



Structural Funds 1995: Summary of the Annual Report

By the end of 1995, the programme of Structural Fund assistance for the 1994-1999 period was nearly complete, with 733 programmes adopted by the end of the first two years. 1995 also saw the integration of three new Member States into the political structure of the European Union (Austria, Finland and Sweden).

In financial terms, 21.938 billion Ecus were committed and 17.215 billion Ecus were paid. The Community used these contributions to help implement development programmes agreed in conjunction with the various Member States. The aim of these programmes is to reinforce economic and social cohesion within the Union in the face of ongoing challenges, among them monetary union.

This brochure gives a brief summary of the key aspects of the 7th Annual Report (1995) on the Structural Funds, covering the following aspects:

- the application of programming, funding concentration and partnership principles; monitoring and evaluation; financial implementation;
- enlargement to include new Member States;
- Community Initiatives and Innovative Actions;
- the progress of the various development objectives;
- the complementarity of Community policies;
- examples of environmental protection, on which the 1995 report places particular emphasis.

The Structural Funds

- European Regional Development Fund (ERDF): assistance to disadvantaged regions (infrastructure, productive investments, assistance to SMEs etc.).
- European Social Fund (ESF): promoting employment (professional training, assistance in filling vacancies etc.).
- European Agricultural Guidance and Guarantee Fund (EAGGF): adapting agricultural structures and assisting rural development).
- Financial Instrument for Fisheries Guidance (FIFG): assists in the restructuring of this sector.

Implementation of the Structural Funds is characterised by partnership programming (between the European Commission and the national and regional authorities) and by the concentration of funding on 6 priority Objectives for development:

- Objective 1: the structural adjustment of regions whose development is lagging behind.
- Objective 2: economic conversion of declining industrial areas.
- Objective 3: combatting long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market.
- Objective 4: facilitating the adaptation of workers to industrial changes and to changes in production systems.
- Objective 5a: adjustment of agricultural and fisheries structures.
- Objective 5b: economic diversification of vulnerable rural areas.
- Objective 6 (Finland and Sweden): structural adjustment of regions with extremely low population densities. Objectives 1, 2, 5b and 6 are geographically restricted; Objectives 3, 4 and 5a can cover the whole of the European Union.

The main forms of intervention are Operational Programmes (OPs) decided on the basis of Community Support Frameworks (CSFs) and Single Programming Documents (SPDs). The latter provide for a simpler decision-making process. The majority of programmes are national initiatives. Others are implemented as Community Initiatives, a series of programmes launched by the Commission focusing on 13 themes.

Key events of 1995

Programming

During 1995, almost all of the national programmes awaiting approval for the 1994-1999 period were adopted. This concerned principally the programmes for the three new Member States, which joined the Union on 1 January 1995 (see page 4); a large number of Community Initiative Programmes (CIPs; see page 5) were also adopted in 1995. By the end of the two-year period (1994 and 1995), the number of programmes adopted had risen to 733, 43 of them concerning the new Member States and 291 concerning Community Initiatives.

Concentration of funds

As anticipated, assistance was primarily targeted at the Objective 1 regions. The funds allocated to these regions during 1995 represented 66% of total commitments and 70% of payments made.

Partnership

The partnership of the regional authorities in the management of programmes was strengthened and now works reasonably well. The situation is far less satisfactory in the case of the other authorities, especially at local level. Economic and social partnerships are improving, though very unevenly. The report also reflects the broad range of

existing situations and the need to simplify operational methods in response to the increasing complexity of the partnership structures.

Monitoring and evaluation

The composition of the Monitoring Committees has been accompanied by the publication of common guidelines*. The launch of interim evaluation processes aimed at providing a systematic critical analysis of actions has experienced delays but has also improved in comparison with the past.

Financial execution

In general, nearly one-third of the assistance allocated for the period 1994-1999 was committed during 1994-1995, and almost one-fifth was paid. The level of assistance paid ranged from 10% to Finland and 11% to Italy to 25% to the United Kingdom. In general, the speed of payments should be improved, although it should be noted that these two years were mainly concerned with programme launches.

* 'Common guidelines for monitoring and interim evaluations', CX-90-95-914-C.

