

COMMISSION OF THE EUROPEAN COMMUNITIES

COMMUNITY SUPPORT FRAMEWORK

1989-93

for the development and structural adjustment
of the regions whose development is lagging behind
(Objective 1)

PORTUGAL



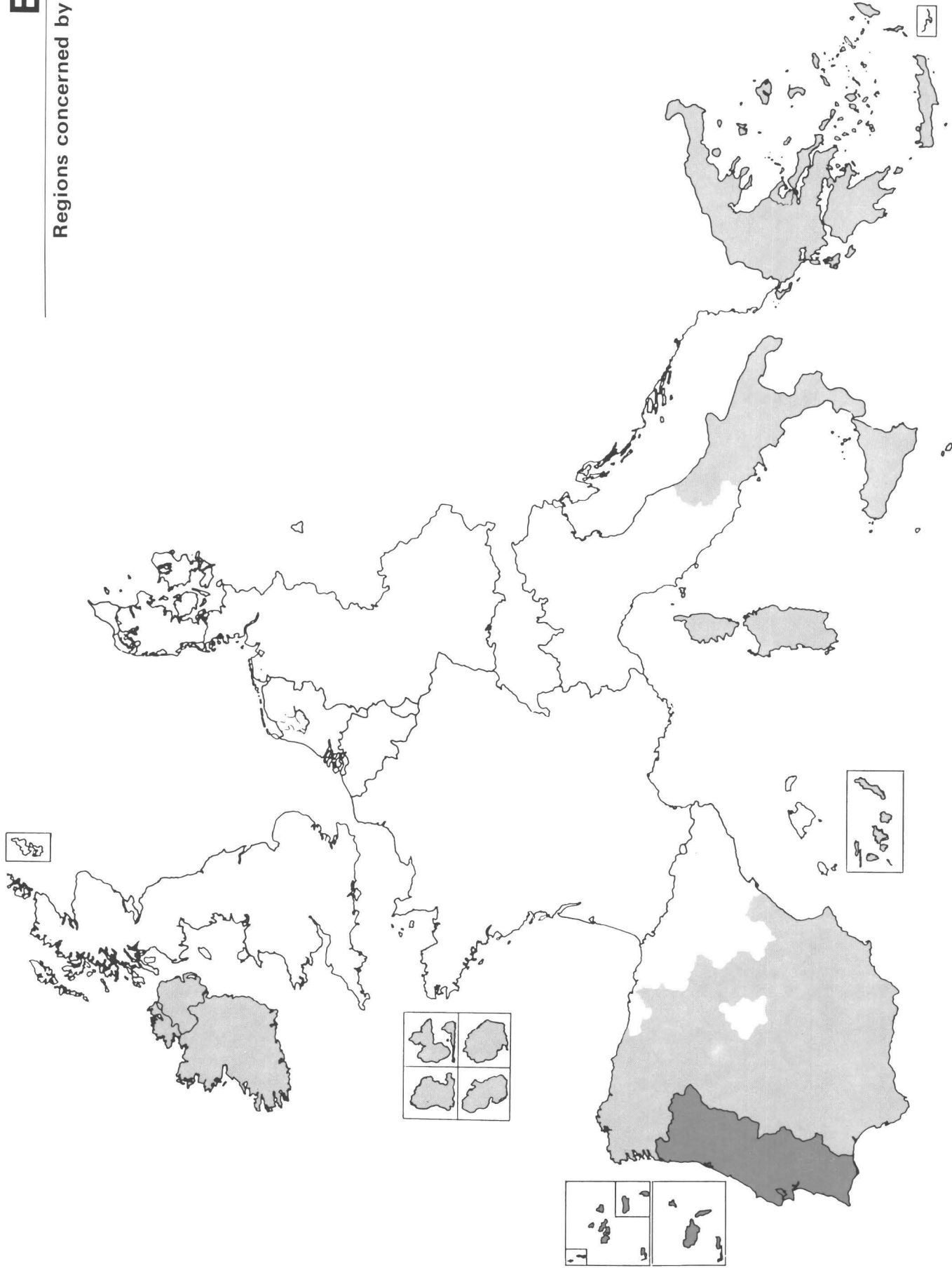
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Regions concerned by Objective 1



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Introduction by Mr Bruce Millan

**Member of the Commission
responsible for regional policies**

The adoption and publication of the Community support frameworks for Objective 1 regions marks a first and vitally important step in putting into operation the reform of the Community's structural Funds which was agreed in 1988. Together the seven Community support frameworks provide for ECU 36.2 billion in Community funding between now and the end of 1993 in support of agreed priority measures to boost development in the regions concerned (which are listed in full on page 7).

The structural Funds' reform was a requirement of the Single European Act. The Single Act not only committed the Community to completing the internal market by 1992: it contained too a commitment to strengthen economic and social cohesion throughout the Community, recognizing that widening regional disparities could threaten the successful realization of the single market. The Community is pledged, through the Single Act, to open up the opportunities of 1992 to all its citizens.

The Community's principal instruments for fulfilling this commitment are its three structural Funds (the European Regional Development Fund, the European Social Fund and the Guidance Section of the European Agricultural Guidance and Guarantee Fund) and a number of loan instruments (principally the European Investment Bank, the European Coal and Steel Community and the New Community Instrument). The Single Act required the overhaul of these various instruments so that they could be brought to bear on the Community's structural problems in a more concerted and thus more effective way.

At the same time, the Community's Heads of State or Government agreed that the resources of the structural Funds should be progressively doubled between 1987 and 1993. This means that over the next five years, starting this year, 1989, the three main Funds will have more than ECU 60 billion at their disposal (at today's prices) and their share of the Community budget will rise to 25% by 1993.

The Community support framework (CSF) is one of the principal innovations introduced by the reform. The CSF is geared to one of the five common objectives established by the framework regulation. Objective 1 is 'promoting the development and structural adjustment of the regions whose development is lagging behind'. Negotiated between the Member State concerned and the Commission, the CSF establishes the agreed development priorities which are to be the focus of Community assistance and since it represents an indicative financial commitment on the part of the Community for a five-year period, it provides a sound basis for planning.

'Partnership' is another requirement introduced by the reform. It means the close involvement of regional and local bodies with the Commission and national authorities in planning and implementing development measures in their areas. On the basis of the CSF, all the parties concerned in the partnership will develop programmes and projects which will turn the priorities identified in the CSF into actions on the ground.

The Community support framework is thus the key to Community financial support for structural adjustment and economic development in each region concerned for the next five years. In deciding to publish the CSFs in this form, my intention is to underline their importance and their interest for a readership extending well beyond official circles in Brussels and national capitals.

I look forward to working closely with all those involved in the 'partnership' established by the reform, to make these Community support frameworks operational and bring increased prosperity to the regions.

A handwritten signature in black ink, appearing to read 'Bruce Millan', with a stylized, cursive script.

Bruce Millan

Objectives of the structural Funds

Community action through the structural Funds, the EIB and other existing financial instruments shall support the achievement of the general objectives set out in Article 130a and 130c of the Treaty by contributing to the attainment of the following five priority objectives:

1. **promoting the development and structural adjustment of the regions whose development is lagging behind (Objective 1);**
 2. converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline (Objective 2);
 3. combating long-term unemployment (Objective 3);
 4. facilitating the occupational integration of young people (Objective 4);
 5. with a view to reform of the common agricultural policy:
 - (a) speeding up the adjustment of agricultural structures (Objective 5 a);
 - (b) promoting the development of rural areas (Objective 5 b).
-

Regions concerned by Objective 1

Spain	: Andalusia, Asturias, Castilla y León, Castilla-La Mancha, Ceuta-Melilla, Valencia, Extremadura, Galicia, Canary Islands, Murcia
France	: French overseas departments, Corsica
Greece	: the entire country
Ireland	: the entire country
Italy	: Abruzzi, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily
Portugal	: the entire country
United Kingdom	: Northern Ireland

Chapter 1

Development problems and priorities for assistance

1.1. Development problems ¹

Portugal as a whole is remote from the main markets of the Community, with the regions of Madeira and the Azores being particularly handicapped in this respect. Communications infrastructure is, therefore, of prime importance for the development process.

Despite its small size, Portugal has to contend with marked internal imbalances, with the main disparities in development giving rise to a narrow coastal strip in the west between Braga and Setúbal, where the concentration of population and productive activity is fairly pronounced, and a less heavily populated interior, which is very much dependent on the primary sector.

In the south of the country, there is quite a sharp division between the interior and the coast, with its high concentration of urban and tourist areas, manufacturing, processing, and service activities.

A decline in economic activity and population is discernible in all the frontier areas. In general, the main features of development in Portugal are:

- Inadequate economic infrastructure, whether as regards communications, telecommunications and energy or the plant and machinery required more specifically to raise economic productivity in the individual sectors of the economy (including research and technology): on account of these shortcomings, there is a tendency towards saturation of the coastal area and the areas concerned are becoming less attractive to investors. The autonomous regions of the Azores and Madeira are particularly hard-hit because of the high cost of infrastructure, especially ports and airports, which has to be tailored to their particular development needs;
- Potential for tourist development based on natural resources and on a cultural and historical heritage which is unique in the Community. Naturally, this potential will have to be exploited in such a way as to ensure protection of the country's environment and historical heritage;

- Comparatively underdeveloped productive structure, with traditional low-productivity sectors playing a major role: Direct support for product investment is required to complement the increased productivity that can be generated by improving the infrastructures that make up the business environment, by fostering manpower skills and by promoting entrepreneurship. Alongside the measures being carried out under the Pedip programme, regional imbalances need to be reduced by encouraging investment in the less-developed regions, consolidating traditional industrial and craft activities, introducing innovation into manufacturing processes and improving management skills, notably through recourse to specialist services;
- Poorly skilled or unskilled workforce as a result of serious shortcomings in general education and in vocational training: Comparative analysis of the education system, research and vocational training shows up the extent of Portugal's backwardness; the illiteracy rate stands at 15%; the average length of education for the workforce is 4.5 years (7.6 years in the Community as a whole); just under 70% of workers have gone no further than primary education and 30% have not received any vocational training; only about 6% of managers, senior executives and professional people are highly qualified; and the proportion of GDP spent on R&D (0.6%) is the second lowest in the Community.

Consequently, enormous efforts are needed to develop education and vocational training alike, not only as regards infrastructures but also with a view to improving the quality of the measures to be implemented.

- Agriculture characterized by low productivity, a poorly skilled workforce and fairly low per capita income: Efforts to improve the conditions of production (including the use of human resources), processing and marketing for agricultural products are essential if Portuguese agriculture is to be integrated smoothly into the common agricultural policy. Such efforts to harness the considerable agricultural potential of certain areas will boost farm incomes there and act as a brake on the drift from the land;

¹ See the annex for the regional profile of Portugal.

