 0.00 | 0% | 268.32 | 85% | 0.00 | 0% | 268.32 | 34% |
| Upgrading of basic infrastructures | 194.00 | 56% | 0.00 | 0% | 0.00 | 0% | 194.00 | 24% |
| Technical assistance, publicity, innovative measures | 1.00 | 0% | 0.00 | 0% | 0.00 | 0% | 1.00 | 0% |
| Total | 348.00 | | 315.00 | | 130.00 | | 793.00 | |




Source : Commission departments

ANNEX N° V-1
(Chapter 2)

## OBJECTIVE 2 - 1989-91

SECTORAL AGGREGATE :
The sectoral breakdown of assistance is not based upon a binding classification, but on an estimate of the most likely pattern of implementation.
. Annex V-2 : structural funds - total interventions
. Annex V-3 to V-12 : Breakdown by sector of objective 2 (CSF financial allocation excluding 1989 ESF)

### Ongoing operations and miscellaneous

### Increasing business competitiveness

Productive investment
Business environment
Research and development, innovation
Technical and professional training

### Support infrastructure for economic activities

Rehabilitation of sites
Commercial infrastructure (business service centres, fairs,..)
Protection of the environment (sanitation, waste disposal..)

### Development of indigenous amenities

Tourism

### Upgrading of basic infrastructures

Improvement of communications
Roads, motorways

### Technical assistance, publicity

ANNEX N° V-2
(Chapter 2)

## STRUCTURAL FUNDS TOTAL ASSISTANCE (1) IN OBJECTIVE 2 REGIONS

(1989-1991)

(million Ecu)

| | FEDER | | FSE | |
|---|---|---|---|---|
| | TOTAL | % | TOTAL | % |
| BELGIQUE/BELGIE | 145 | 5,0 % | 50 | 5,1 % |
| DANMARK | 22,4 | 0,8 % | 7,6 | 0,8 % |
| DEUTSCHLAND | 249,7 | 8,6 % | 105,6 | 10,7 % |
| ESPANA | 576 | 19,7 % | 159 | 16,2 % |
| FRANCE | 514 | 17,6 % | 186 | 18,8 % |
| ITALIA | 179 | 6,1 % | 86 | 8,7 % |
| LUXEMBOURG | 15 | 0,5 % | 0 | 0 % |
| NEDERLAND | 56,8 | 1,9 % | 38,2 | 3,9 % |
| UNITED KINGDOM | 1.158,6 | 39,7 % | 351,4 | 35,7 % |
| EUR-12 | 2.916,5 | 100 % | 983,8 | 100 % |

Source : Commission departments

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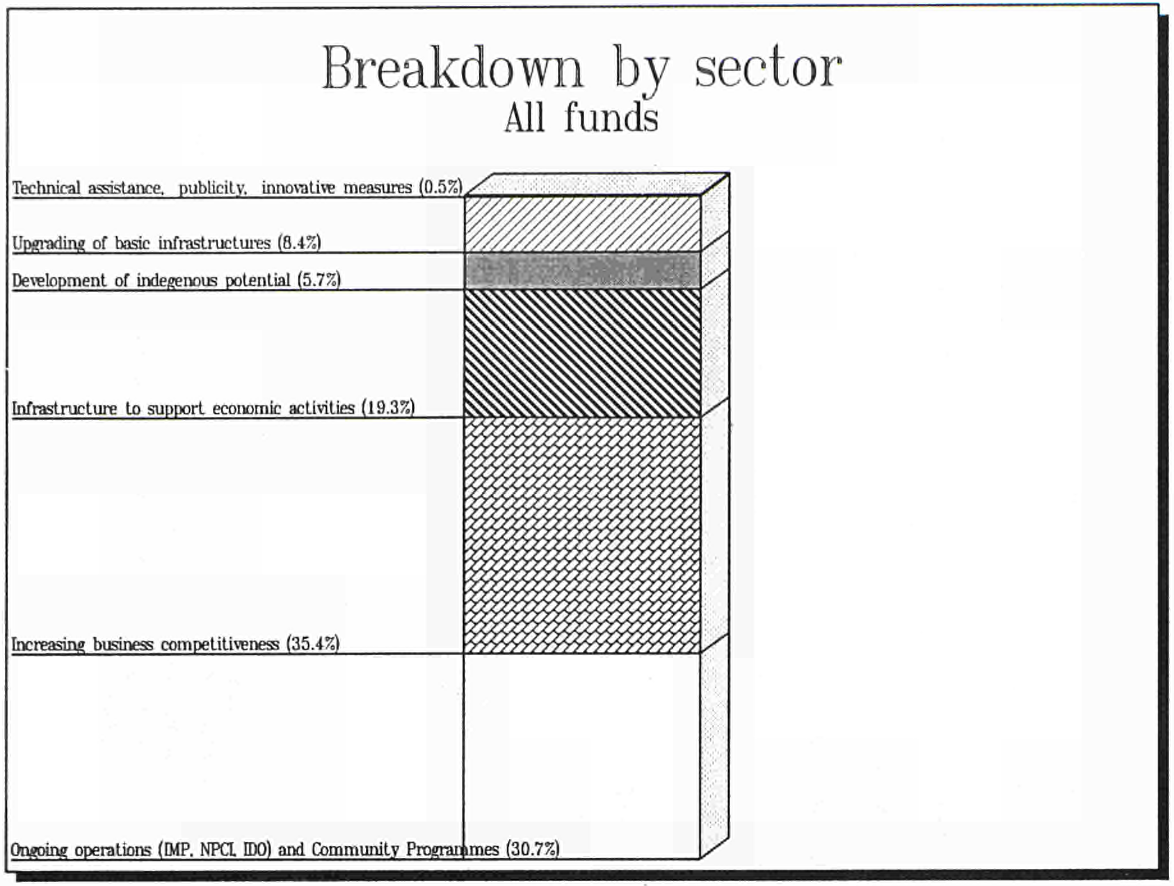
(1) Total assistance :
. ERDF figures include : new measures, ongoing measures and community Programmes.
. ESF figures include : new measures, ongoing measures and ESF 1989 assistance.

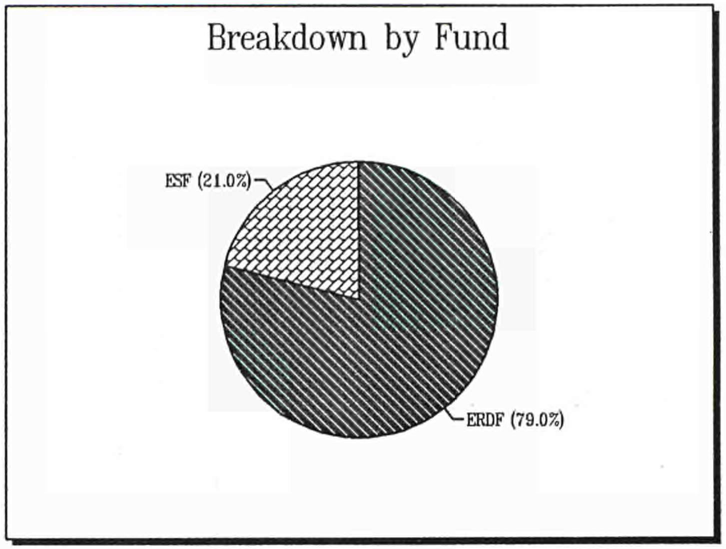
# Objective 2 Total assistance

Breakdown by sector. 1989-1991

million ecu 1989 price

| | ERDF | | ESF | | Total (1) | |
|---|---|---|---|---|---|---|
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 952.00 | 34% | 137.30 | 18% | 1089.30 | 31% |
| Increasing business competitiveness | 770.23 | 27% | 485.44 | 65% | 1255.67 | 35% |
| Infrastructure to support economic activities | 627.64 | 22% | 57.51 | 8% | 685.15 | 19% |
| Development of indegenous potential | 157.77 | 6% | 46.27 | 6% | 204.04 | 6% |
| Upgrading of basic infrastructures | 293.14 | 10% | 5.41 | 1% | 298.55 | 8% |
| Technical assistance, publicity, innovative measures | 4.11 | 0% | 13.30 | 2% | 17.41 | 0% |
| Total | 2804.89 | | 745.23 | | 3550.12 | |