Number of programming documents adopted in 1994-1995

	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	SF	S	UK	EUR 15 (1994-1995)	of which EUR 15 (1995)
Obj 1	1	-	18	31	53	6	10	24	-	1	1	17	-	-	3	165	24
Obj 2	4	2	9	-	8	19	-	11	1	5	4	-	1	5	13	82	18
Obj 3	5	1	12	-	11	1	-	16	2	1	1	-	1	1	1	53	3
Obj 4	5	1	1	-	1	1	-	1	1	1	1	-	1	0	0	14	2
Obj 5a (agr.)	6	2	11	-	2	2	-	2	2	2	2	-	2	1	2	36	3
Obj 5a (fish)	1	1	1	-	1	1	-	1	1	1	1	-	1	1	1	12	3
Obj 5b	3	1	8	-	7	20	-	13	1	5	7	-	2	0	11	78	30
Obj 6	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	2	2
Total Obj ¹⁾	25	8	60	31	83	50	10	68	8	16	17	17	9	9	31	442	85
Total CIP, of which:																291	263
Interreg/Peace																35	35
Others	16	5	67	10	23	47	6	19	4	12	4	11	2	2	28	256	228
Overall total	41	13	127	41	106	97	16	87	12	28	21	28	12	12	59	733	348

¹⁾ By the end of the two years under review, only a few Operational Programmes remained to be adopted under Objectives 1 and 5a (agriculture), plus the SPD for Sweden under Objectives 4 and 5b. The United Kingdom has not submitted an Objective 4 programme for 1994-1996.

Taking 1995 separately, the Community committed a total of 21.938 billion Ecus to national initiatives, i.e. 91% of the amount that could be committed for that year (compared with 90% during 1994).

17.215 billion Ecus were paid, i.e. 81% of the amount available (compared with 75% in 1994). The level of payments made was therefore reasonably satisfactory. The sums committed to Community Initiatives (2.357 billion Ecus) reached 90% of the total available, compared with 12% in 1994; this large figure may be due to the adoption of a very large number of new Community Initiative Programmes in 1995.

In terms of absolute value, the amounts committed by each Fund during 1995 differed substantially. But with the exception of the ESF, for which only 76% of the available credits were paid, all the other Funds reflect the same very high levels of implementation: i.e. 99% for all types of assistance combined. In terms of the various Objectives, in 1995 only the available credits for Objective 6 were 100% implemented, for a very small number of programmes adopted that year. Objectives 1 and 5a represented a level of implementation of more than 95%, followed by Objectives 2 and 5b (at around 85%) and Objectives 3 and 4 (at 79% and 26% respectively), which encountered considerable difficulties in this respect.

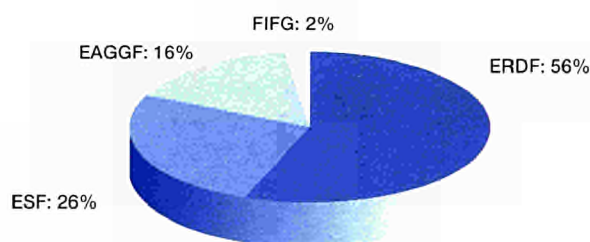
Allocations, commitments and payments

1) Amounts are allocated to the Structural Funds for a multi-annual period and are distributed (in the form of CSFs or SPDs) between the various Objectives, Member States, regions and programmes. The total budget available for the 1994-1999 period comes to 154.5 billion Ecus (1994 prices).

2) On the basis of these allocations, financial commitments are made by the Structural Funds. These commitments are the administrative acts which allow the actual payments to be made.

3) The award of payments depends on both the financing plan and on the progress of projects. Payments are made after the Member State has submitted a progress report. These payments make it possible to measure the progress of projects.

Breakdown by Funds of the amounts committed in 1995:



Other financial instruments

In addition to the Structural Funds, the Cohesion Fund (16 billion Ecus for 1993-1999) helps Greece, Portugal, Spain and Ireland to prepare themselves for economic and monetary union by supporting environmental and transeuropean transport network projects. The European Investment Bank (EIB) and the European Coal and Steel Community (ECSC) can also grant loans for all development actions, whether it is to finance infrastructure projects or to provide interest rate rebates for new or existing loans. In 1995, the EIB issued loans totalling 12.144 billion Ecus for the benefit of regions whose development was lagging behind and regions in industrial decline (Objectives 1 and 2), i.e. 68% of its total lending within the Community.