- Particular vulnerability of regions heavily dependent on recession-hit industries or those under threat of recession: these regions face special unemployment problems which call for determined action to bring about industrial conversion;
 - Lack of infrastructures necessary for local development and lack of encouragement for local and regional initiatives to promote development;
 - Problems affecting the environment and human resources: these must be resolved in conjunction with the other sectoral policies (agriculture, transport, industry and tourism), whether at central or regional level.
- (d) Emphasis on productive investment rather than investment in infrastructure: The Commission has laid down clear guidelines on the encouragement of productive investment, particularly through the joint financing of aid schemes. In the case of infrastructure investment, however, assistance should be focused on those categories of investment which have the greatest possible impact on economic development;
 - (e) Striking a better balance between grants and loans: Recourse to loans can be considered even in the absence of any Community grants. Lower rates of assistance are applied to infrastructure investments generating revenue, e.g. energy and telecommunications. However, unduly generous loans may create internal budgetary problems and contribute to an increase in the public-sector deficit;
 - (f) Need to take account of the anticipated economic impact of the various measures selected and their contribution to the realization of other Community policies, especially environmental policy, and consideration of macroeconomic policy objectives;
 - (g) Capitalizing on the measures under way, e.g. Pedip and the Community programmes, and incorporating them harmoniously into the overall development strategy.

1.2. Priorities for assistance

The Commission has applied the following principles to determine priorities:

- (a) Preparing the regions of Portugal for the Community-wide market in 1992: It is of the utmost importance that they should be able to share in the economic dynamism generated by the prospect of the large internal market. With this in mind, the development strategy will need to be geared to creating appropriate industrial structures, a process in which developing the vocational skills of the labour force will play a key role. Implementation of cross-frontier and inter-regional cooperation at Community level is also of particular importance in achieving this objective, and the development strategy should be directed towards setting in place appropriate industrial structures;
- (b) Preparing Portugal's human resources to meet the needs of the productive sector and in particular to come to terms with the profound changes which will occur: This is essential to the success of an overall development strategy based on boosting productivity and creating higher-quality and better-paid jobs without any increase in the unemployment rate.
Vocational training and measures to foster employment should be a priority matter for sectors with growth and development potential once the single market has been created and workers in ailing sectors or sectors under threat of disappearance retrained;
- (c) Striking a balance between a regional and a sectoral approach: The Portuguese plan was drawn up with national and sectoral issues in mind, but it must be remembered that certain sectoral programmes are essential for the development of the regions. Where possible, support for regional measures has been retained where they are effective;

1.2.1. Definition of priorities for assistance

On the basis of the proposals in the Regional Development Plan for Portugal and applying the method for determining priorities as described above, the Commission has in agreement with the Member State devised the following development strategy:

Priority 1 — Creation of economic infrastructures with a direct impact on balanced economic growth

(a) *Communications and telecommunications*

Among other things, to link Portugal to the main European road and rail networks and to establish sound communication links between and within regions so as to expand markets, reduce the costs of goods and mitigate the effects of the country's peripheral location; improved transmission of information is also essential.

(b) *Energy*

To reduce losses in the national energy transmission system and to improve and expand the distribution network.

(c) *Science and technology*

To train research workers and to set up specialist R&D centres, design centres, research laboratories and other infrastructures that will help Portugal to meet the challenge of the Community-wide market in 1992.

(d) *Services*

Focus on exploiting the potential for tourism.

Priority 2 — Support for productive investment and directly related infrastructures

To support the major investment drive which will be mounted in Portugal over the next few years, this being the only way of modernizing the economic fabric of the country and creating permanent jobs.

Priority 3 — Development of human resources

(a) *Education*

To construct, adapt and modernize educational infrastructures by selecting investments on the basis of their actual contribution to regional development.

The quality of teaching must be improved, and technical and vocational schools should increase their roles steadily.

(b) *Improvement of the training structure*

To provide training infrastructure and facilities, to strengthen the network of employment centres, to improve the training of instructors, development officers, and employment and vocational-training experts, to promote local employment initiatives, to set up small and medium-sized firms, to provide recruitment aid and aids for employment on community work schemes for the long-term unemployed over 25, and to establish a monitoring network for the employment market.

(c) *Apprenticeship*

To provide theoretical training outside firms as part of a training contract.

(d) *Multisectoral, multipriority and multiregional training measures*

This section includes training in preparation for careers which are important to a number of development priorities or sectors of economic activity.

(e) *Training measures directly linked to development priorities*

In order to provide a full range of training measures, this section includes all measures aimed at meeting the skilled manpower requirements of the multifund integrated operation programmes catering for the other development priorities.

Measures referred to in Article 1(2) of Regulation (EEC) No 4255/88

In addition, it is planned to carry out measures within the framework of the innovatory technical assistance operations under the Community programmes relating to training, advice and guidance for the reintegration of the long-term unemployed, and the social dialogue. These are described on page 13 and are common to all ESF operations.

Priority 4 — Improving the competitiveness of agricultural and rural development

All measures under this priority are designed:

(a) *to improve the physical and structural conditions of production;*

(b) *to develop human resources in a rural context* by improving the level of training for farmers, including the infrastructures for training, research and experimentation, and by preparing farmers for alternative occupations;

(c) *to improve the efficiency of agricultural holdings and to enhance the value of agricultural products* by modernizing agricultural holdings, including the development of complementary activities, and by modernizing structures for the processing and marketing of agricultural products;

(d) *to redirect production and to improve quality* by switching to crops or varieties better adapted to the market situation, by undertaking improvements in plant health and crop improvements, and by promoting high-quality products.

(e) *to foster rural development* by exploiting the indigenous potential of the rural areas, giving preference to a multisectoral approach and concentrating on development centres in the rural areas.

Priority 5 — Industrial conversion and restructuring

The aim is to develop and diversify industrial production and to reduce unemployment through absorption of workers made redundant as a result of conversion operations, with particular emphasis on regions threatened by an actual or potential crisis in different sectors of industry.

Priority 6 — Exploiting the growth potential of regions and local development

(a) Regions of mainland Portugal

In particular, the aim is to improve the quality of life and standard of living in the regions by exploiting existing development potential. The increase in productivity and the exploitation of human resources associated with that improvement in the standard of living will help check the movement of population towards coastal areas.

(b) Autonomous regions

The main aims are to diversify the productive base, to increase productivity, to support the tourist trade and to improve basic infrastructures, particularly transport infrastructures, which will help to reduce the isolation of those regions.

1.2.2. Measures to be examined

The Portuguese Government has submitted two programmes, one for the most peripheral regions

that is intended to combat the problems which arise from the fact that they are islands remote from the main centres of population and one for frontier areas that is intended to promote balanced development and to encourage the population to remain in the regions along the frontier between Portugal and Spain, plus a plan for investment in natural gas infrastructures, aimed at diversifying the sources of energy supply. The Portuguese Government stresses that linking up with the European network is particularly significant in the context of the internal energy market.

For these reasons, it has asked the Commission to include the two measures in future Community initiatives. The Commission is considering this request.

Given the contribution of the natural gas programme to the implementation of the internal market for energy, the Commission will be associated with the work of analysis and preparation already carried out and under way, with a view to better identifying the specific national and Community interest of the programme. The Commission will contribute to financing a study to this end should it be deemed necessary.

Chapter 2

Forms of assistance

2.1. Forms of assistance

Taking each priority in turn, the following forms of assistance will be applicable:

Priority 1 — Creation of economic infrastructures with a direct impact on balanced economic growth

(a) Communications and telecommunications

Three operational programmes¹ and two major projects:

- the first operational programme is concerned with improving communications and covers various types of infrastructure, including roads connecting major centres, railways and ports, with Community support being concentrated on the infrastructures which will contribute most towards improving the movement of the factors of production and finished products;
- the rural telecommunications programme will help ensure that, in the outlying parts of the country, economic activity is backed up by essential telecommunications equipment;
- the STAR programme, which will run until 1991, concerns infrastructures and assistance for economic agents who use or produce modern telecommunications equipment or services;
- the two projects concerning road infrastructures (Costa do Estoril motorway and North-South highway).

(b) Energy

Two operational programmes:

- the Valoren programme (already under way), which will run until 1991, concerns investments in public infrastructures intended to exploit indigenous energy potential and to assist in the conservation and efficient use of energy under the SIURE scheme, also part-financed by the Pedip additional contribution;
- the energy transmission and distribution operational programme concerns the transmission

and distribution of electricity and the distribution of gas in Lisbon, Porto and Coimbra. Improvement of the electricity transmission and distribution network will reduce energy losses.

(c) Science and technology

which includes an integrated operational programme to develop human resources in the field of science and technology and to establish the necessary infrastructure. The programme, which dovetails with the harmonization of Community models and with the participation in European scientific and technological development, covers the whole country. It is intended to correct the pronounced geographical imbalances in this sector. Implementation of this open-ended programme will contribute to R&D expenditure in 1993 an amount equivalent to some 1% of GDP.

(d) Services sector

which includes a single operational programme for establishing tourist infrastructures that will increase the efficiency of private tourist investment and exploit indigenous resources and potential.

Priority 2 — Support for productive investment and directly related infrastructures

This priority includes

- the national programme of Community interest for assistance to productive activity, which has already been approved but for which further funds will be provided: The objectives of the programme are to increase private productive investment in industry and tourism and to channel such investment towards the most outlying areas of the country, to support industrial modernization and innovation with regard to tourism, to create jobs and to encourage the establishment of development poles through business initiatives;
- the specific programme for the development of Portuguese industry (Pedip): This integrated operational programme, which has already been approved by the Commission and which will cover the period until 1992, is aimed at creating the conditions that will enable Portuguese industry to adapt to the new conditions of the Community-wide market.

¹ The amounts involved are given in Table 3.

The objectives of the programme are

- to revitalize the existing industrial base;
 - to establish and develop new industries, in particular those manufacturing new products with a high technological content and new capital goods;
 - to eliminate or reduce comparative structural disadvantages;
 - to promote the dynamic specialization of Portuguese industry and to improve internal and external competitiveness;
- the aid scheme for the modernization of the distributive trades, which is designed to correct regional imbalances in the sector, to modernize the technical and management structure of economic units, to give a boost to the distributive network and to promote conversion of commercial firms.

Priority 3 — Development of human resources

(a) Education

A single integrated operational programme covering the whole of mainland Portugal and intended to make education generally available, among other things by reducing the illiteracy rate from 15% to 10%. It is also intended to modernize educational infrastructure, notably by setting up new education centres and introducing computer equipment into schools.

The quality of education must be improved (training of instructors and experts in guidance and working methods), while the technical and vocational training sectors will have to increase their roles steadily.

(b) Improvement of the training structure

A single integrated operational programme aimed at securing an across-the-board improvement in the output of the vocational training and job-creation schemes. This will require investment, in particular in equipping training and employment centres to cope with modern technologies and in training instructors, employment experts and development officers. The creation of a monitoring network for the employment market will undoubtedly help further to stimulate local employment initiatives and to increase the success rate for business start-ups and the effectiveness of recruitment aids for newly created jobs, especially in the most disadvantaged regions of Portugal.