Source : Commission departments

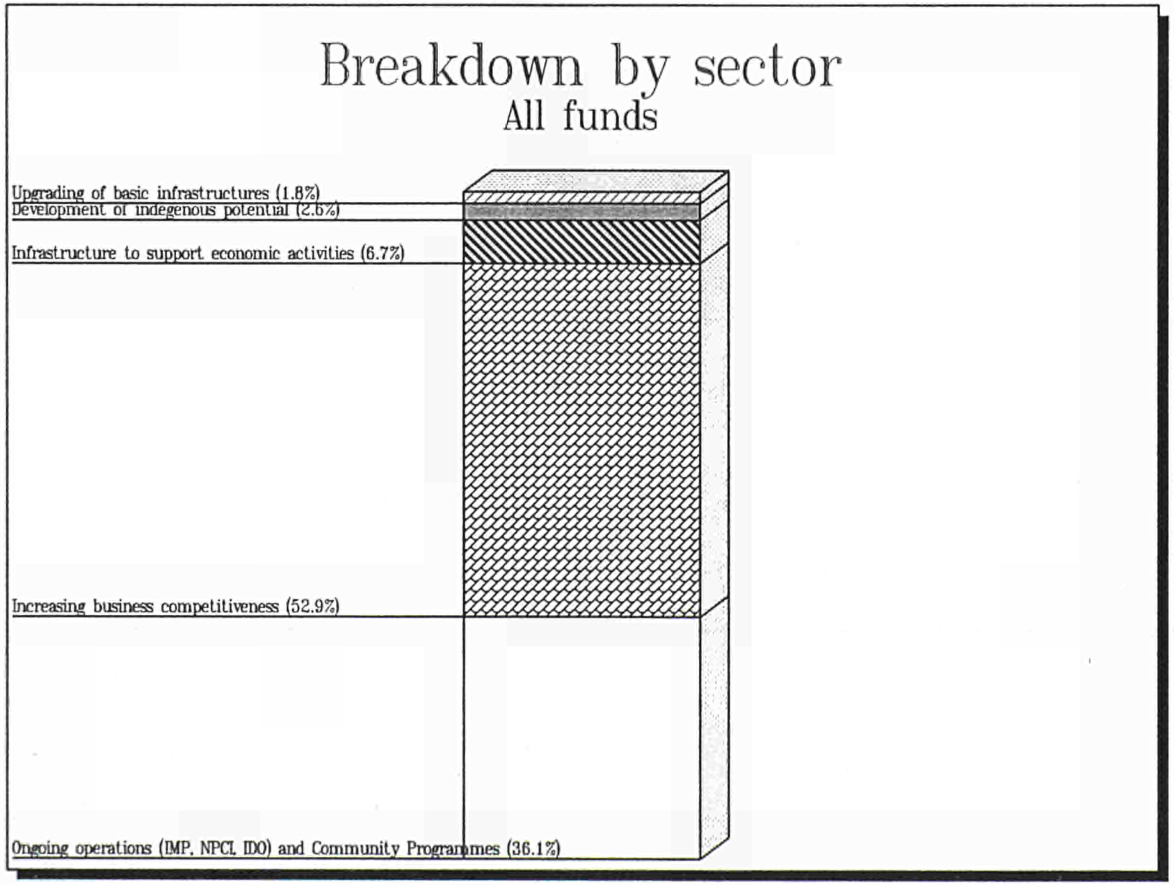
(1) The total of 3550 million ecu includes the total CSF (ERDF, ESF = 3275 + CP 275.3). The Community Programmes have been added to the ERDF's allocation.

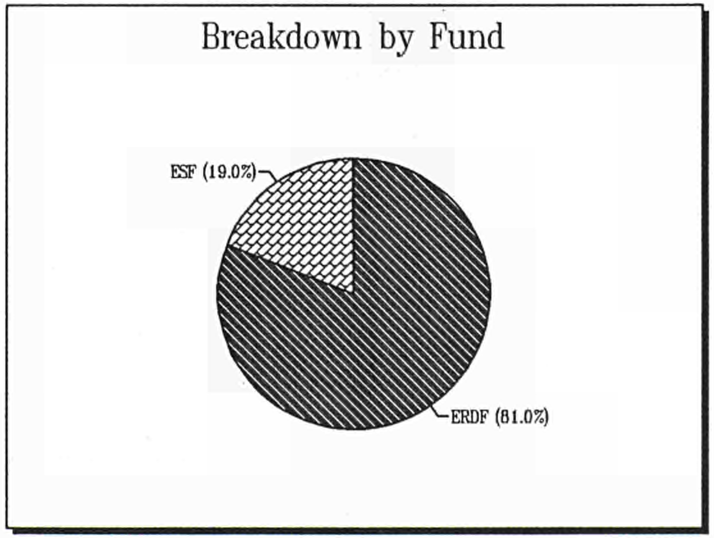
# Objective 2 Belgique/België

Breakdown by sector. 1989-1991

million ecu 1989 price

| | ERDF | | ESF | | Total (1) | |
|---|---|---|---|---|---|---|
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 41.44 | 29% | 23.00 | 68% | 64.44 | 36% |
| Increasing business competitiveness | 84.75 | 58% | 9.76 | 29% | 94.51 | 53% |
| Infrastructure to support economic activities | 11.72 | 8% | 0.19 | 1% | 11.91 | 7% |
| Development of indegenous potential | 3.86 | 3% | 0.84 | 2% | 4.70 | 3% |
| Upgrading of basic infrastructures | 3.17 | 2% | 0.00 | 0% | 3.17 | 2% |
| Technical assistance, publicity, innovative measures | 0.06 | 0% | 0.21 | 1% | 0.27 | 0% |
| Total | 145.00 | | 34.00 | | 179.00 | |




Source : Commission departments

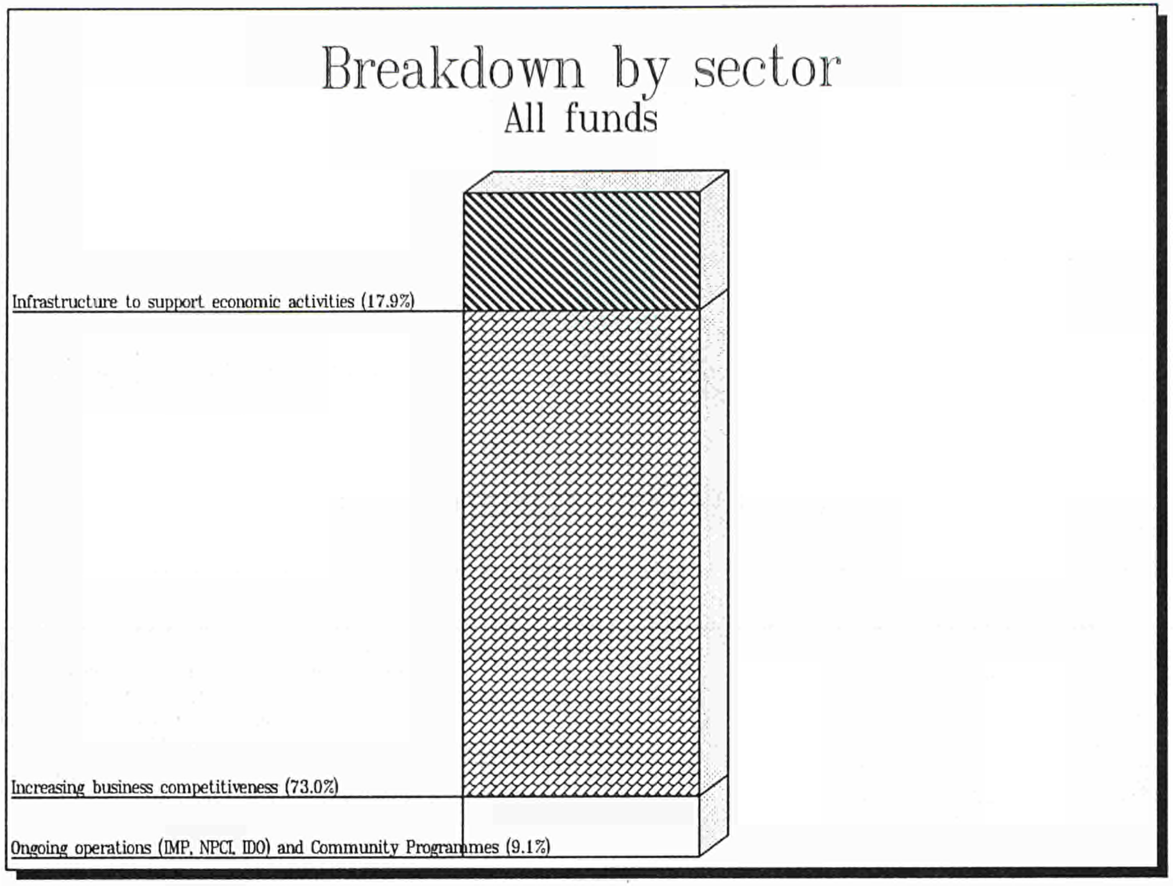
(1) The community Programmes have been added to the ERDF's allocation