Amounts committed in 1995⁽¹⁾ for the 1994-1999 period (in Millions of Ecus, 1995 prices, figures rounded)

	Obj 1	Obj 2	Obj 3	Obj 4	Obj 5a Agriculture	Obj 5a Fisheries	Obj 5b	Obj 6	CIs	Total
Belgium	9.0	4.6	33.4	-	30.2	-	9.2	-	97.3	183.7
Denmark	-	6.0	41.0	5.0	16.7	23.3	3.4	-	13.4	108.8
Germany	2022.6	38.0	48.2	-	165.1	12.5	135.8	-	646.5	3068.7
Greece	2653.0	-	-	-	-	-	-	-	86.0	2739.0
Spain	4778.9	659.2	207.0	62.7	21.1	19.9	88.6	-	315.1	6152.5
France	222.5	313.1	396.8	-	252.1	31.6	110.5	-	333.3	1659.8
Ireland	954.2	-	-	-	-	-	-	-	53.5	1007.7
Italy	2228.6	-	-	-	-	22.4	31.5	-	134.3	2416.8
Luxembourg	-	-	3.3	0.3	5.5	0.9	-	-	1.9	11.9
Netherlands	17.2	9.2	143.8	-	4.9	1.4	7.3	-	61.6	245.4
Austria	28.8	54.2	64.1	11.7	61.5	2.0	78.3	-	43.4	344.0
Portugal	1379.7	-	-	-	-	-	-	-	192.2	1571.9
Finland	-	31.1	60.3	14.8	61.4	23.0	32.8	81.0	48.9	353.2
Sweden	-	105.8	73.0	-	13.7	40.0	-	44.9	31.9	309.3
United Kingdom	218.6	518.3	497.0	-	22.8	0.1	74.6	-	327.5	1658.9
Interreg/Peace	-	-	-	-	-	-	-	-	562.9	562.9
Total	14513.1	1739.4	1567.9	94.5	655.1	177.1	571.9	125.9	2949.7	22394.5

⁽¹⁾ This includes credits not committed in 1994 and carried forward to the 1995 budget.

In the case of Community Initiatives (CIs), the figures correspond to commitments made in 1994-1995.

The new Member States

In general, all the new Member States enjoy a high quality environment. The Objective 6 regions in Sweden and Finland are among the last remaining unspoilt areas in Europe, and are nearly untouched by development. The mountainous regions in Austria are among the most attractive in the world. These assets must be preserved, a goal that will be made easier by increased environmental awareness and tighter environmental laws. The main problems in Finland and Sweden (Objectives 2 and 6) are posed by the risk of cross-border pollution, acidification of water and forests and the need to sustainably exploit natural resources. Austria faces the risk of pollution by transport in mountain areas and the expansion of tourism.

Concern for the environment spans all the programmes prepared for these countries. This can be illustrated in the case of Austria (Objective 1) by the funding of an environmental programme in Burgenland, the cleaning up of the Neusiedlersee or the Neusiedlersee Seewinkel national park. In Finland (Objective 2), it can be illustrated by a scheme to collect and distribute information on 'green' technologies, the development of eco-friendly products and processes and environmental cooperation between enterprises. In Sweden (Objective 6), it can be illustrated by schemes to train farmers and forest owners in environmental management skills, to provide training in recycling for industry and commerce and to instruct tourism workers on the «right of public access to the countryside» («Allemansrät»).

The new Member States and the Structural Funds

The integration of Austria, Finland and Sweden into the political structure of the Union was a key aspect of the accession talks during 1994. The Act of accession created a new Objective 6 in favour of regions with extremely low population densities (less than 8 inhabitants per square kilometre). Since Community regulations did not apply to these States until the beginning of 1995, that year was characterised mainly by the preparation of programmes for these countries. Nevertheless, the rapid adoption of almost all the Single Programming Documents made it possible to launch many of them before the end of the year.