(c) Apprenticeship

A single operational programme covering the theoretical part of apprenticeship training.

(d) Multisectoral, multipriority and multiregional training measures

These fall into two operational programmes, the first of which covers the training of unskilled, semi-skilled and skilled workers as well as middle and senior managers (including entrepreneurs) at national level. Under this programme, the training needs for each development priority or sector of economic activity will be spelt out, together with the follow-up and monitoring methods required to ensure close coordination between the training authorities and the authorities responsible for the individual sectors of the economy. The other programme is a horizontal programme covering training in the new information technologies.

(e) Training measures directly linked to development priorities

These measures represent the vocational training part of operations, integrated operational programmes and multifund operational programmes covered by other development priorities. They constitute back-up measures for the following programmes:

Priority 1

Science and technology integrated operational programme

Priority 2

Pedip integrated operational programme

Priority 5

Setúbal integrated development operation
Vale do Ave multifund operational programme

Priority 6

Integrated development operation for the Norte Alentejano
Multifund operational programme for Madeira
Multifund operational programme for the Azores

An overall amount will be allocated to the regional operational programmes as and when they are drawn up.

In order to provide a complete picture of training measures, the amounts for Priority 3 given in Table 3 also include the cost of training measures which form an integral part of multifund and integrated operational programmes relating to other development priorities (double counting has been eliminated).

Measures referred to in Article 1(2) of Regulation (EEC) No 4255/88

These measures concern: innovatory operations; technical assistance; measures aimed at advising and guiding the long-term unemployed back into the labour market, and transitional measures within the framework of the social dialogue.

- (a) Operations of an innovatory nature; these will be defined in the course of time and will involve the exchange of experience, the transfer of technology and know-how, and the implementation of new approaches to training and employment and will be linked to Portugal's general development objectives;
- (b) Technical assistance to improve training structures and manpower skills: The actual details of such measures will be determined in the light of needs arising during implementation of the operation training programmes;
- (c) Advice and guidance for the reintegration of the long-term unemployed. These measures will be implemented as necessary.

It is to be remembered that measures forming a part of existing Community programmes must be included in the corresponding operational programme or global grant presented in the implementation of the framework.

Priority 4 — Improving the competitiveness of agriculture and rural development

This priority can be divided into the following five subpriorities:

- improvement of the production, processing and marketing conditions for agricultural products;
- development of human resources in a rural context;
- improvement in the efficiency of agricultural holdings and enhancement of the value of agricultural products;
- direction of production, including ancillary activities and quality improvements;
- promotion of rural development.

Support for agricultural and rural development will be provided under these subpriorities and will take account of the need to strengthen the economic and social fabric.

The aforementioned rural development measures and those which, alongside assistance from the other Funds, form part of the programmes under Priority 6 are intended:

- to create non-agricultural activities, thereby providing alternative sources of income;
- to adapt vocational training to the needs of the new activities introduced into the regions concerned.

Priority 5 — Industrial conversion and restructuring

Having as objectives the diversification and increased profitability of production, and a reduction of unemployment by the take up of manpower created by reconversion shake-outs particularly in the regions threatened by an actual or potential industrial downturn.

This priority consists of an integrated development operation and three operational programmes:

- the integrated operation covers the Setúbal peninsula, an area beset by the severe difficulties in the steel and shipbuilding industries and having to contend with the highest unemployment rate in Portugal. The aims of the operation are to reduce the unemployment rate, to encourage diversification of the economy, to boost competitiveness by introducing new technologies and lowering production costs, and to develop new forms of management and vocational training;
- the Resider and Renaval operational programmes also cover the Setúbal peninsula and are designed to diversify the region's productive base and to provide employment for the workers made redundant as a result of the restructuring of the steel and shipbuilding industries;
- the multifund operational programme for the Vale do Ave in the Norte region, which has the highest concentration of traditional industries (textiles), is intended to make better use of available productive capacity and to improve vocational training in schools.

Priority 6 — Exploiting the growth potential of regions and local development

(a) Regions of mainland Portugal

An initial batch will be replaced in 1990, and a second in 1991, by operational programmes covering the same NUTS level II region or territory, as appropriate. Which programmes will be multifund will be decided on the basis of each level II preparatory study.

From now on, the monitoring committees will be established at NUTS level II; their remit will cover

all measures taking place in the region concerned. As regards programmes, it is proposed that assistance will be from the three structural Funds.

Provision is also made for a global grant to permit subsidized loans to municipalities.

(b) *Autonomous regions*

Two multifund operational programmes, one for each autonomous region, a large-scale project and the NPCI for the Azores, which has already been approved.

2.2. Regionalization of assistance

Table 1A below shows planned expenditure on the parts of national programmes which can be broken down by region. In order to provide a picture of total assistance in each region, an analysis has been carried out for each region of the regional adaptations of national measures and the impact of purely regional measures.

2.2.1. The main features of the Norte region are its very pronounced dependence on the primary sector, a very inadequate communications and transport network, and a poorly skilled workforce. The concentration of productive activity (manufacturing and services) in the metropolitan area of Oporto creates problems of population and urban growth. To overcome these problems, the programme to improve communications includes: completion of Oporto's inner and outer ring roads, which should relieve congestion in an area at present saturated by private and commercial traffic; construction of almost all of highway 4 (Oporto-Quintanilha), which will constitute the link between the coastal region of Oporto, the Spanish frontier and the European road network; completion of the port terminal at Leixões and construction of the port at Vila do Conde.

The rural telecommunications programme, which, in the Norte region, covers the areas of Vila Real, Mirandela and Viseu and which is designed primarily to facilitate the installation of telephones and to reduce installation costs, is also intended to help resolve the more general communications problems.

The Prodep programme, which aims to modernize education infrastructures, improve the quality of education and provide general access to education, is of particular importance in a region with a very high illiteracy rate.

Agriculture, the most important sector of activity in the region, will benefit greatly from assistance under the Pedap and from the different forms of aid aimed at improving agricultural structures, modernizing holdings, reducing production costs and adapting production to market requirements.

The Pnicip aid schemes will add greatly to the support available for boosting productive activity and to the growth of private productive investment in industry and tourism.

As regards the regional measures, the integrated development programme for Trás-os-montes and Alto Douro is justified as it covers one of the least-developed isolated areas in Portugal. It is designed to modernize agriculture by improving agricultural structures, converting production systems, stepping up and diversifying production, improving processing and marketing structures, and strengthening regional services and local agricultural organizations. It will also develop the basic infrastructure network, improve communications and health conditions, provide support for infrastructures linked to productive activities, and exploit indigenous potential.

Further south, the metropolitan area of Oporto will benefit from an operational programme to improve infrastructures. In the Vale do Ave region, the intention is to implement an operational programme which will modernize the entrepreneurial capacity of a region whose economy is dominated by the textile industry.

There will also be two global grants in this region aimed at part-financing economic and social infrastructures, local planning and development studies and support for productive activities. They will give rise, at the latest in 1991, to operational programmes.

2.2.2. The Centro region is marked by a balanced distribution of population. Industry is more widely dispersed along the coast and more densely concentrated inland. Dependence on the primary sector remains quite high. The region's main problems are inadequate basic infrastructures (particularly as regards transport, water engineering, education and tourism) and lack of support for productive activities, and notably the development of indigenous potential and manpower training.

The programme for improving communications in the region provides for completion of highway 6 (Peniche-Castelo Branco), which will connect the industrial region of Castelo Branco to the coast. The rural telecommunications programme concerns the regions of Coimbra and Torres Novas. The Prodep programme, which will play a major role in this region, will raise the level of manpower skills and provide support for education.

The programme of aid schemes and the Pedip will assist productive activity while agriculture will receive support from the Pedap, particularly as regards the construction of rural roads, and small-scale irrigation projects, rural electrification and the formation of health-protection groups.

Regional measures for the Centro region include three global grants for part-financing economic and social infrastructures, local planning and development studies, and support for productive activity. They will give rise, at the latest in 1991, to three operational programmes.

2.2.3. The Lisboa e Vale do Tejo region is dominated by the Lisbon metropolitan area, where political, administrative and service functions are concentrated and where there are serious communications problems.

The programme for improving communications in the region includes a number of measures aimed at making the movement of the factors of production, goods and people more efficient, such as completion of Lisbon's inner and outer ring roads and construction of the Odivelas radial road and of a number of railway stations on the Sintra and Cascais lines.

The Pedap will contribute chiefly to the construction of rural roads and small-scale irrigation projects and to rural electrification.

The Prodep will have a particularly important role to play in this region since existing school buildings are in a poor state of repair and migration to the Lisbon metropolitan area is leading to overcrowding in schools.

As regards regional measures, the planned Costa do Estoril motorway and the North-South highway will help improve traffic flows. The region also includes the Setúbal peninsula, where development has been based on heavy industry (mainly steel, shipbuilding and ancillary processing activities), with consequences for the environment and urban development, while, more recently, the international crisis in these sectors has led to a worsening of the economic and social situation. The integrated development operation for the Setúbal peninsula and the Resider and Renaval programmes will go some way towards resolving these problems.

One multifund operational programme is also planned with the object of strengthening infrastructures and support facilities for productive activity in the western region, and two global grants for financing small-scale economic and social infrastructure projects and local planning and development studies.

2.2.4. Traditionally, the Alentejo has been heavily dependent on agriculture and has been characterized by a fairly low level of productivity.

In this region, the Pedap will contribute to support programmes for boosting productivity in the olive sector and construction of rural roads providing agricultural machinery with access to farms, as well as to programmes of small-scale irrigation, drainage and soil-conservation projects permitting the introduction of new crops and helping to increase productivity.

The programme for improving communications in this region includes the construction of a road between Sines and Faro and the rebuilding of the western quay in the port of Sines. These measures are essential since Sines is one of the development poles in the region. They are aimed at exploiting the potential of the deep-water port and developing the opportunities arising from the refining and processing of oil products.

At regional level, the integrated development operation for Norte Alentejano will play a crucial role in the development of the area by improving the network of support infrastructures for the expansion and modernization of agriculture and its adaptation to European requirements, exploiting tourist potential and expanding managerial capabilities.

Four global grants are planned for this region; they will have the same features as those described for the other regions and will also be transformed into operational programmes at the latest in 1991.

2.2.5. The Algarve region has experienced tremendous growth in recent years, mainly by exploiting its potential for tourism. However, it is having to contend with problems stemming from unplanned settlement patterns, deterioration of the environment, excessive dependence on tourism, and imbalances in development between the high-density tourism of the coastal strip and the interior.

The intention is to press ahead with the measures already receiving support under the programme of aid schemes, and notably the scheme for tourism and the Pedap, which will contribute to small-scale irrigation projects aimed at improving productivity in what is a fairly dry region. The Prodep will also provide assistance in the region, albeit on a fairly modest scale.

As regards regional measures, two global grants complete the framework of assistance for the region. They will be transformed into operational programmes at the latest in 1991.