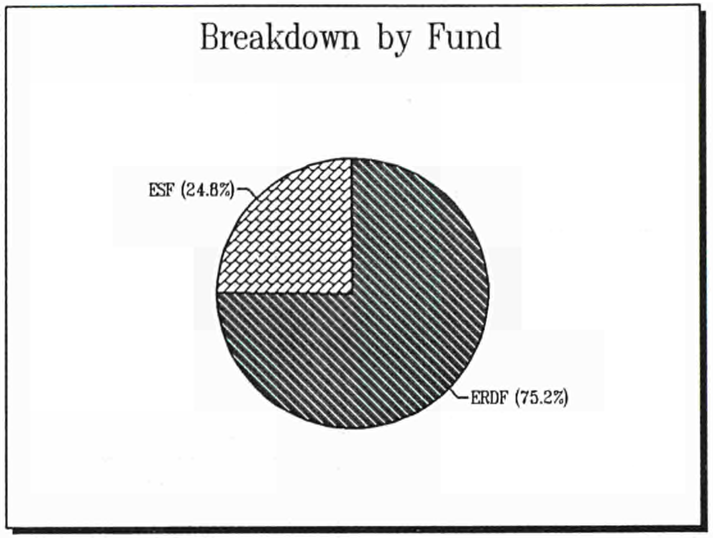
# Objective 2 Danmark

Breakdown by sector. 1989-1991

million ecu 1989 price

| | ERDF | | ESF | | Total (1) | |
|---|---|---|---|---|---|---|
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 2.70 | 12% | 0.00 | 0% | 2.70 | 9% |
| Increasing business competitiveness | 14.30 | 64% | 7.30 | 99% | 21.60 | 72% |
| Infrastructure to support economic activities | 5.30 | 24% | 0.00 | 0% | 5.30 | 18% |
| Technical assistance, publicity, innovative measures | 0.10 | 0% | 0.10 | 1% | 0.20 | 1% |
| Total | 22.40 | | 7.40 | | 29.80 | |




Source : Commission departments

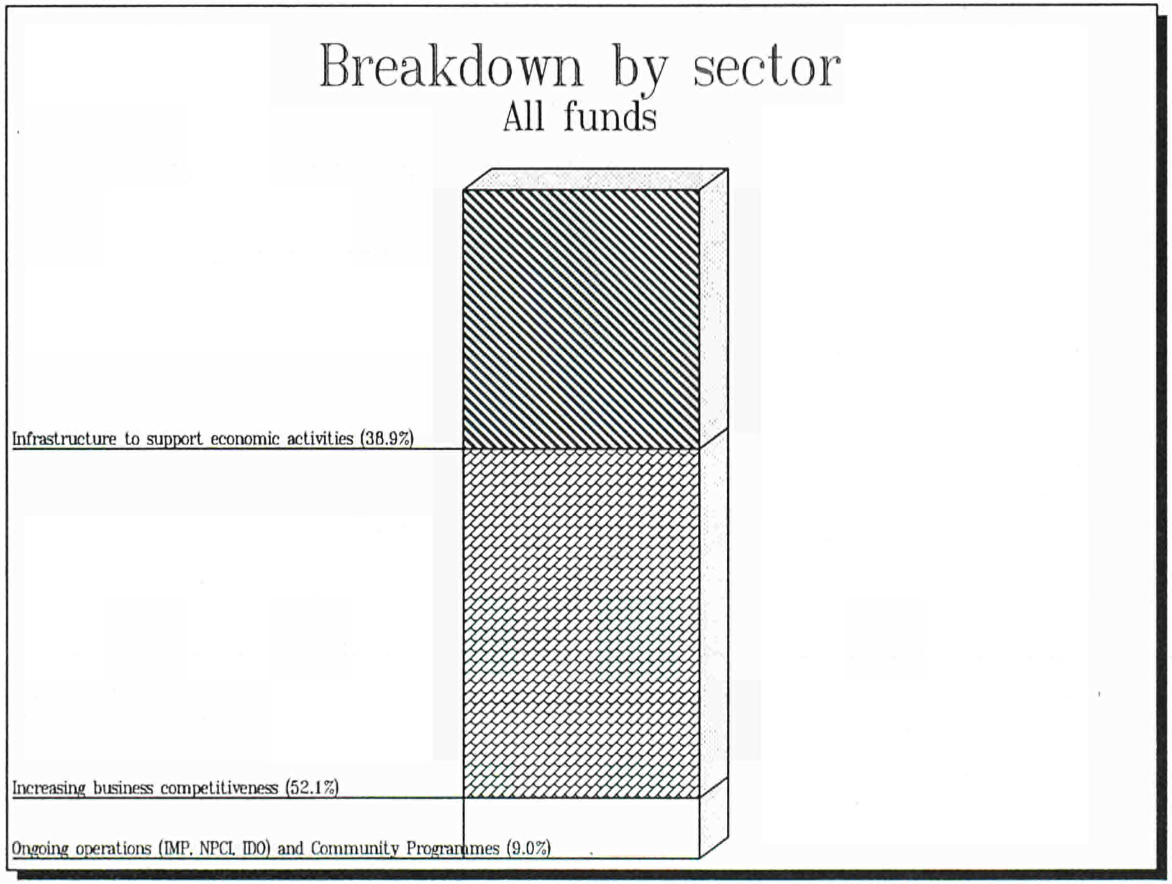
(1) The community Programmes have been added to the ERDF's allocation

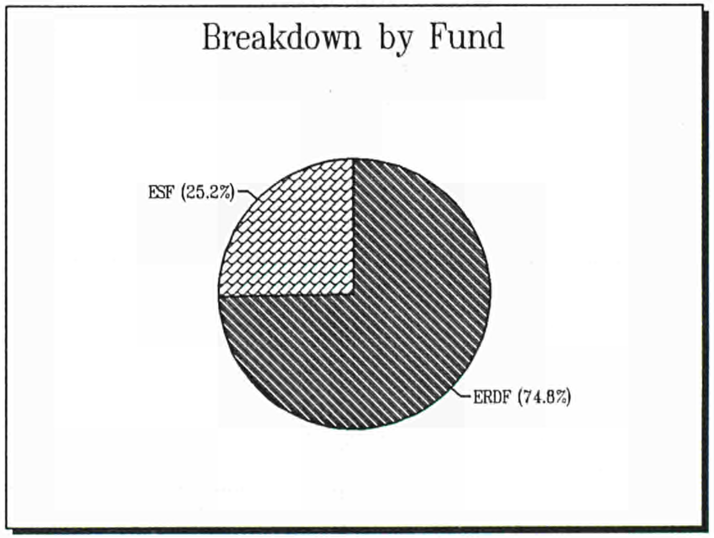
# Objective 2 Deutschland

Breakdown by sector. 1989-1991

million ecu 1989 price

| | ERDF | | ESF | | Total (1) | |
|---|---|---|---|---|---|---|
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 22.50 | 9% | 7.40 | 9% | 29.90 | 9% |
| Increasing business competitiveness | 132.10 | 53% | 40.66 | 48% | 172.76 | 52% |
| Infrastructure to support economic activities | 94.82 | 38% | 34.30 | 41% | 129.12 | 39% |
| Technical assistance, publicity, innovative measures | 1.10 | 0% | 2.24 | 3% | 3.34 | 1% |
| Total | 250.52 | | 84.60 | | 335.12 | |