Objectives 1 and 6

Objectives 1 and 6 cover the same types of assistance. Only Burgenland in Austria is eligible under Objective 1. Here, the goal is to create a dynamic central European region while at the same time reducing its internal disparities. In the Finnish Objective 6 region, the aim is to develop local assets (wood, metals, electronics, tourism), to strengthen SMEs and to develop telecommunications. The programme for the Swedish Objective 6 regions aims to remedy their peripheral location, reduce their high unemployment (especially in mining areas), exploit their natural resources and environment and their relatively developed infrastructures and boost jobs in the private sector.

Objective 2

As elsewhere, funding in Objective 2 areas was targeted at employment and at establishing enterprises in a more favourable business environment. In Austria, this was accompanied by an integrated approach to the environment. In Finland, it was linked to efforts to boost the collective development of SMEs in order to reduce their dependence on a few major employers. In Sweden, it was accompanied by measures to encourage collaboration between enterprises and centres of knowledge.

Objectives 3 and 4

Positive progress in this area included support to groups affected by economic developments following accession to the Union (in Objective 3, Austria), the particularly rapid launch of Objective 4 in Finland (where ESF funding accounts for 7% of national resources targeted at boosting employment) and equal opportunities for men and women in Sweden.

Objectives 5a and 5b

The breakdown of expenditure allocated to Objective 5a (agriculture) is as follows: 84% for productive support and 16% for marketing and processing in all three countries. All three new Member States also benefitted from three programmes under Objective 5a (fisheries). Among the priorities for Objective 5b, funding for diversification and development was equally divided: in Austria, between the non-agricultural and the agriculture and forestry sectors, whereas in Finland and Sweden it went mainly to the non-agricultural sectors. In each of the three countries, support for human resources was the third priority.

Adoption of a large number of Community Initiatives

One of the distinctive features of 1995 was the adoption of two-thirds of the Community Initiative Programmes (CIPs) submitted by the Member States. By the end of the two-year period, the total number of CIPs adopted accounted for 9.774 billion Ecus, or 81% of the appropriations allocated under these programmes to the Twelve between 1994 and 1999, and 44% of the budget allocated to the three new Member States between 1995 and 1999. The large number of CIPs submitted (401) is partly due to the fact that some Member States had submitted regional CIPs. This slowed down decision-making, a development which was further aggravated by the time taken to vet the quality of CIPs before they were adopted. These CIPs are in effect having to complement the national programmes and encourage exchanges of experience between regions and Member States on 13 specific themes of Community interest.

In 1995, the Commission also shifted the focus of several Community Initiatives in the

following ways: URBAN (increased attention for medium-sized conurbations, long-term unemployment, equal opportunities for women and the urban environment), EMPLOYMENT (the addition of an extra programme to combat social exclusion, including racism and xenophobia ('Integra')), ADAPT (the addition of an extra programme to help prepare workers for the information society ('ADAPT Bis')), INTERREG II (focus on transnational cooperation in spatial planning). Environmental protection, to which the Community gives high priority, plays a key role in the majority of new Community Initiatives.

Innovatory Actions

In Autumn 1995, the Commission published calls for proposals under the Innovatory Actions provided for in the regulations governing the Structural Funds. These mainly concerned proposals relating to regional development, economic cooperation and urban pilot projects for the 1995-1999 period.

Emphasis on the environment

The 1995 Structural Fund report stresses environmental issues, as a way of reflecting the importance accorded to the environment by the new Structural Fund regulations (1993), developments in Community thinking in this area during 1995 and the political desire of the Commission to promote 'sustainable development'.

The Structural Funds are the major instruments of this policy, especially in the area of regional development. Not only do they finance direct investments in infrastructure (treatment of solid waste and effluent, water supply), site clean-up, protection of biotopes and natural landscapes, preventive measures (environmentally friendly products or processes in industry and agriculture, energy conservation measures, transport and tourism), training and research; they also support the prior appraisal, monitoring and evaluation of the environmental impact of these programmes.

Between 1994 and 1999, 9.445 billion Ecus (8.8% of total Structural aid) has already been committed to measures directly targeted at the environment. This includes 8.327 billion Ecus for Objective 1 regions alone.