2.2.6. Since the chief characteristic of the autonomous regions of Madeira and the Azores is their remote island location, transport infrastructure holds the key to their socio-economic development.

As a matter of priority, support will go especially to programmes for improving both internal communications and communications with the rest of the country (construction of airports, ports, roads; purchase of aircraft; etc.).

A programme for the Azores based on development of the tourist sector has already been approved.

2.3. Data-processing equipment for monitoring the Community support framework, related measures and technical assistance

Effective monitoring of the Community support framework and the measures under it will require the installation of appropriate data-processing equipment not at present available in Portugal. At the same time, provision should be made for the software needed for this purpose. For the measures to be financed under the heading of technical assistance, see point 7.1.

Table 1A
Provisional financial plan by region
National measures

Portugal Objective 1

(at 1989 constant prices) (1 000 ECU)

Total investment by development priority	Norte	Centro	LVT	Alentejo	Algarve	Azores	Madeira	Non region.
Priority 1 — Creation of economic infrastructures	906 905	658 694	819 640	198 124	69 359	9 100	9 100	750 078
1.1. Communication and telecommunications	571 376	510 299	628 271	156 527	39 049			366 478
1.2. Energy	289 929	113 695	128 169	29 997	21 210			174 000
1.3. Science and technology	45 600	34 700	63 200	11 600	9 100	9 100	9 100	121 600
1.4. Services								88 000
Priority 2 — Support for productive investment and directly related infrastructures	405 960	298 500	394 020	59 700	23 880	7 164	4 776	3 413 000
Priority 3 — Development of human resources	945 000	644 700	933 200	238 700	146 300			726 100
3.1. Education	516 800	378 700	509 000	91 600	52 800			3 100
3.2. Structural improvements in vocational training and job promotion	81 200	46 000	82 200	27 100	16 500			
3.3. Apprenticeship	90 000	63 000	68 000	31 000	21 000			
3.4. Multi-sectoral training	257 000	157 000	274 000	89 000	56 000			11 000
3.5. Training and employment under the MOPs and IOPs for the priorities								
Measures under Art. 1 (2) of Reg. 4255/88								14 000
ESF: existing commitments 1989								698 000
Priority 4 — Agricultural and rural development	185 000	151 000	102 000	102 000	32 000	17 000	15 000	322 000
Total	2 442 865	1 752 894	2 248 860	598 524	271 539	33 264	28 876	5 211 178

Table 1B

Total investment by development priority	Norte	Centro	LVT	Alentejo	Algarve	Azores	Madeira	Non region.
Priority 5 — Industrial conversion and restructuring	109 000		399 000					
Priority 6 — Development of the region's growth potential and local development	482 000	299 000	277 000	188 000	122 000	485 000	309 000	21 200
6.1. Mainland regions	482 000	299 000	277 000	188 000	122 000			
6.2. Autonomous regions						485 000	309 000	
Total	591 000	299 000	676 000	188 000	122 000	485 000	309 000	21 200

Chapter 3

Assistance from the ESF in connection with Objectives 3 and 4

3.1. Socio-economic situation

The socio-economic situation of Portugal may be summed up as follows: low level of per capital income, low productivity, poorly skilled labour force, predominance of agriculture, excessive dependence on traditional industries and services, inadequate infrastructure endowment, major imbalances in development within the country, and peripheral geographical situation.

Portugal has 10.2 million inhabitants and a comparatively low unemployment rate (under 6%). It faces a situation of general underemployment and a serious mismatch between supply and demand in the sectors employing skilled workers. The economic structure is that of a country undergoing slow industrialization: 20% of the labour force is engaged in agriculture, 33% in industry (textiles, clothing, footwear, etc.) and 47% in services (tourism, distribution and non-market services, etc.).

3.2. Main trends in employment

Supply of employment

Employment trends during the 1980s have been a continuation of those discernible during the preceding period: job losses in the primary sector and considerable employment gains in the secondary sector and especially in the tertiary sector, which is the most dynamic part of the Portuguese economy.

The various macroeconomic scenarios predict an annual growth rate of employment of 0.9% between 1989 and 1992. The figure will be higher in transport, communications, distribution, banking and insurance, and civil engineering.

Total industry employment will fall slightly, particularly in the following branches: machinery other than electrical machinery, electrical equipment, and means of transport.

Demand for employment

The demand for employment expanded sharply during the 1970s, and particularly from 1974 onwards, mainly as a result of

- the large numbers of women entering the labour force and of young people in search of their first jobs (high birth-rate during the 1960s);
- the process of decolonization, with the return of about 800 000 people;
- a reversal in migration flows as a result of the international economic recession.

Growth in the demand for employment has continued during the 1980s although the situation on the labour market has improved since 1986.

With regard to the level of skills of those in search of employment, the long-term unemployed (42% of job-seekers) in particular have received little education and virtually no vocational training and tend to be passive and insular in outlook.

Characteristics of unemployment

Unemployment, now averaging less than 6%, is unevenly spread throughout Portugal. Urban areas are particularly affected while underemployment is greater in rural areas.

The uneven spread of unemployment is even more marked among the groups with the poorest prospects of finding work: women (64% of job-seekers) and young people (50%).

These are also the groups most affected by long-term unemployment.

3.3. Strategy and priorities

Strategy

Portugal's socio-economic fabric is such that the European Social Fund has decided to concentrate the bulk of its efforts on measures relating to Objective 1. These measures constitute a consistent

series of measures which will act in support of the country's economic development and make for better management of human resources. To the extent that they will make it easier to improve the skills of those in work in order to meet the needs of the productive system as it stands and in preparation for the profound changes which a wider market will bring about, they are an essential part of a strategy to increase productivity and maintain the level of employment.

The measures in connection with Objectives 3 and 4 provide indispensable back-up for those under Objective 1. The planned assistance for the occupational integration of the long-term unemployed and young people will contribute to a new strategy for an active employment policy aimed at providing the labour market with the skilled manpower which the productive system needs.

The proposed strategy is intended to rectify the mismatch between the skills on offer and the actual needs of the labour market while taking account of existing shortcomings and rigidities in the education system. The aims of the strategy are:

- (a) to introduce vocational training measures with a view to bringing demand for employment into line with supply;
- (b) to exploit the potential offered by the unemployed by stimulating the supply of jobs through special job-promotion premiums;
- (c) to offer all possible technical support to maximize the impact of the measures to be taken.

In the case of the long-term unemployed over 25 (Objective 3), which have their own special characteristics, the strategy to be deployed will need in essence

- to act on the supply of jobs with a view to providing the long-term unemployed with stable employment in new economic activities;
- to promote retraining in the interests of job mobility and mobility as between sectors while at the same time encouraging re-integration into working life.

In the case of young people (Objective 4), the aim will be twofold:

- to encourage their occupational integration by developing their skills in conjunction with work experience;
- to act on the supply of jobs with a view to providing young people with stable employment in new economic activities.

Priorities

The priorities for both the long-term unemployed and young people laid down for the period covered by the Community support framework are:

- Priority 1 — Increase in the level of vocational skills;
- Priority 2 — Direct support for job creation;
- Priority 3 — Occupational integration of less-favoured groups — the handicapped, women and migrants.

Measures referred to in Article 1(2) of Regulation (EEC) No 4255/88

Assistance will be provided under various programmes affecting about 360 000 people throughout the period concerned and comprising mainly measures to do with

- vocational training;
- vocational guidance;
- support for contract work;
- support for business start-ups by the self-employed;
- preparation, monitoring and assessment.

3.4. Priorities — Objective 3 and Objective 4

An increasing number of young people are experiencing difficulties in starting working life, while on the labour market there is clearly a major need both for advanced skills and skills at a lower level.

To counteract this imbalance on the labour market, the policy designed, within the CSF, to reduce youth unemployment provides for several types of training and job-promotion measures.

The policy will involve active encouragement for the occupation and social integration of the long-term unemployed, combining various types of training and job-creation schemes, the aim being to exert a real impact on the level of long-term unemployment and improve the conditions for young people starting working life. The measures in question may be broken down as follows:

Priority 1 — Technological and basic vocational training

Priority 1 has an intersectoral component and is designed mainly to establish an effective skill-training structure. Back-up measures are planned to meet guidance and counselling needs.

Priority 2 — Recruitment aid and aids for those wishing to set up in business on their own

Direct job-creation measures will be broken down by type of work and sector of economic activity as part of the follow-up to and monitoring of measures.

Priority 3 — Measures to assist disadvantaged groups

The target sector for these measures consists of migrants, women and the handicapped. An analysis of unemployment reveals that the most disadvantaged are also more vulnerable on the labour market. In Portugal, a growing number of migrants, women and the handicapped experience specific difficulties as regards occupational and social integration.

Under the Community support framework, a policy has been formulated for reducing unemployment through training measures and measures to assist adjustment to working life. These measures are broken down in such a way as to meet both the needs of the long-term unemployed and those of unemployed young people. As a guide, the details for each target group are as follows:

(a) Migrants

Training measures to enhance the skills acquired by migrants in the host country and thereby to facilitate their occupational integration when they return. Back-up measures are planned to assist young migrants to find work and to integrate into society;

(b) Women

Training measures to improve skills and thereby open up a wider range of opportunities, as regards both type of occupation and terms of employment. Raising the awareness of those who have any influence at whatever level on the occupational position of women (instructors, job counsellors, heads of firms, etc.) so as to change attitudes and mentalities regarding the role of women on the employment market;

(c) The handicapped

Vocational training measures and premiums to promote open employment: Back-up measures are planned to facilitate the occupational integration of the handicapped.

Measures referred to in Article 1(2) of Regulation (EEC) No 4255/88

For the description of these measures, see page 13.

3.5. Forms of assistance

The forms of assistance planned for each objective are as follows:

(a) Objective 3

1. one operational programme for Priority 1
2. one operational programme for Priority 2
3. one operational programme for migrants
4. one operational programme for women
5. one operational programme for the handicapped

(b) Objective 4

1. one operational programme for Priority 1
2. one operational programme for Priority 2
3. one operational programme for young migrants
4. one operational programme for young women
5. one operational programme for handicapped young people.

The form of assistance for the measures referred to in Article 1 (2) of Regulation (EEC) No 4255/88 will be determined subsequently.

3.6. Monitoring and assessment

The impact of all the measures on the employment market will be monitored and assessed. The achievement of Objectives 3 and 4 will be covered by national monitoring committees.

Table 1C
Provisional financial plan by objective and by priority

Portugal	Objectives 3 and 4		
CSF priorities		ESF assistance (MECU)	
Objective 3			
Priority 1		60	
Priority 2		27	
Priority 3		37	
(a)			6
(b)			11
(c)			20
Commitments 1989		24	
Total of Objective 3		148	
Objective 4			
Priority 1		156	
Priority 2		50	
Priority 3		60	
(a)			3
(b)			5
(c)			52
Commitments 1989		58	
Total of Objective 4		324	
Art. 1 (2) of Reg. 4255/88		6	
Total of Objectives 3 and 4		478	

Chapter 4

Indicative financing plan

4.1. Community loans

The envelopes for Community loans shown in the financial tables constitute an offer allowing the partial meeting of the needs of national financing arising from the total cost of the priority measures, taking account of the indicative envelopes of Community grants.