Source : Commission departments

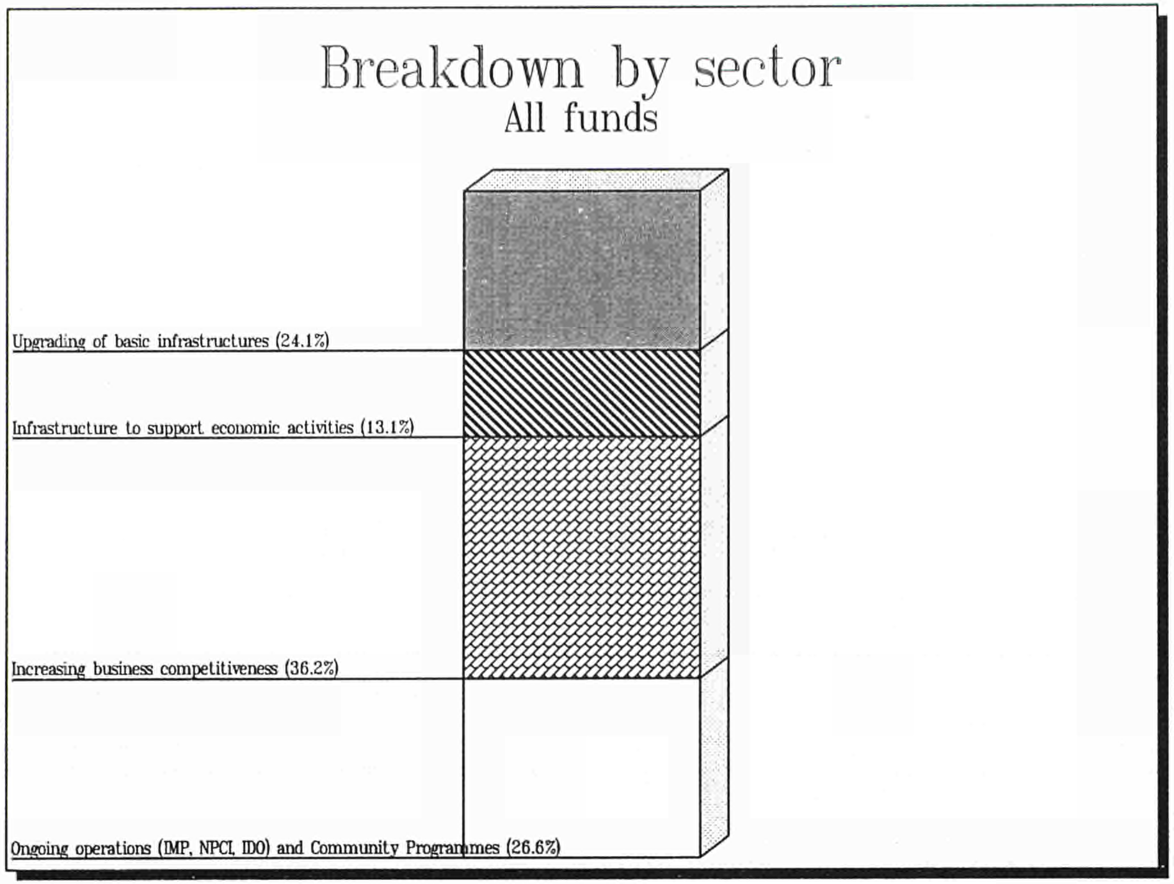
(1) The community Programmes have been added to the ERDF's allocation

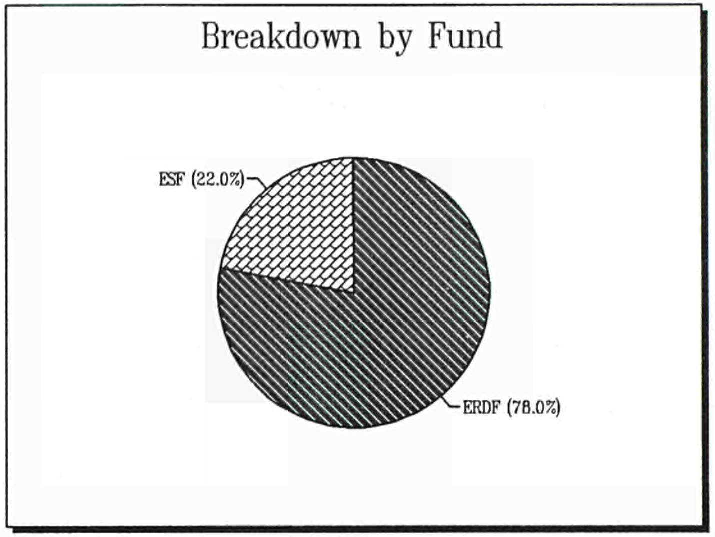
# Objective 2 España

Breakdown by sector. 1989-1991

million ecu 1989 price

| | ERDF | | ESF | | Total (1) | |
|---|---|---|---|---|---|---|
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 163.06 | 29% | 29.00 | 18% | 192.06 | 27% |
| Increasing business competitiveness | 142.78 | 25% | 118.01 | 74% | 260.79 | 36% |
| Infrastructure to support economic activities | 88.66 | 16% | 5.45 | 3% | 94.11 | 13% |
| Upgrading of basic infrastructures | 168.71 | 30% | 5.41 | 3% | 174.12 | 24% |
| Technical assistance, publicity, innovative measures | 1.41 | 0% | 1.15 | 1% | 2.56 | 0% |
| Total | 564.62 | | 159.02 | | 723.64 | |




Source : Commission departments

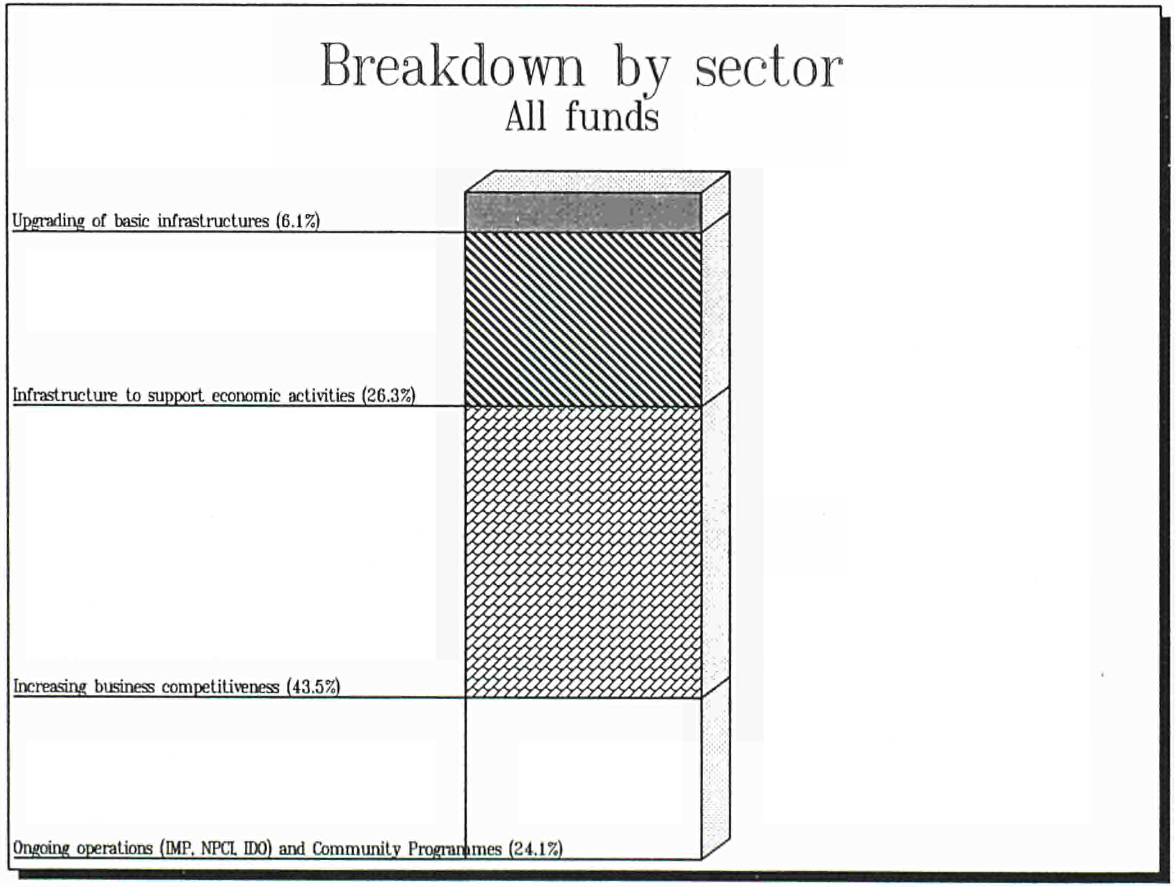
(1) The community Programmes have been added to the ERDF's allocation