* See the Commission Communication 'Cohesion Policy and the Environment', COM(95)509 final and the brochure 'The Environment and the Regions: towards sustainable development', CX-90-95-744-C.

Specific environmental actions

Community Initiatives

Among the 13 Community Initiatives, concern for the environment is reflected particularly in the industrial conversion programmes (RECHAR, RESIDER, RETEX, KONVER), the rural development programme (LEADER), the programmes to improve urban areas (URBAN), programmes to support the most remote regions (REGIS) and the programme to support enterprises (SME). The INTERREG Initiative is a special case, in that cross-border cooperation involves a vast range of environmental measures. The REGEN 'arm' of INTERREG, which is designed to improve energy networks, gives priority to measures and technologies which reduce pollution. The new 'arm' of cross-border cooperation includes measures on spatial development (and consequently on the environmental effects of Community policies), flood prevention and drought alleviation.

Innovatory actions

Potential themes for urban pilot projects include the creation of green spaces, the treatment and recycling of waste and renewable energies. On the rural side, demonstration and pilot projects offer the chance to test methods designed to combine agricultural production, sustainable rural development and environmental protection.

Specific environmental actions

Objective 1

In Greece, measures include notably the prevention of forest fires, the improvement of air quality (Athens) and water supply and spatial development (including the creation of a land register aimed at protecting biotopes). In Spain, priority measures include combatting desertification and the over-taxing of water resources (especially by farming), and the setting up of an administrative coordination structure for the urban environment. Measures are being taken to promote public services relating to the environment (water and urban waste) in Italy, to reduce the use of pesticides in the Netherlands, to increase public awareness in Portugal, where the difficulty of water supply and the pollution of rivers and coastlines are particular problems, to train SMEs in Merseyside (UK) to acquire environmental skills and to increase know-how and the protection of biodiversity in the tropical forests of French Guyana.

Objective 2

One of the most significant examples of environmental protection under Objective 2 is the Emscherpark in Nordrhein-Westfalen (Germany), where there is an integrated action aimed at redeveloping derelict industrial sites and at providing support for enterprises specialising in environmental technologies. This action is giving rise to the transfer of 'good practices'. The programmes in the Land of Berlin combine environmental and socio-economic actions. In Picardy, France, 18% of Community assistance was spent on to environmental projects. In Lombardy, Italy, an important action to assist SMEs is the modernisation of water purification and waste treatment plants.

The Structural Funds, Objective by Objective

Regions whose development is lagging behind (Objective 1)

National initiatives in Objective 1 regions, some of which were launched in 1994, were all under way by the end of 1995. Nearly half (47%) were financed by more than one Fund. In the space of two years, they accounted for almost one-third of commitment credits relating to Community contributions for the 1994-1999 period, and one-fifth of actual payments. In terms of commitments and actual spending, the Member States which made the most progress were also those which benefitted from the Cohesion Fund, namely Greece, Portugal, Spain and Ireland. The Member State which made the least progress, apart from Austria, was Belgium.

It should be noted that the regions whose development is lagging behind (which absorb most of the Structural Fund resources) generally also make the most progress in implementing the assistance.

The environment absorbs 8.327 billion Ecus, or 8.9% of the Objective 1 credits for 1994-1999. These are largely investments in infrastructure, often of considerable size. The main priority is water management followed by waste management, which absorbs 86% of environmental credits. The remainder concerns investments with beneficial environmental side-effects, e.g. environmentally friendly tourism, 'clean' technologies, control of agricultural pollution and training in ecological sectors.

Regions in industrial decline (Objective 2)

Nearly all the programmes for Objective 2 regions in the Europe of the Twelve (adopted in 1994, with the exception of Spain) became operational in 1995. They combine ERDF and ESF assistance and cover an initial three-year phase (1994-1996).

By the end of the first two years, 52% of the financial commitments had been effected and 25% of payments had been made. Although these rates may seem low, the dates on which the programmes were adopted should be borne in mind, i.e. mostly between the final quarter of 1994 and the beginning of 1995. Nevertheless, the situation varies considerably between the various Member States. The commitments made in relation to anticipated Community assistance ranged from 35% for the Netherlands to 60% for the United Kingdom and 66% for Sweden. Actual levels of payments made ranged from 20% (Belgium) to 57% (Luxembourg).