The financial contribution of the EIB and other Community loan instruments is therefore an estimation, the amount being a function of the projects submitted by the promoters with the agreement of the competent national authorities and approved by the services of the EIB and the Commission.

The Bank and the Commission agree to examine, following their usual criteria, requests for loans for eligible investment not foreseen in the present CSF, notably in the areas of infrastructure, energy, industry and related services. The total volume of

Community loans to Portugal, without needing to be programmed, may be significantly greater than that which is shown in the financial tables. For example, the yearly average for EIB loans in these regions has gone from ECU 186 million in 1986 to ECU 580 million in 1988. On its side the ECSC will also examine every request for loans in the coal mining and steel making sectors, and industrial or energy investments which contribute to a reduction in the output of those ECSC products whose financial envelope is not included in this CSF.

4.2. Community programmes

The credits shown in the CSF financial plan include not only measures proposed by the government in the RDP, but also the financing needs which stem from Community programmes adopted by Council before 1989.

Table 2
Provisional financial plan by development priority

Portugal Objective 1

(at 1989 constant prices) (1 000 ECU)

Development priority	Total cost	Public expenditure										Private sector	Community loans ²
		Total public expenditure	Community grants					National public expenditure required					
			Total	ERDF	ESF	EAGGF	Pedip	Total national contribution	Central government	Regional & local authorities	Public and other companies		
	1 = 2 + 12	2 = 3 + 8	3 = 4 to 7	4	5	6	7	8 = 9 to 11	9	10	11	12	13
Priority 1 — Creation of economic infrastructures	3 421 000	3 362 000	1 116 000	1 066 000	50 000			2 246 000	809 000	79 000	1 358 000	59 000	1 246 000 B
1.1. Communications and telecommunications	2 272 000	2 258 000	738 000	738 000				1 520 000	572 000	57 000	891 000	14 000	918 000 B
1.2. Energy	757 000	712 000	172 000	172 000				540 000	73 000		467 000	45 000	293 000 B
1.3. Science and technology	304 000	304 000	162 000	112 000	50 000			142 000	142 000				35 000 B
1.4. Services	88 000	88 000	44 000	44 000				44 000	22 000	22 000			
Priority 2 — Support for productive investment and directly related infrastructures	5 017 000	1 877 000	1 185 000	692 000	83 000		410 000	692 000	499 000	38 000	155 000	3 140 000	1 000 000 B
Priority 3 — Development of human resources	3 634 000	3 193 000	1 719 000	419 000	1 300 000			1 474 000	1 474 000			441 000	
3.1. Education	1 552 000	1 552 000	572 000	395 000	177 000			980 000	980 000				
3.2. Improvement of training structure and employment promotion	253 000	253 000	163 000	24 000	139 000			90 000	90 000				
3.3. Apprenticeship	273 000	273 000	177 000		177 000			96 000	96 000				
3.4. Multi-sector training	844 000	844 000	541 000		541 000			303 000	303 000				
3.5. Employment and training in the framework of the MOPs and IOPs and the priorities			250 000		250 000								
Measures under Art. 1 (2) of Reg. 4255/88	14 000	14 000	9 000		9 000			5 000	5 000				
ESF 1989 already committed	698 000	257 000	257 000		257 000							441 000	
Priority 4 — Agricultural and rural development	926 000	766 000	558 500			558 500		207 500	207 500			160 000	100 000 B
Priority 5 — Industrial conversion and restructuring	508 000	505 900	296 000	247 000	49 000			209 900	99 600	83 300	27 000	2 100	152 000 C
Priority 6 — Development of the region's growth potential and local development	2 183 200	2 183 200	1 161 000	1 088 000	68 000	5 000		1 022 200	145 200	877 000			307 000 B
6.1. Regions of mainland Portugal	1 381 500	1 381 500	677 000	662 000	15 000	*		704 500	142 500	562 000			150 000 B
6.2. Autonomous regions	794 000	794 000	479 000	426 000	53 000	*		315 000		315 000			157 000 B
Technical assistance													
Computing equip.	34 000	34 000	22 000	22 000				12 000	12 000				
ERDF projects 1989	472 000	472 000	223 000	223 000				249 000	58 000	159 000	32 000		
Total Objective 1	16 195 200	12 393 100	6 280 500	3 757 000	1 550 000	563 500	410 000	6 112 600	3 304 300	1 236 300	1 572 000	3 802 100	2 805 000 B + C
Objectives 3 and 4	735 385	735 385	478 000		478 000			257 385	257 385				
Objective 5a	1 539 000	897 645	609 500			609 500 ¹		288 145	288 145			641 355	
Total	18 469 585	13 616 130	7 368 000	3 757 000	2 028 000	1 173 000	410 000	6 658 130	3 849 830	1 236 300	1 572 000	4 443 455	2 805 000 B + C

¹ Includes the part of Reg. (EEC) No 355/77 covering fishing for an amount of ECU 30 000 000.² Community loan offer EIB (B), ECSC (C), Euratom (E), Other (A).

Table 3
Provisional financial plan by development priority and development measures

Portugal Objective 1

(at 1989 constant prices) (1 000 ECU)

Development priority		Total cost	Public expenditure									Private sector	Community loans ²	
			Total public expenditure	Community grants					National public expenditure required					
				Total	ERDF	ESF	EAGGF	Pedip	Total national cont.	Central government	Regional & local authorities			Public and other companies
		1 = 2 + 12	2 = 3 + 8	3 = 4 to 7	4	5	6	7	8 = 9 to 11	9	10	11	12	13
Priority 1 — Creation of economic infra-structures		3 421 000	3 362 000	1 116 000	1 066 000	50 000			2 246 000	809 000	79 000	1 358 000	59 000	1 246 000 B
1.1. Communications and telecommunications		2 272 000	2 258 000	738 000	738 000				1 520 000	572 000	57 000	891 000	14 000	918 000 B
— STAR ¹	4	124 000	110 000	77 000	77 000				33 000	4 000		29 000	14 000	10 000 B
— Prodac	PO	1 881 000	1 881 000	581 000	581 000				1 300 000	541 000	41 000	718 000		810 000 B
— Route Nord-Sud	GP	54 000	54 000	11 000	11 000				43 000	27 000	16 000			14 000 B
— Autoroute Estoril	GP	87 000	87 000	25 000	25 000				62 000			62 000		41 000 B
— Rural telecommunications	PO	126 000	126 000	44 000	44 000				82 000			82 000		43 000 B
1.2. Energy		757 000	712 000	172 000	172 000				540 000	73 000		467 000	45 000	293 000 B
— Valoren ¹	4	174 000	129 000	56 000	56 000				73 000	73 000			45 000	10 000 B
— Protede	PO	375 000	375 000	116 000	116 000				259 000			259 000		180 000 B
— Serra de Estrela	GP	11 000	11 000						11 000			11 000		5 000 B
— Sabugueiro II	GP	12 000	12 000						12 000			12 000		6 000 B
— Pracana	GP	32 000	32 000						32 000			32 000		16 000 B
— Alto Lindoso/Touved	GP	153 000	153 000						153 000			153 000		76 000 B
1.3. Science and technology		304 000	304 000	162 000	112 000	50 000			142 000	142 000				35 000 B
— Science ²	POI	304 000	304 000	162 000	112 000	50 000			142 000	142 000				35 000 B
1.4. Services		88 000	88 000	44 000	44 000				44 000	22 000	22 000			
— Tourism infrastructure	PO	88 000	88 000	44 000	44 000				44 000	22 000	22 000			
Priority 2 — Support for productive investment and directly related infrastructures		5 017 000	1 877 000	1 185 000	692 000	83 000			692 000	499 000	38 000	155 000	3 140 000	1 000 000 B
— Pedip ⁹	4	3 746 000	1 381 000	816 000	323 000	83 000		410 000	565 000	372 000	38 000	155 000	2 365 000	1 000 000 B
— Pnicip	4	1 184 000	463 000	346 000	346 000				117 000	117 000			721 000	
— Com. aid schemes	RA	87 000	33 000	23 000	23 000				10 000	10 000			54 000	
Priority 3 — Development of human resources		3 634 000	3 193 000	1 719 000	419 000	1 300 000			1 474 000	1 474 000			441 000	
3.1. Education		1 552 000	1 552 000	572 000	395 000	177 000			980 000	980 000				
— Prodep	POI	1 552 000	1 552 000	572 000	395 000	177 000			980 000	980 000				
3.2. Structural improvements in vocational training and job promotion		253 000	253 000	163 000	24 000	139 000			90 000	90 000				
— Structural imp.	POI	253 000	253 000	163 000	24 000	139 000			90 000	90 000				
3.3. Apprenticeship		273 000	273 000	177 000		177 000			96 000	96 000				
— Apprenticeship	PO	273 000	273 000	177 000		177 000			96 000	96 000				
3.4. Multisectoral training		844 000	844 000	541 000		541 000			303 000	303 000				
— Horizontal training	PO	679 000	679 000	435 000		435 000			244 000	244 000				
— Technical training	PO	165 000	165 000	106 000		106 000			59 000	59 000				

Table 3 (continued)