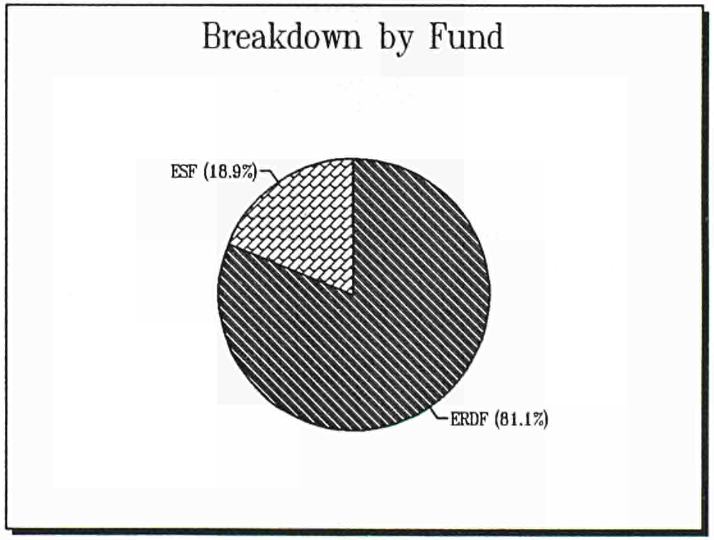
# Objective 2 France

Breakdown by sector. 1989-1991

million ecu 1989 price

| | ERDF | | ESF | | Total (1) | |
|---|---|---|---|---|---|---|
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 135.32 | 28% | 9.50 | 8% | 144.82 | 24% |
| Increasing business competitiveness | 165.43 | 34% | 95.43 | 83% | 260.86 | 43% |
| Infrastructure to support economic activities | 155.20 | 32% | 2.45 | 2% | 157.65 | 26% |
| Upgrading of basic infrastructures | 35.00 | 7% | 1.65 | 1% | 36.65 | 6% |
| Technical assistance, publicity, innovative measures | 0.39 | 0% | 5.44 | 5% | 5.83 | 1% |
| Total | 491.34 | | 114.47 | | 605.81 | |




Source : Commission departments

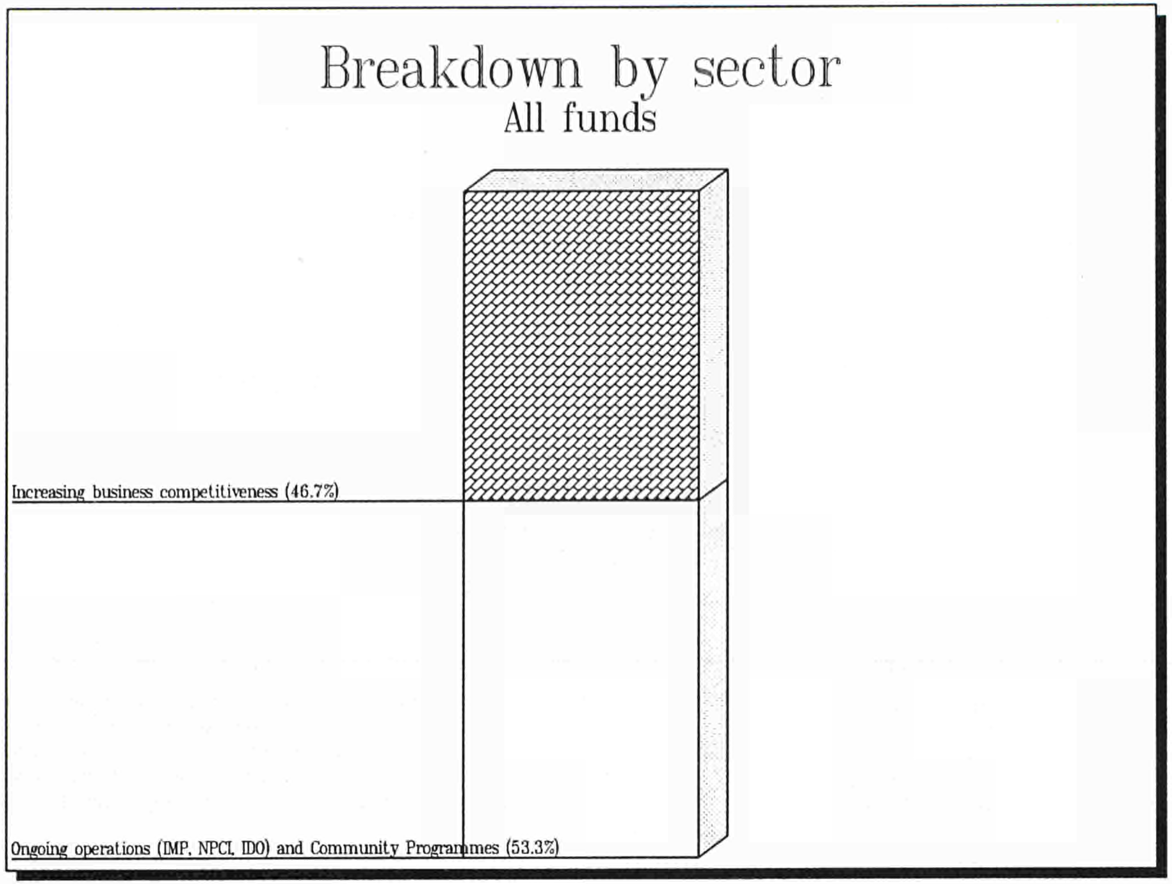
(1) The community Programmes have been added to the ERDF's allocation

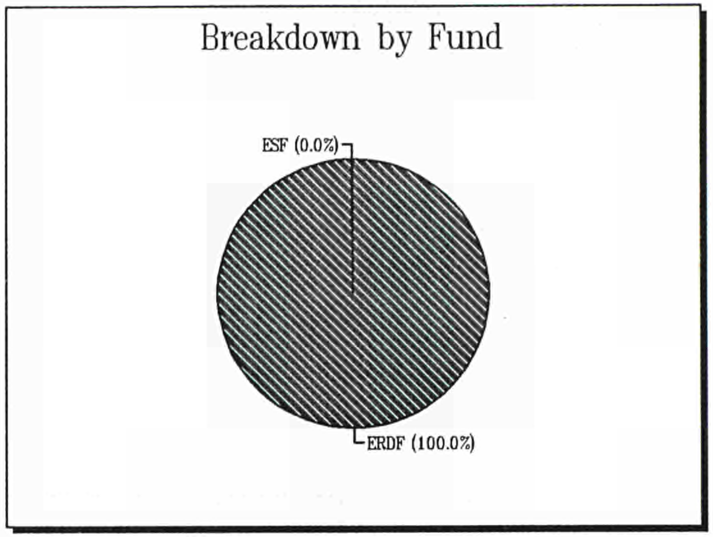
# Objective 2 Luxembourg

Breakdown by sector. 1989-1991

million ecu 1989 price

| | ERDF | | ESF | Total (1) | |
|---|---|---|---|---|---|
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 8.00 | 53% | 0.00 | 8.00 | 53% |
| Increasing business competitiveness | 7.00 | 47% | 0.00 | 7.00 | 47% |
| Infrastructure to support economic activities | 0.00 | 0% | 0.00 | 0.00 | 0% |
| Total | 15.00 | | 0.00 | 15.00 | |