In Objective 2 regions, environmental measures in the strict sense (378 billion Ecus or 5.7% of credits) were directed mainly at the clean-up of sites or ground water contaminated by industrial activity, and at promoting environmentally friendly processes. To this was added the redevelopment of industrial and urban sites (14%) to benefit the diversification of activities.

Employment and adaptation to industrial change (Objectives 3 and 4)*

The implementation of Objective 3 actions over the past two years accounts for 30% of commitments and 22% of actual payments in relation to the 1994-1999 period. Particular attention was given to new funding possibilities for this period, whether for new target groups or new kinds of measures.

Which Funds finance the various Objectives?

Objectives 1 and 6: ERDF, FSE, EAGGF, FIGG.
Objective 2: ERDF, ESF.
Objectives 3 and 4: ESF.
Objective 5a: EAGGF, FIGG.
Objective 5b: ERDF, ESF, EAGGF.

The majority of documents relating to Objective 4 regions were not approved until the end of 1994 and the various programmes were prepared in 1995 at different rates for each Member State. In some countries, the programmes could not be launched until 1996. The new requirements for Objective 4 programmes, in the form of broad partnerships and compliance with competition standards, delayed the start of work in some instances. The low rate of payment of ESF credits during 1995 has now led to the creation of an action plan to remedy the situation from 1996 onwards. In relation to the overall 1994-1999 period, the absorption of credits over the two years under review was 24% for commitments and only 12% for actual payments.

Measures to benefit the environment under Objectives 3 and 4 are mainly indirect. However, the long-term importance of the environment is assured.

Human Resources

Within the context of Objective 3, the ESF is helping to fund 'local missions' in Brussels set up by communes and associations. These are common instruments adapted to specific situations and designed to assist the integration of disadvantaged groups. In Spain, the 'Escuela de Organización Industrial' encourages the establishment of new SMEs to develop local potential through theory and practical training. In North Brabant, the Netherlands, an advisory bureau assists people excluded from the labour market due to mental problems. Under Objective 4, a study has been carried out in Denmark to examine the effects of electronic data exchange on skills requirements and job distribution. In France, an automobile equipment supplier has set up a scheme to train its staff to keep up with developments in the sector.

Adaptation of agricultural and fisheries structures (Objective 5a)*

For Objective 5a (agriculture), the financial commitments made and the payments effected over the two years under review were 29% and 17% respectively, again with significant variations between the Member States. Allocated spending for the 1994-1999 period was 77% for productive structures and 23% for measures to benefit conversion and commercialisation.

It should be noted that Objective 5a includes a flexible legal framework which allows Member States to give priority to different sectors of activity, categories of farmers and beneficiary regions. In the latter case, the aim is to preserve agricultural activity while compensating for any natural handicaps with which it may have to contend (e.g. mountains) through allowances and additional investment aid.

Under Objective 5a (fisheries), the financial commitments and payments made were 35% and 17% respectively over the two-year period, in relation to 1994-1999. The key events during 1995 were the adoption of socio-economic measures to benefit fishermen, a specific measure in favour of Spanish and Portuguese fishermen, and the reprogramming of FIFG assistance in some Member States, in order to compensate for backward development.

On the environmental front, Objective 5a actions reflect a desire to make better provision for the interdependence between commercial exploitation and the natural environment.

* In Objective 1 and 6 regions, so-called 'horizontal' actions linked to Objectives 3, 4 and 5a are included in the development programmes for these regions. Objectives 3, 4 and 5a consequently do not cover Greece, Portugal and Ireland in a distinct way, since the whole of these countries are covered by Objective 1.

Specific environmental actions

Objectives 3 and 4

Objective 3 measures can benefit the environment indirectly, e.g. through measures to clean up contaminated sites, rivers or beaches, the preservation of natural sites and public awareness campaigns. Environmental goals can also be achieved by promoting public transport, as in Münster, Germany, where a practical training scheme allows women to obtain part-time work as bus drivers. Under Objective 4, measures are targeted at providing people with often very advanced technical skills in response to new, environmentally-friendly processes so that they can adapt more effectively to industrial change.