Development priority		Total cost	Public expenditure									Private sector	Community loans ²	
			Total public expenditure	Community grants					National public expenditure required					
				Total	ERDF	ESF	EAGGF	Pedip	Total national cont.	Central government	Regional & local authorities			Public and other companies
1 = 2 + 12		2 = 3 + 8	3 = 4 to 7	4	5	6	7	8 = 9 to 11	9	10	11	12	13	
3.5. Training and employment under the MOPs and IOPs for the priorities — Priority 1 — Priority 2 — Priority 5 — Priority 6 Measures under Art. 1 (2) of Reg. 4255 ESF existing commit. 1989		4	14 000 698 000	14 000 257 000	250 000 pm 50 000 pm 83 000 pm 49 000 pm 68 000 pm 9 000 257 000	250 000 pm 50 000 pm 83 000 pm 49 000 pm 68 000 pm 9 000 257 000			5 000	5 000			441 000	
Priority 4 — Agricultural and rural development — Pedap — Improvements to winegrowing — Rural development — Objective 5a measures		4 4 4 PO 4	926 000 717 000 138 000 71 000 1 539 000 pm	766 000 604 000 91 000 71 000 1 539 000 pm	558 500 452 500 60 000 46 000 609 500 pm	558 500 452 500 60 000 46 000 609 500 pm			207 500 151 500 31 000 25 000 929 500 pm	207 500 151 500 31 000 25 000 929 500 pm			160 000 113 000 47 000	100 000 B 100 000 B 10 000 B
Priority 5 — Industrial reconversion and restructuring — OID Setúbal ⁶ — Resider — Renaval — Vale do Ave		4 PO PO POP	508 000 359 000 7 000 33 000 109 000	505 900 357 000 7 000 33 000 109 000	296 000 215 000 5 000 24 000 52 000	247 000 185 000 5 000 24 000 33 000	49 000 30 000 19 000		209 900 142 000 2 000 8 900 57 000	99 600 87 000 6 600 6 000	83 300 28 000 2 000 2 300 51 000	27 000 27 000 100	2 100 2 000 100	152 000 C 152 000 C
Priority 6 — Development of the region's growth potential and local development 6.1. Mainland regions — Région Norte: • Valve do Ave (pm) • Trás-os-Montes e Alto Douro • Investim. Autárquicos da Área Metropolitanas do Porto • Alto Minho ⁵ • Região Norte ⁵ • POPs Région Norte — Région Centro: • Raia Central ⁵ • Pinhal Interior ⁵ • Região Centro ⁵ • POPs Région Centro		POP PO PO SG SG POP SG SG SG POP	2 183 200 1 381 500 476 000 109 000 pm 148 000 173 00 47 000 108 000 * 295 000 36 000 48 000 211 000 *	2 183 200 1 381 500 476 000 109 000 pm 148 000 173 000 47 000 108 000 * 295 000 36 000 48 000 211 000 *	1 161 000 677 000 209 000 52 000 pm 63 000 73 000 22 000 51 000 * 145 000 18 000 24 000 103 000 *	1 088 000 662 000 209 000 33 000 pm 63 000 73 000 22 000 51 000 * 145 000 18 000 24 000 103 000 *	68 000 15 000 * 19 000 pm * * * * * * * * *	5 000 * * * * * * * * * * *	1 022 200 704 500 267 000 57 000 pm 85 000 100 000 25 000 57 000 * 150 000 18 000 24 000 108 000 *	145 200 142 500 46 000 6 000 pm 46 000 35 000 35 000 *	877 000 562 000 221 000 51 000 pm 85 000 54 000 25 000 57 000 * 115 000 18 000 24 000 73 000 *		307 000 B 150 000 B	

Table 3 (continued)

— Région Lisboa a Vale do Tejo:		273 000	273 000	141 000	141 000	*	*		132 000	16 000	116 000			
• OID de Setúbal pm ⁶	4	359 000 pm	357 000 pm	215 000 pm	185 000 pm	30 000 pm			142 000 pm	87 000 pm	28 000 pm	27 000 pm	2 000 pm	pm 152 000 C
• Oeste	PO	102 000	102 000	50 000	50 000				52 000		52 000			
• Vale do Tejo ⁵	SG	116 000	116 000	62 500	62 500				53 500	5 500	48 000			
• Lisboa Norte ⁵	SG	55 000	55 000	28 500	28 500				26 500	1 500	16 000			
• POPs Région LVT	POP	*	*	*	*	*	*		*		*			
— Région Alentejo:		186 000	186 000	99 000	94 000	*	*		87 000	14 000	73 000			
• OID Norte Alentejano ¹	4	65 000	65 000	40 000	35 000	5 000			25 000	13 000	12 000			
• Zona mármore ⁵	SG	27 000	27 000	14 000	14 000				13 000		13 000			
• Litoral Alentejano ⁵	SG	19 000	19 000	9 000	9 000				10 000		10 000			
• Mira e Guadiana ⁵	SG	24 000	24 000	12 000	12 000				12 000	1 000	11 000			
• Região Alentejo ⁵	SG	51 000	51 000	24 000	24 000				27 000		27 000			
• POPs Région Alentejo	POP	*	*	*	*	*	*		*		*			
— Région Algarve:		120 000	120 000	55 000	55 000	*	*		65 000	28 000	37 000			
• Sotavento ⁵	SG	80 000	80 000	36 000	36 000				44 000	28 000	16 000			
• Barlavento ⁵	SG	40 000	40 000	19 000	19 000				21 000		21 000			
• POPs Région Algarve	POP	*	*	*	*	*	*		*		*			
— Global subventions	SA	18 000 ⁷	18 000	18 000	18 000									pm 85 000 B
6.2. Autonomous regions		794 000	794 000	479 000	426 000	53 000	*		315 000		315 000			157 000 B
— Région Açores:		485 000	485 000	260 000	235 000	25 000	*		225 000		225 000			137 000 B
• SATA	GP	38 000	38 000	19 000	19 000				19 000		19 000			17 000 B
• PNIC Azores (tourism) ⁶	4	95 000	95 000	63 000	63 000				32 000		32 000			20 000 B
• Azores	POP	352 000	352 000	178 000	153 000	25 000			174 000		174 000			100 00 B
— Region Madeira:		309 000	309 000	219 000	191 000	28 000	*		90 000		90 000			20 000 B
• Madeira	POP	309 000	309 000	219 000	191 000	28 000			90 000		90 000			2 000 B
Technical assistance		34 000	34 000	22 000	22 000				12 000	12 000				
computing equip.	SA													
ERDF projects 1989	4	472 000	472 000	223 000	223 000				249 000	58 000	159 000	32 000		
Total Objective 1		16 195 200	12 393 100	6 280 500	3 757 000	1 550 000	563 500	410 000	6 112 600	3 304 300	1 236 300	1 572 000	3 802 100	2 805 000 B + C
Objectives 3 and 4		735 385	735 385	478 000		478 000			257 385	257 385				
Objective 5a		1 539 000	897 645	609 500			609 500³		288 145	288 145			641 355	
Total		18 469 585	13 616 130	7 368 000	3 757 000	2 028 000	1 173 000	410 000	6 658 130	3 849 830	1 236 300	1 572 000	4 443 455	2 805 000 B + C

Key: PO: Operational programme

GP: Large project

POP: Multifund operational programme

RA: Aid scheme

POI: Integrated operational programme

SA: Technical assistance

SG: Global grant

*: To be completed.

¹ The amounts allocated to these programmes are set out in Commission decisions at current price levels. Commitments remaining to be made during the term of the CSF may not exceed these amounts. This will result in sums being released. These amounts cannot be calculated at this stage but will be reallocated fund by fund primarily for technical assistance to regional programmes and to PNICAP.

² In the event of the Community initiative in the field of science and technology the Commission will examine to what extent such a programme can be included in the 15% not yet distributed.

³ Includes ECU 30 000 000 for fishing (Reg. (EEC) No 355/77).

⁴ Already decided.⁵ These global grants will be replaced by MOPs up until 1991 as set out in the text of the CSFs.⁶ The Commission decision for this programme was made in current ecus. It will be modified into constant ecus.⁷ To be verified.⁸ Community loan offers: EIB (B), ECSC (C), Euratom (E), Others (A).

⁹ The amounts foreseen for these programmes are defined by Commission decisions at current prices. The appropriate commitments made during the period of the CSF may not exceed these amounts. The financial tables of the CSF are at 1989 constant prices and therefore these commitments will come to an amount lower than that shown in the table. These amounts will be made available. They cannot be determined at this stage but they will be allocated within the total amount of each fund.

Table 4
Indicative intervention rates

Portugal Objective 1

Development priorities	Indicative intervention rates ¹		
	ERDF	ESF ⁶	EAGGF
Priority 1 — Creation of economic infrastructures	48 %		
1.1. Communications and telecommunications	50 %		
1.2. Energy	30 %		
1.3. Science and technology	60 %		
1.4. Services	50 %		
Priority 2 — Support for productive investment and directly related infrastructures	65 % ³		
Priority 3 — Development of human resources	50 %	65 %	
3.1. Education	50 %	65 %	
3.2. Improvement of training structure and employment promotion			
3.3. Apprenticeship		65 %	
3.4. Multi-sector training		65 %	
3.5. Employment and training in the framework of the MOP and IOP and the priorities		65 %	
Measures under Art. 1 (2) of Reg. 4255/88		65 %	
ESF 1989 already committed		65 %	
Priority 4 — Agricultural and rural development			75 %
Priority 5 — Industrial conversion and restructuring	60 %	65 %	
Priority 6 — Development of the region's growth potential and local development	50 %	65 %	
6.1. Regions of mainland Portugal	50 %	65 %	
6.2. Autonomous regions	50 %	65 %	
Technical assistance	70 %		
Computing equip.			
ERDF projects 1989	47 %		
Objectives 3 and 4		65 %	
Objective 5 a			50-75 % ⁴

¹ The effective intervention rate shall be determined by the Commission decision concerning the measures financed.

² 1989 commitments enjoyed a rate of 55 %; the rate of 65 % for the ESF may be modified within the programmes.

³ Calculated on the basis of public expenditure.

⁴ Rate subject to revision in accordance with the Council Decision due under Reg. 797/85.

Table 5
Provisional financial plan
Annual distribution

Portugal Objective 1

(at constant 1989 prices) (1 000 ECU)

Development priority	Total cost	Public expenditures										Private sector	Com- munity loans
		Total public expenditure	Community grants					National public expenditure required					
			Total	ERDF	ESF	EAGGF	Pedip	Total national cont.	Central govern- ment	Regional and local authorities	Public and other companies		
	1 = 2 + 12	2 = 3 + 8	3 = 4 to 7	4	5	6	7	8 = 9 to 11	9	10	11	12	13
Total 1989	2 863	2 178	1 149	545	339	175	90	1 029	595	191	243	685	433
Total 1990	3 372	2 563	1 352	641	356	245	110	1 211	700	225	286	809	511
Total 1991	3 691	2 809	1 488	753	400	225	110	1 321	764	245	312	882	557
Total 1992	4 041	3 079	1 639	859	440	240	100	1 440	833	267	340	962	607
Total 1993	4 502	3 397	1 740	959	493	288	0	1 657	958	308	391	1 105	697
Total 1989-93	18 469	14 026	7 368	3 757	2 028	1 173	410	6 658	3 850	1 236	1 572	4 443	2 805

Chapter 5

Macroeconomic situation

In recent years, the trend of the Portuguese economy has been favourable although some new imbalances are now appearing. From 1986 to 1988, real GDP grew by an average of 4.1% while the rise in employment reduced the unemployment rate to 6%, one of the lowest in the Community.

Clear progress has been made in the field of public finance, with the general government deficit falling to 7% of GDP in 1988. Inflation slowed down considerably until the second half of 1988 but has subsequently picked up again. The current-account balance showed a surplus from 1985 to 1987 but has since slid into deficit.

The Portuguese economy is expected to display continuing sustained growth. The economic strategy for the period 1989-92 presented in the revised version of the PCEDED (Programme for correcting the structure of the external deficit and unemployment) estimated that GDP will expand by 3.8% a year on average, thus faster than the Community average. With an annual growth rate of more than 7%, investment will be the most dynamic component of domestic demand. This spurt in investment will produce external deficits that will not, however, be allowed to reach unsustainable levels. Inflation is projected to fall to 5.5% in 1993 with the help of a non-accommodating monetary policy and an incomes policy. The hoped-for economic growth during this period

should enable employment to grow by 1% a year, holding unemployment at its present level of around 6%.