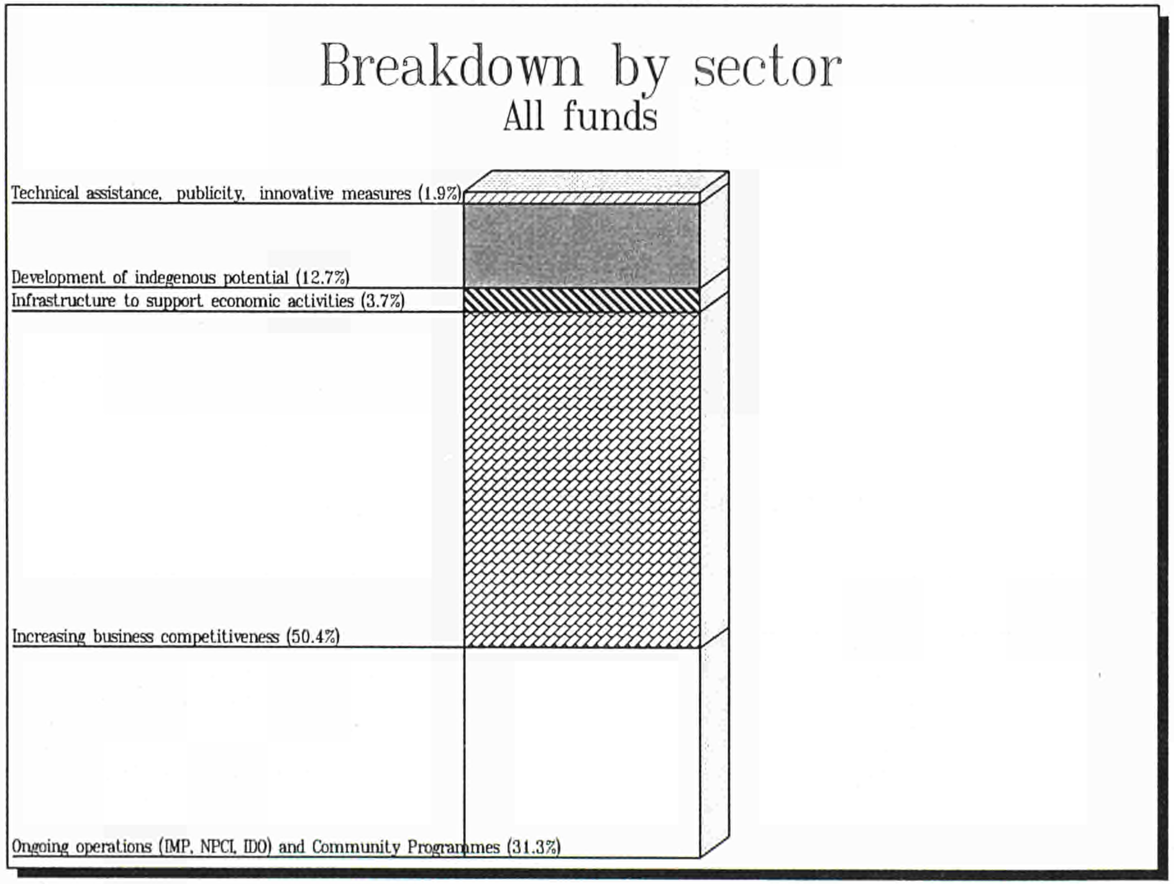



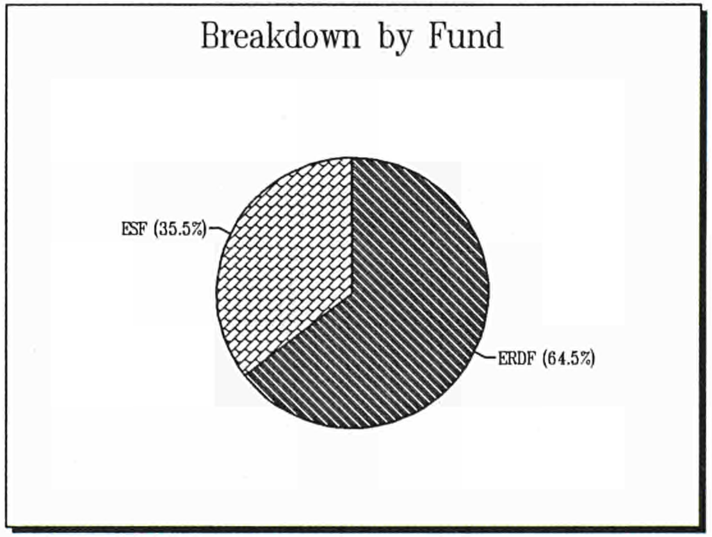

Source : Commission departments

(1) The community Programmes have been added to the ERDF's allocation

| Objective 2 | Nederland | Breakdown by sector. 1989-1991 | | | | |
|---|---|---|---|---|---|---|
| million ecu 1989 price | ERDF | | ESF | | Total (1) | |
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 24.17 | 49% | 0.00 | 0% | 24.17 | 31% |
| Increasing business competitiveness | 13.72 | 28% | 25.12 | 92% | 38.84 | 50% |
| Infrastructure to support economic activities | 2.83 | 6% | 0.00 | 0% | 2.83 | 4% |
| Development of indegenous potential | 8.74 | 18% | 1.06 | 4% | 9.80 | 13% |
| Technical assistance, publicity, innovative measures | 0.30 | 1% | 1.16 | 4% | 1.46 | 2% |
| Total | 49.76 | | 27.34 | | 77.10 | |






Source : Commission departments

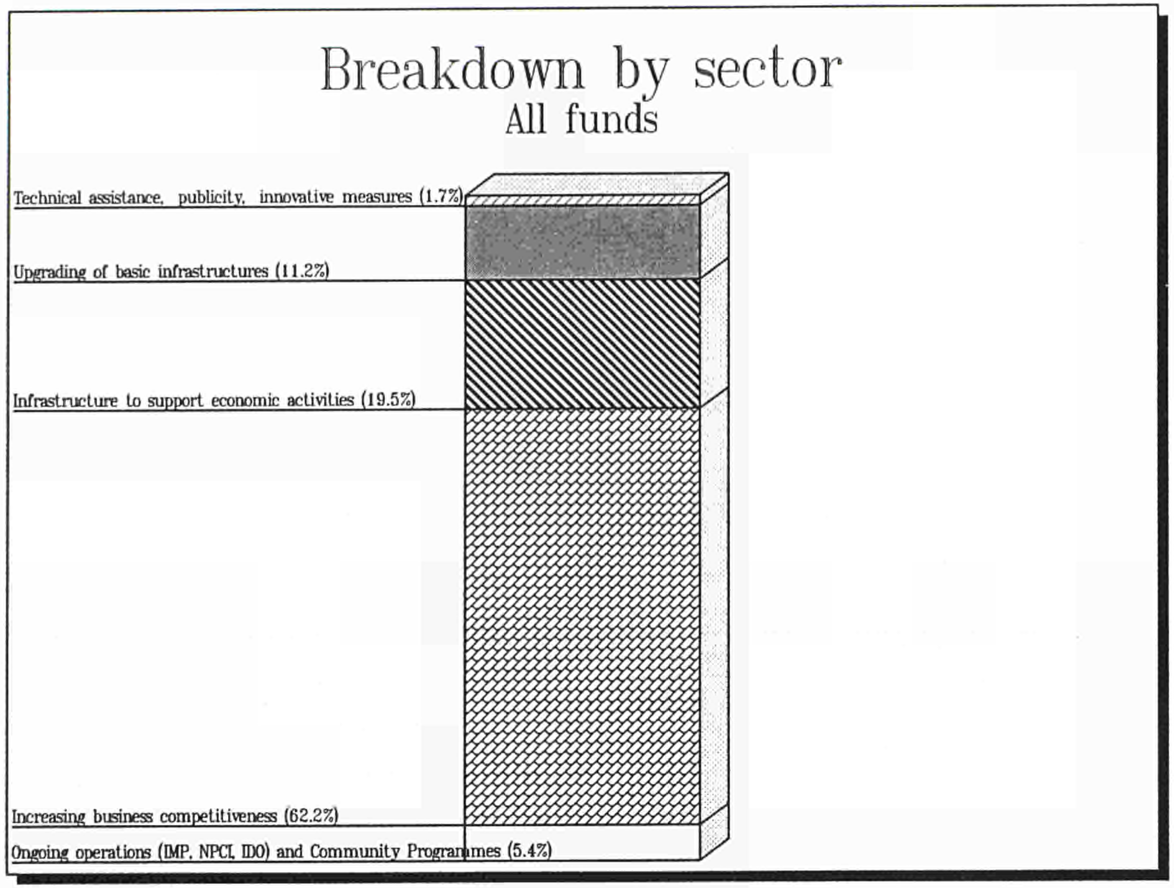
(1) The community Programmes have been added to the ERDF's allocation

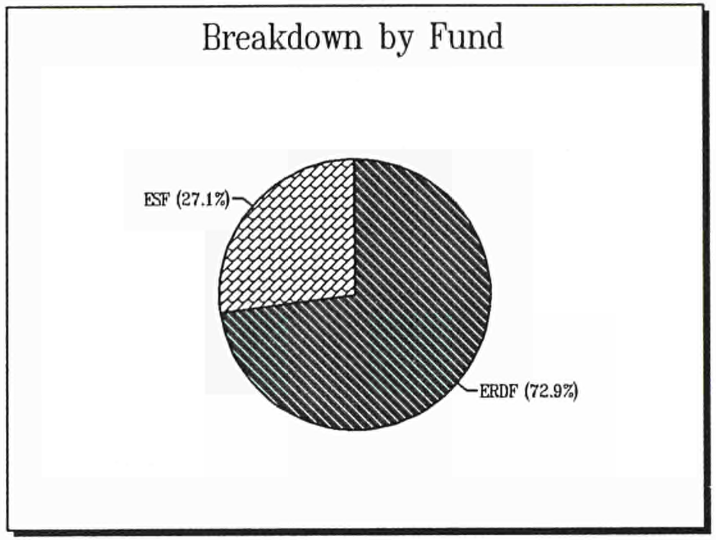
# Objective 2 Italia

Breakdown by sector. 1989-1991

million ecu 1989 price

| | ERDF | | ESF | | Total (1) | |
|---|---|---|---|---|---|---|
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 12.01 | 7% | 0.00 | 0% | 12.01 | 5% |
| Increasing business competitiveness | 90.75 | 56% | 46.69 | 78% | 137.44 | 62% |
| Infrastructure to support economic activities | 37.55 | 23% | 5.59 | 9% | 43.14 | 20% |
| Upgrading of basic infrastructures | 19.95 | 12% | 4.72 | 8% | 24.67 | 11% |
| Technical assistance, publicity, innovative measures | 0.75 | 0% | 3.00 | 5% | 3.75 | 2% |
| Total | 161.01 | | 60.00 | | 221.01 | |