Objective 5a

In 1994, the Commission altered the criteria for investments under Objective 5a (agriculture) in favour of processing industries which assist the rural environment and organic farming. It should also be remembered that in 1992, the reform of the Common Agricultural Policy (CAP) was accompanied by measures aimed mainly at combining agricultural production methods with environmental protection and the preservation of natural areas. Under Objective 5a (fisheries), measures include reducing overfishing and damage to ecosystems, especially in coastal areas, and modernising fishing port facilities, aquaculture and the processing industry. Protected marine areas will be established, notably through the establishment of fixed or moveable elements (such as artificial reefs).

Specific environmental actions

Objective 5b

Anticipated measures include environmental education combined with agro-tourism (nature discovery trails, educational and tourist centres), the protection of aquatic biotopes, e.g. by reintroducing salmon etc. Additional measures will be taken to protect highly vulnerable areas, such as humid zones, from economic activity. Measures will also be taken to diversify production aimed at preserving a 'high quality' environment, e.g. by encouraging organic farming, services linked to research and development in agri-foods and investments in SMEs manufacturing environmentally friendly products and techniques, especially as regards energy and water conservation.

Cohesion Fund projects

The Cohesion Fund is another important financing instrument for environmental protection. In fact, the regulations governing the Cohesion Fund require that its resources are equally distributed between transport networks and environmental projects. After two years, no less than 45% of credits under the new Fund for the 1993-1999 period have now been committed to the environment. Efforts will be made to ensure a 50/50 split over the whole programming period. The largest proportion of these environmental investments involves water management and the treatment of solid waste and waste water. The Commission is seeking to create maximum synergy between Cohesion Fund interventions and those of the Structural Funds.

Vulnerable rural areas (Objective 5b)

During the two years under review, the percentage of funding committed to Objective 5b totalled 17.5% of the total budget for 1994-1999. The proportion of payments effected was just short of 9.8%. The progress made in the various programmes was variable. A better way of circulating credits will be sought to boost the involvement of public financiers and to accelerate payments. If necessary, some programmes may be adjusted.

The wide diversity of programmes reflects the strong heterogeneity of Objective 5b regions, as well as the differences between the various national and regional efforts in favour of rural development. These efforts range from 2.5 to 6.6 Ecus of investment by the national authorities for every one Ecu of Community investment. Nearly all the programmes are financed by three Funds (EAGGF, ERDF and ESF): this should lead to results illustrating the links between investment in human resources and in the productive sectors. The priorities for action are as follows (in descending order of size of Community funding): agricultural diversification and rural infrastructures (27%), support for SMEs (25%), human resources (15%) and tourism (12%).

The natural heritage is a major asset in rural development in Objective 5b regions, and straddles a broad range of activities. Direct investments in environmental projects accounted for 721 Mecus (or 11.7% of credits under this Objective for the 1994-1999 period), of which 56% were for preventive actions (preserving ecosystems, biodiversity) and 30% were for curative actions (reducing pollution).

Complementarity of Community policies

The search for 'complementarity' between the different community policies is crucial. Structural policy therefore needs to be coordinated with the various sectoral policies. The 1995 report reflects specific efforts to encourage compliance with Community measures on the environment, competition and public procurement during the preparation and implementation of programmes. These efforts are also designed to strengthen financial support from the Structural Funds for projects to foster equal opportunities for men and women, SMEs, transeuropean networks, research and development, direct investments to benefit the environment and so on.

During 1995, the Commission focused its attention on better integrating existing structural programmes into other Community policies. Priority areas include transeuropean transport, telecommunications and energy networks. The development of these networks should solve the peripherality problems of some regions through the creation of basic infrastructure or connections with the economic centres of the Union. In addition to the financial allocations for transeuropean networks, the ERDF is also co-funding sections of transport networks in Spain, Ireland and Italy, and the REGEN Community Initiative is supporting the development of gas supply networks in Greece, Spain and Portugal.



European Commission
Directorate-General for Regional Policy and Cohesion

GA-01-96-656-EN-C