The success of this macroeconomic scenario will depend to a large extent on the implementation of a medium-term programme for restructuring public finances foreseen in the PCEDED. Failing this, there is a risk of major new imbalances that will threaten the catching-up process now under way. According to estimates the present budget deficit (equivalent of 7% of GDP in 1988) is expected to fall to 5% in 1992, with the ratio of public debt to GDP stabilizing or dipping slightly (73% in 1992). Given the weight of interest payments such a development would lead to an increase in the primary budget surplus, which according to estimates, could reach nearly 3.5% of GDP by 1992.

Alongside this macroeconomic strategy, microeconomic reforms will enable the economy to profit from measures under the structural Funds. Continuing reform of the public sector and of taxation, on the one hand, and the liberalization of capital markets, on the other, will help Portugal to prepare for realization of the Community-wide market in 1992. In the wake of the new legislative reforms, the labour market should be able to accommodate the new skills acquired by the labour force as a result of the education and training programmes to be introduced.

Chapter 6

Community policies and additionality

6.1. Coordination of and compliance with Community policies

Finally, it should be recalled that special Community State aid codes must be observed in the case of certain sectors.

6.1.1. Rules on competition

For the Community to part-finance State aid schemes, the Commission must have approved such aid in accordance with Articles 92 and 93 of the EEC Treaty.

When Member States send their applications for assistance (operational programmes, aid schemes or global grants, as the case may be) in connection with Objective 1 to the Commission, they must identify in those applications the measures which constitute aid. At the same time, they must notify the Commission (Secretariat-General), in accordance with Article 93 (3) of the EEC Treaty of any aid not yet notified and not yet approved by the Commission or any modification to existing aids.

As these aids are to be examined simultaneously with the grant applications, the Commission intends to adopt a position on them, and on any amendments made to them by the Member State, when it decides on the grant application.

6.1.2. Investment in sensitive or crisis sectors

Applications for assistance relating to measures which may involve investment in sensitive or crisis sectors must, because of the Community dimension of the problems posed by such investment, be scrutinized to assess its impact.

For its own part, the Commission will take account, when examining applications, of the industrial situation of certain products and sectors in the light of the abolition of intra-Community frontier controls linked to the application of Article 115 of the EEC Treaty by taking account of the recommendations made by the Directors-General for Industry of the Member States in February 1989.¹

¹ The Spanish and Portuguese authorities have expressed a general reserve on these recommendations and their mention.

6.1.3. Agriculture

The agricultural measures foreseen in the CSF must be compatible with objectives of the CAP. This compatibility will be the subject of verification on the basis of the different applications for funding as well as during the implementation of the agricultural measures, taking into account the specific provisions laid down in Protocol 25 of the Act of Accession, the limitations on production discipline affecting certain sectors, and the different declarations concerning the particularity of Portuguese agriculture.

6.1.4. Award of public contracts

Invitations to tender for the award of public contracts must be issued in compliance with the directives governing public procurement of supplies and works and, in future, when similar directives are required to be implemented for a certain number of those services and sectors currently excluded.

The criteria governing the monitoring of compliance with public procurement rules in the case of projects and programmes financed by the structural Funds and financial instruments are set out in Commission Notice C(88) 2510 of 4 May 1988 to the Member States (OJ C 22 of 28.1.1989).

6.1.5. Protection of the environment

6.1.5.1. The measures taken in the course of implementing the Community support framework must satisfy the conditions laid down by European Community legislation on the environment. Where gaps are found to exist in its implementation, priority must be given to the attainment of the objectives of the legislation in question during the period covered by the Community support framework in so far as it is connected with the regional development envisaged.

For operations or measures likely to have a significant impact on the environment, the Member States will supply to the Commission in accordance with Article 14 of Regulation No 4253/88, the appropriate information so as to allow the Commission to evaluate the impact on the environment of the operations or measures concerned.

6.1.5.2. The Community support framework provides for assistance directly linked to the protection and development of the environmental resources of the regions concerned and therefore contributes to the implementation of Community policy in this field.

6.1.6. Completion of the single market

The activities of the Funds, the EIB and the other Community financial instruments should, in accordance with their priority objectives, help to strengthen the local economic base by ensuring that firms, in particular small and medium-sized firms, have at their disposal a range of financial and other services to enable them to prepare for the challenge of the single market (e.g. awareness of the opening up of the public procurement markets, product testing and certification infrastructures) and, in that context, for the abolition of intra-Community frontiers in accordance with the provisions of the Treaty.

Community financial support cannot be granted to airport and port infrastructure projects which are not consistent with the aims of Article 8a of the Treaty.

6.1.7. Fisheries

The actions and measures implemented under this CSF must be in conformity with the Common Fisheries Policy. As such, they will be coordinated with Community financial assistance to restructuring fisheries in order to facilitate economic activity in this field.

The specific financial instruments for fisheries policy are:

- Regulation No 4028/86 (restructuring and renewal of the fishing fleet, modernization of the fishing fleet, development of aquaculture, facilities at fishing ports);
- Regulation No 355/77 (processing and marketing of fishery products). An estimate of expected expenditure in the regions covered by this CSF is included in the indicative financing plan (under Objective 5a).

6.1.8. Energy

The actions undertaken in the framework of this CSF must be consistent with, and should where appropriate, contribute to the Community policy in the energy sector.

Significant among the specific programmes in place at present are

- Programmes for the stimulation of activities aiming at technological development in hydrocarbons, since 1975;
- Demonstration programmes in the fields of:
 - energy saving,
 - new energy sources and renewable energies,
 - new technologies for solid fuels,
 - gasification and liquefaction of solid fuels.

The two current programmes (Regulations Nos 3639/88 and 3640/85) expire at the end of 1989. A new programme, Thermie, covering the actions of both the above programmes, is being prepared for a five-year period.

6.1.9. Transport

ERDF and EIB assistance provided for in the transport infrastructure field under this Community support framework will be coordinated with that financed under Article 580 of the Community budget in order to facilitate the development of infrastructure networks of Community interest.

6.1.10. Research and development

The measures taken under this Community support framework contribute to the improvement of the scientific and technological potential of ... (the region), and to reinforce the scientific and technological base of European industry and so contribute to the strengthening of its international competitiveness.

6.1.11. Telecommunications and information technology

The framework programme for scientific and technical research and development for the period 1987-91 provides for specific programmes in these fields. The structural assistance provided under the Community support framework may encourage firms and organizations in the regions concerned to participate more widely in these programmes.

6.1.12. Social policy: Equal opportunities for men and women

Measures provided for in the CSF must be compatible with Community policy and legislation on equal opportunities for men and women and promote these wherever possible. Particular attention should be given to requests for infrastructure and training measures designed to facilitate the reintegration of women with children into the labour market.

6.2. Additionality

As laid down in Article 9 of Regulation (EEC) No 4253/88 the Commission and the Member State, in

establishing and implementing the Community support framework, shall ensure that the increase in the appropriations for the Funds provided for in Article 12 (2) of Regulation (EEC) No 2052/88 has a genuine additional economic impact in the regions concerned and results in at least an equivalent increase in the total volume of official or similar (Community and national) structural aid in the Member State concerned, taking into account the macroeconomic circumstances in which the funding takes place.

By agreeing to this Community support framework, the Member State also confirms its commitment to this legal obligation. The Commission will check the application of this commitment on a regular basis by undertaking a periodic assessment of additionality throughout the period of implementation of the Community support framework.

Chapter 7

Implementation provisions

7.1. Technical assistance

An initial programme of work for technical assistance for the strengthening of management, coordination and control systems, as well as the establishment and subsequent operation of monitoring and evaluation systems, shall be agreed between the Commission and the responsible national authorities, as soon as possible.

7.2. Monitoring and control

7.2.1. Implementation

In the framework of their partnership, the Member State, the implementing authorities designated by the Member State and the Commission (hereinafter 'the partnership') shall strive to obtain the desired economic impact by a full and proper use of the financial resources provided for in this CSF. To this end, the partnership

- shall define precisely the respective responsibilities at Community, national, regional and local level;
- shall with the aid of a jointly agreed monitoring and evaluation system, ensure
 - the transparency of management, and its strengthening where necessary;
 - good management information, facilitating decisions required to implement the CSF as approved, or to amend it where necessary;
 - an effective use of technical assistance.

The definition of responsibilities

Within 60 days of the adoption of this CSF, the Member State shall designate or confirm the designation of the authority which is to have overall responsibility for the effective management of the implementation of this CSF. The designated authority shall ensure that specific responsibilities for each implementing, coordinating and control activity are clearly defined, and that instructions are given to discharge these responsibilities correctly.

The efficient management of Community resources shall concern in particular

- methods of *ex ante* evaluation used by the Member State in drawing up proposals for Community intervention;
- methods and procedures for defining, selecting and implementing individual actions or projects to be financed in the framework of operational programmes, aid systems or global grants or loans after approval by the European Community;
- the compliance with Community policies;
- the organization of financial flows to implementing agencies to ensure the timely availability of Community and national resources;
- mechanisms to prevent and detect any irregularities in the use of public finance;
- methods of ensuring that the final beneficiaries of development programmes are fully aware of the opportunities available to them and of the contribution of the European Community to the development effort.

The Commission shall include a commentary on these matters in the reports foreseen under Article 6 of Regulation (EEC) No 2052/88.

Within 60 days of the adoption of this CSF, the Member State shall designate or confirm the designation of the authorities responsible for meeting its obligations as regards financial control under Article 23 of Regulation (EEC) No 4253/88.

7.2.2. Monitoring indicators and evaluation systems

7.2.2.1. Monitoring Committee

A Monitoring Committee, organized in the context of the partnership, at national and, where necessary, at regional level shall monitor the relevant Community support framework(s).

The tasks of this Monitoring Committee at national level shall be among others:

- to coordinate all structural operations implemented by the regional and central authorities of the Member State as well as the grant and loan instruments of the Communities, and to harmonize them with other Community policies, with a view to achieving the strategic objectives of the Community support frameworks;
- to analyse proposals for possible modifications of the CSF(s).
- Fund (ERDF, ESF, EAGGF and special budgetary lines) or loan instrument (EIB, NCI or ECSC loans) for the Community sources and for each form of assistance within each priority;
- contributions from central, regional or local authorities, for public as well as private expenditure and for each form of assistance within each priority.

In the framework of partnership, the Monitoring Committee at national level will be composed of the Commission, the EIB and Member State representatives (including, where appropriate, representatives of the competent authorities designated by the latter at local, regional, national or any other level). The Monitoring Committee shall establish its own rules of procedure, including any appropriate organizational arrangements.

The Committee may meet at the initiative of either the Commission or the Member State concerned. The frequency of the meetings of the Monitoring Committee at national level shall, as a general rule, be once or twice every year or more often if necessary.

The Member State, the Commission and the EIB shall designate their representatives in the Monitoring Committee, 60 days (at the latest) after notification to the Member State of the Commission decision approving the Community support framework.

The chairman of the Monitoring Committee will be designated by the Member State.