Source : Commission departments

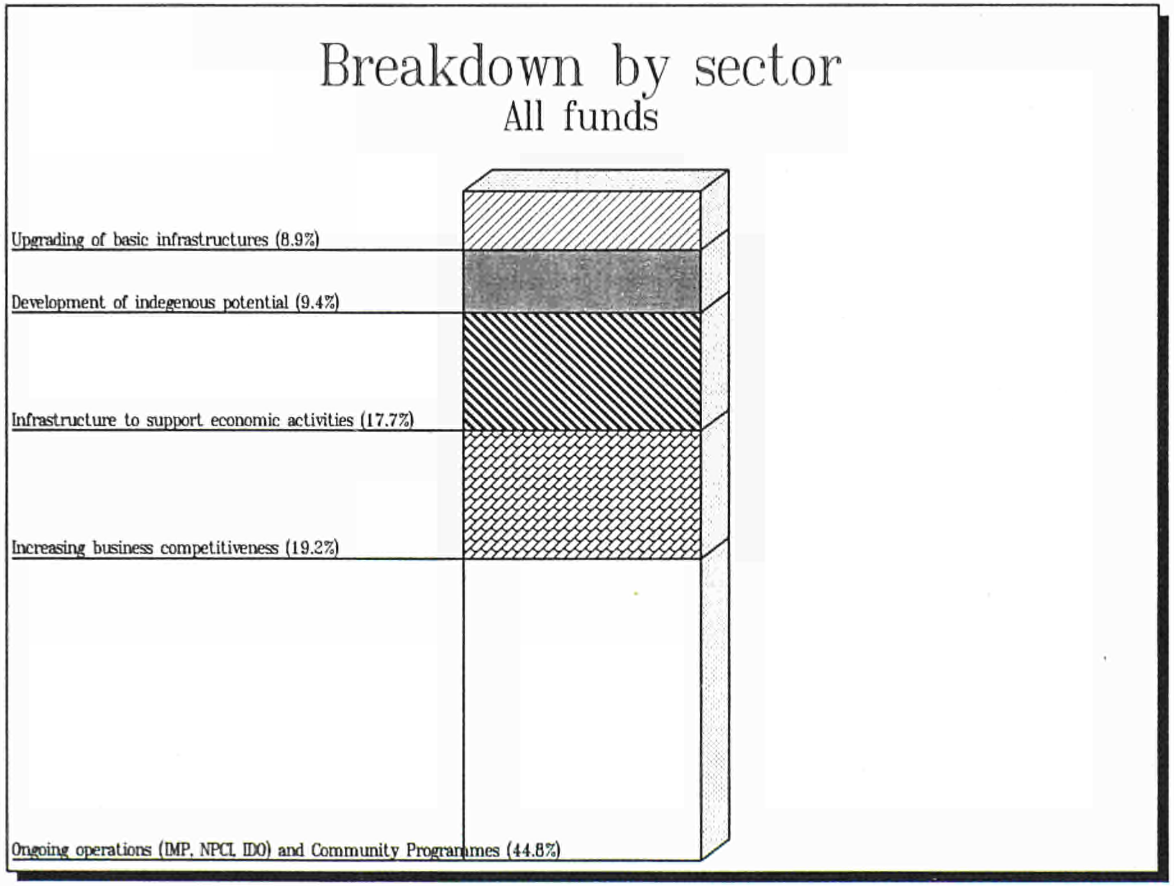
(1) The community Programmes have been added to the ERDF's allocation

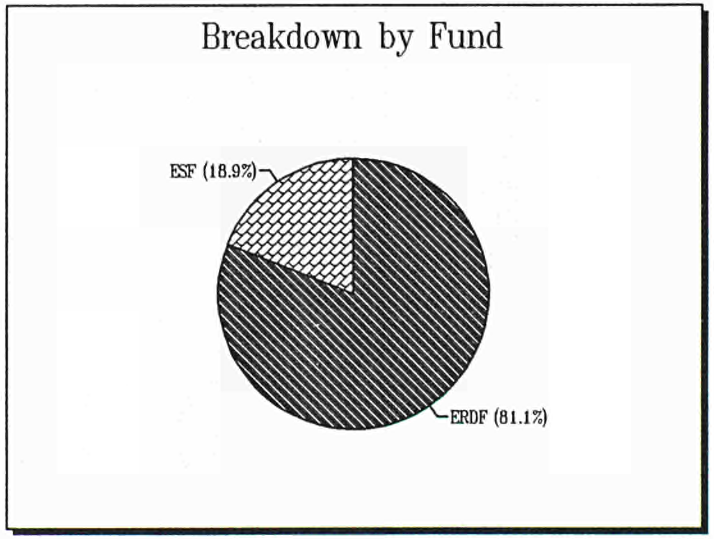
# Objective 2 United Kingdom

Breakdown by sector. 1989-1991

million ecu 1989 price

| | ERDF | | ESF | | Total (1) | |
|---|---|---|---|---|---|---|
| Ongoing operations (IMP, NPCI, IDO) and Community Programmes | 542.80 | 49% | 68.40 | 26% | 611.20 | 45% |
| Increasing business competitiveness | 119.40 | 11% | 142.47 | 55% | 261.87 | 19% |
| Infrastructure to support economic activities | 231.56 | 21% | 9.53 | 4% | 241.09 | 18% |
| Development of indegenous potential | 90.22 | 8% | 38.00 | 15% | 128.22 | 9% |
| Upgrading of basic infrastructures | 121.26 | 11% | 0.00 | 0% | 121.26 | 9% |
| Technical assistance, publicity, innovative measures | 0.00 | 0% | 0.00 | 0% | 0.00 | 0% |
| Total | 1105.24 | | 258.40 | | 1363.64 | |




Source : Commission departments

(1) The community Programmes have been added to the ERDF's allocation

ANNEX N° VI
(Chapter 2)

## EXPENDITURE ON HORIZONTAL MEASURES

(million Ecu)

| 5(a) EXPENDITURE IN OBJECTIVE 1 AREAS | | | |
|---|---|---|---|
| | 5(a) expenditure Objective 1 areas | 5(a) expenditure Community total | Objective 1 areas as % of total expenditure |
| 1987 | 280,3 | 713,1 | 39,3 |
| 1988 | 341,2 | 843,9 | 40,4 |
| 1989 | 443,1 | 849,5 | 52,2 |

ANNEX N° VII
(Chapter 2)

| EXPENDITURE IN 1989 BY MAIN 5(a) MEASURES | | |
|---|---|---|
| | Commitments in million ECU | Percentage of total |
| Investment aid | 90,8 | 10,7 |
| Establishment of young farmers | 42,6 | 5,0 |
| Accountancy assistance | 1,9 | 0,2 |
| Compensatory allowances | 282,7 | 33,3 |
| Environmental protection | 3,3 | 0,4 |
| Forestry schemes | 2,0 | 0,2 |
| Training | 7,3 | 0,9 |
| Set-aside | 6,0 | 0,7 |
| Processing and marketing | 367,6 | 43,3 |
| Other schemes | 45,3 | 5,3 |
| TOTAL 5a | 849,5 | 100,0 |

N.B. : Schemes linked to markets and regionalised schemes not included.

Source : Commission departments.

ANNEX N° VIII
(Chapter 3)

## COMMUNITY SUPPORT FOR MAJOR BASIC INFRASTRUCTURE

## CSFs FOR OBJECTIVE 1 REGIONS (1989-1993)

(in million Ecu)

| | Roads and motorways | Railways | Telecommunications | Energy |
|---|---|---|---|---|
| ELLAS | 271 | 163 | 345 (STAR : 90) | 513 |
| ESPANA | 2 051 | 636 | 309 (STAR : 112) | 117 |
| FRANCE | 39 | - | 20 (STAR) | 12,5 (VALOREN) |
| IRELAND | 512 | - | 25 (STAR) | 13 (VALOREN) |
| ITALIA | 300 | 66 | 311 (STAR : 230) | 879 |
| PORTUGAL | 460 | 123 | 121 (STAR : 77) | 172 |
| UNITED KINGDOM | 14 | 27 | 12 (STAR) | 5 (VALOREN) |
| TOTAL | 3 688 | 1 015 | 1 143 | 1 711 |

Source : Commission

ANNEX N° IX-1
(Chapter 5)

# BUDGETARY IMPLEMENTATION 1989

## ERDF

### COMMITMENTS BY OBJECTIVE

(million ECU)

| MEMBER STATE | Objective 1 | | Objective 2 | | Objective 5b | | Transitional measures | | Innovative measures Art. 10 | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 85% | 15% | 85% | 15% | 85% | 15% | 85% | 15% | | 15% | |
| BELGIQUE/BELGIE | - | - | 18,15 | 12,40 | - | - | 2,93 | 7,19 | - | - | 40,67 |
| DANMARK | - | - | 2,63 | 0,46 | - | 0,60 | 3,16 | 2,10 | - | - | 8,95 |
| DEUTSCHLAND | - | - | 103,51 | 7,82 | 19,32 | 0,83 | 39,41 | 11,58 | - | - | 182,47 |
| ELLAS | 596,78 | 51,03 | - | - | - | - | - | - | - | - | 647,81 |
| ESPANA | 994,31 | 93,58 | 118,87 | 13,75 | - | - | - | - | - | - | 1.220,51 |
| FRANCE | 23,85 | 4,43 | 63,82 | 27,21 | 55,89 | - | 25,92 | 18,68 | - | - | 219,80 |
| IRELAND | 281,18 | 27,19 | - | - | - | - | - | - | - | - | 308,37 |
| ITALIA | 781,67 | 91,89 | - | 4,42 | - | - | 3,05 | 29,82 | - | - | 910,85 |
| LUXEMBOURG | - | - | - | - | - | - | - | - | - | - | - |
| NEDERLAND | - | - | - | - | 3,46 | - | - | - | - | - | 3,46 |
| PORTUGAL | 549,66 | 42,91 | - | - | - | - | - | - | - | - | 592,57 |
| UNITED KINGDOM | 73,30 | 18,11 | 363,77 | 21,02 | 34,40 | - | - | - | - | - | 510,60 |
| COM | - | - | - | - | - | - | - | 0,41 | - | 19,75 | 20,16 |
| TOTAL | 3.300,75 | 329,14 | 670,77 | 87,08 | 113,07 | 1,43 | 74,47 | 69,78 | | 19,75 | 4.666,22 |
| | 3.629,89 | | 757,83 | | 114,50 | | 144,25 | | | 19,75 | 4.666,22 |

Source : Commission departments.



20/11/90

ANNEX N° IX-2
(Chapter 5)

## BUDGETARY IMPLEMENTATION

## E S F

## COMMITMENTS BY OBJECTIVE (1)

(million ECU)

| MEMBER STATE | Objective 1 | Objective 2 | Objective 3 | Objective 4 | Objective 5b | Innovative measures | TOTAL |
|---|---|---|---|---|---|---|---|
| BELGIQUE/BELGIE | – | 15,876 | 4,292 | 18,022 | 7,066 | 2,466 | 47,722 |
| DANMARK | – | 3,417 | 0,341 | 23,202 | 3,104 | 3,331 | 33,395 |
| DEUTSCHLAND | – | 20,676 | 17,757 | 120,700 | 15,984 | 13,114 | 188,233 |
| ELLAS | 300,865 | – | – | – | – | 9,152 | 310,017 |
| ESPANA | 386,019 | 29,379 | 82,080 | 91,275 | 9,080 | 4,497 | 602,323 |
| FRANCE | 64,111 | 71,458 | 104,432 | 136,882 | 23,054 | 37,273 | 437,210 |
| IRELAND | 233,082 | – | – | – | – | 1,895 | 234,978 |
| ITALIA | 286,604 | 56,837 | 14,059 | 202,747 | 7,606 | 25,269 | 593,122 |
| LUXEMBOURG | – | – | – | 1,907 | – | 0,587 | 2,494 |
| NEDERLAND | – | 10,920 | 17,348 | 48,048 | 5,516 | 6,830 | 88,663 |
| PORTUGAL | 338,806 | – | – | – | – | 7,668 | 346,475 |
| UNITED KINGDOM | 68,338 | 92,560 | 66,642 | 387,213 | 18,695 | 5,843 | 639,292 |
| | 1,677,825 | 301,123 | 306,951 | 1,029,996 | 90,105 | 117,925 | 3,523,924 |

Source : Commission departments

(1) The exchange rate used for the conversion of commitments in ecus is that in force on the date of the relevant Commission decision. The figure in the table in paragraph 2, page 66 is based on the exchange rate for end 1989.



20/11/90

ANNEXE N° IX-3
(Chapter 5)

# BUDGETARY IMPLEMENTATION 1989

## EAGGF GUIDANCE

### COMMITMENTS BY OBJECTIVE

(million ECU)

| MEMBER STATE | Objective 1 | Objective 5a | Objective 5b | Transitional measures | TOTAL |
|---|---|---|---|---|---|
| BELGIQUE/BELGIE | – | 27,791 | 1,000 | 2,788 | 31,579 |
| DANMARK | – | 17,294 | – | – | 17,294 |
| DEUTSCHLAND | – | 126,405 | – | 0,750 | 127,155 |
| ELLAS | 235,297 | – | – | – | 235,297 |
| ESPANA | 149,390 | 33,961 | 4,915 | 15,624 | 203,890 |
| FRANCE | 44,342 | 123,985 | 10,134 | 1,305 | 179,766 |
| IRELAND | 121,737 | – | – | – | 121,737 |
| ITALIA | 118,714 | 99,686 | 9,995 | 35,215 | 263,610 |
| LUXEMBOURG | – | 3,577 | – | – | 3,577 |
| NEDERLAND | – | 20,663 | – | – | 20,663 |
| PORTUGAL | 179,395 | – | – | – | 179,395 |
| UNITED KINGDOM | 13,254 | 62,842 | 0,812 | 1,120 | 78,028 |
| TOTAL | 862,129 | 516,204 | 26,856 | 56,802 | 1,461,991 |

Source : Commission departments



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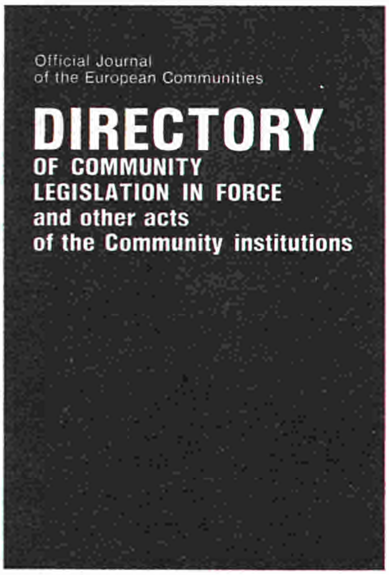



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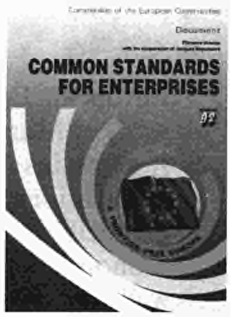


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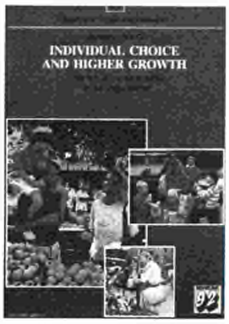


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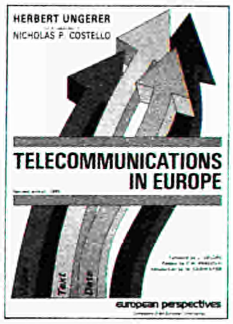


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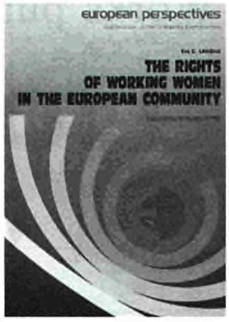


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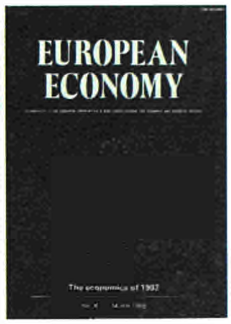


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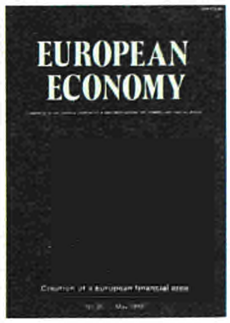


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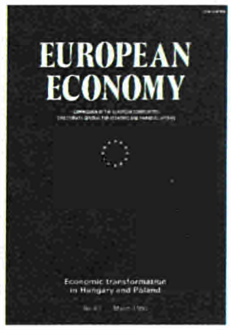


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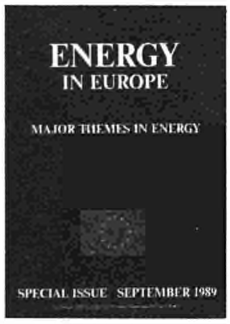


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