A Monitoring Committee at regional level can be organized following the same principles as the national Monitoring Committee. Its tasks will concern the specific matters in the CSF relating to the region in question.

7.2.2.2. Indicators

In order to make possible the monitoring and evaluation of operations, the Monitoring Committee(s) is (are) responsible for the compilation data on financial, physical implementation and performance indicators. The partnership will jointly agree the detailed specification of the reporting system.

(a) *Financial indicators*

The financial indicators for each year of execution (1989-93) shall relate to commitments, payments, indicatively planned expenditure for multiannual operations (budget) as well as changes in the financial envelope and the latest forecast for the financial execution of operations, all broken down by

(b) *Physical implementation and performance indicators*

The following will be established:

- physical implementation indicators (where relevant) to allow assessment of the degree of implementation of planned operations;
- performance indicators, which aim to measure the degree of achievement of the objectives of structural operations as well as their indirect socio-economic effects.

The definition and the collection of all types of indicators shall be the object of a joint effort by the implementing authorities of the Member State and the Commission.

7.2.2.3. Evaluation

(a) *Ex-ante assessment*

The presentation of the various forms of assistance shall be accompanied by an *ex-ante* assessment, which shall be undertaken by the Member States, with a view to

- assessing the compatibility of operations with the Community support framework;
- assessing the existence of adequate implementation and management structures;
- assessing the articulation of structural operations with other Community policies, the combination of grants and loans, as well as the economic soundness and viability of the operations.

For its part the Commission reserves the right to make its own assessment of these issues.

(b) *Ex-post evaluation*

Ex-post evaluation shall be performed at two levels, namely

- individual operations,
- the Community support framework, on the basis of the constant monitoring of operations and collection of statistical data related to defined indicators.

In order to increase the effectiveness of the *ex-post* evaluation, the Member State and the Commission may be assisted by independent organizations or experts, who

- should have access to the Monitoring Committee(s); and
- are accepted by all parties of the partnership.

7.2.3. Progress reports on the implementation of operations

The reports which the authority designated by the Member State shall send to the Commission shall be established in a standardized form to be jointly defined (a progress report to be transmitted within six months of the end of each full year of implementation as well as a final report or multiannual operations, a report for operations lasting less than two years).

The final reports shall include a first provisional evaluation of the operations concerned, according to the guidelines which will have been agreed upon by the Commission and the Member State concerned.

An operation lasting more than three years shall be the subject of an in-depth review before the end of the third year of implementation, in order to adjust the programme of work for the final year(s).

7.2.4. Procedures for the modification of a CSF

According to the provisions of Council Regulation (EEC) No 2052/88, the Community support framework may, if necessary, be revised and adjusted, on the initiative of the Member State or of the Commission in agreement with the Member State, in the light of relevant information and of the results obtained during implementation of the operations concerned.

The principles concerning the modifications of Community support frameworks, established through agreement between the Member State and the Commission with a view to allowing their flexible implementation are:

- (a) The following modifications can be decided by the Monitoring Committee(s):
 - variations between priorities or within the same priority compared to the initial estimates included in the indicative financial plans of not more than 15% either of an element of priority or of a form of assistance for the whole of the period, or 20% for one financial year. The variations must remain

compatible with the Commission's budgetary rules and procedures and must not affect the total amount of assistance;

- other minor modifications concerning the implementation of actions, with the exception of the provisions concerning aid schemes.

The Commission and the Member State shall be informed of the decisions to adopt these modifications. They shall be valid unless within a period of 20 working days following the date of receipt by the Commission or by the Member State of the information, the Commission or the Member State has requested the suspension of that modification.

If necessary, the Commission and the Member State shall adapt their previous decisions relating to the operations concerned.

- (b) When the modifications under (a) go beyond the indicated thresholds but not beyond 25% they can be adopted by the Commission in agreement with the Member State.
- (c) Other modifications require a revision of the Community support framework following the same procedures applied for its adoption.

Provisions relating to the modification of individual operations during implementation are included in decisions approving such operations.

7.3. Guidelines for monitoring and implementation of programmes

The composition and tasks of the Monitoring Committees for operational programmes shall be decided at the same time as the approval of each programme.

The Monitoring Committees for operational programmes are similar to the CSF committees described above in terms of their composition, their methods of work and their competences. In particular, as regards modifications to the financial plans, their powers are to be exercised in relation to the measures within the limits of the amounts of Community assistance contributed by each fund to the operational programme in question. Further details of the tasks of a Monitoring Committee as well as the methods of organization of a computerized monitoring system, the on-going and *ex-post* evaluation and the forms of involvement of those interested in its implementation may be decided at the same time as the approval of each programme.

The Monitoring Committees for operational programmes can present any proposals for alterations in the operational programme which are outside their powers to the CSF Monitoring Committee.

The Chairman of the Monitoring Committee has at his disposal a small allocation for securing technical assistance and for the monitoring expenses which form part of the programme in the framework of its implementation. He decides on these measures in agreement with the Commission representative and following discussion with the Committee.

An operational programme will normally be divided into subprogrammes which comprise the measures to be implemented.

As each integrated approach will be agreed (multi-fund-integrated operational programme) the national authority to be made responsible for coordination will be decided case by case as well as its tasks.

In order to ensure an optimal use of the financial resources available, the operational programmes can be periodically reviewed.

If necessary, changes can be made to the programme according to the procedures described above, for example, transfer of sums from one measure to another.

The duration of operational programmes shall not be extended, unless exceptional circumstances justify it.

The Member State shall submit to the Commission with the application for an operational programme a description of the management and control system of the programme as well as the necessary information on the administrative and judicial arrangements set in place to ensure the respect of its obligations under Article 23 (1) of Regulation No 4253/88.

7.4. Information and publicity

The Member State, the entities responsible for the implementation of the Community support framework and the Commission will decide on the information and publicity measures to be undertaken for actions benefiting from Community financial support. On the basis of the principles set out in Article 32 of Regulation No 4253/88 these measures will chiefly comprise the following elements:

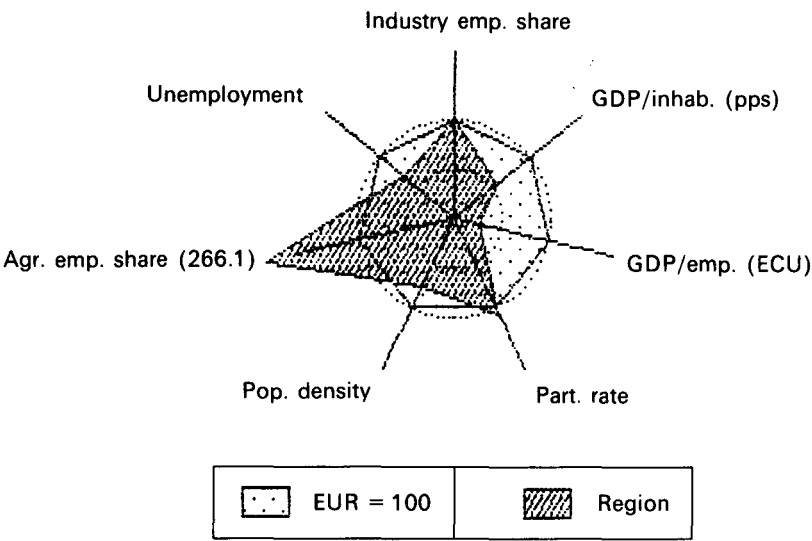
(a) In regard to infrastructure:

- signs erected on the sites of infrastructure which cost more than ECU 1 million, carrying the European emblem and notice of the cofinancing of the project by the European Fund concerned (name in full);
- permanent commemorative plaques for infrastructures used by the public (congress centres, airports, railways, etc.), likewise carrying the European emblem.

(b) In regard to productive investment and measures developing endogenous potential:

- actions increasing awareness among potential beneficiaries and public opinion, using the most appropriate media and taking the form of meetings, brochures, audiovisual material, etc;
- actions aimed at those seeking public support cofinanced by the Community, in the form of an indication of the Community contribution of a part of this support on the forms completed by businesses or others seeking such support.

Regional profile: Portugal



Indicators	Time period	Units	Region	Country	EUR	% Country	% EUR
Population	1985	1 000 inhab.		10 157	321 922		3.2
Population change	1985/1973	%/year		1.0	0.3		
Migration rate	1980/1985	%		0.2	0.0		
Territory	1985	1 000 km ²		91.8	2 254.6		4.1
Density *	1985	inhab./km ²		110	142		77.5
Centrality index *		pps/km			100.0		
Employment change	1986/1973	%/year		1.4	-0.0		
Participation rate *	1986	%		68.9	64.5		106.8
Unempl. rate (EEC) *	1987	%		7.1	10.6		66.9
Agr. emp./Tot. emp. *	1986	%		21.5	8.1		266.1
Ind. emp./Tot. emp. *	1986	%		33.9	33.7		100.4
Serv. emp./Tot. emp.	1986	%		44.5	57.7		77.0
GDP/inhabitant *	1981-85	pps	x	x	x	100.0	55.1
GDP/person employed	1981-85	ecus	x	x	x	100.0	26.2
Unemp. rate (adj.)	1981-85		x	x	x	100.0	102.0
Lab. force projection	1985-90		x	x	x	100.0	152.3
Synthetic index	1981-85		x	x	x	x	58.4

* These indicators are used in the graph (Radar).

Commission Decision

of 31 October 1989

on the establishment of the Community support framework for Community structural assistance for the Portuguese regions concerned by Objective 1, namely the whole country.

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 2052/88 of 24 June 1988 on the tasks of the structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments,¹ and in particular Article 8 (5) thereof;

Whereas, in accordance with Article 8(5) of Regulation (EEC) No 2052/88, the Commission, on the basis of the regional development plans submitted by the Member States, shall establish, through partnership and in agreement with the Member State concerned, the Community support frameworks for Community structural operations;

Whereas, in accordance with the second paragraph of that provision, Community support frameworks shall cover in particular the priorities, the forms of assistance, the indicative financing plan, with details of the amount of assistance and its source, and the duration of the assistance;

Whereas Title III, Article 8 *et seq.* of Council Regulation (EEC) No 4253/88² of 19 December 1988 laying down provisions for implementing Regulation (EEC) No 2052/88 sets out the conditions for the preparation and implementation of Community support frameworks;

Whereas the Portuguese Government submitted to the Commission on 20 March and 23 June 1989 the plans and operations referred to in Article 8(4) of

Regulation (EEC) No 2052/88 in respect of the regions referred to in Article 8(2) of the said Regulation;

Whereas the plans submitted by the Member State include a description of the main priorities selected and an indication of the use to be made of assistance under the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund (EAGGF), Guidance Section, and the European Investment Bank (EIB), in implementing the plans;

Whereas this Community support framework has been established in agreement with the Member State concerned through the partnership defined in Article 4 of Regulation (EEC) No 2052/88;

Whereas the EIB has also been involved in the preparation of the Community support framework in accordance with Article 8 of Regulation (EEC) No 4253/88; whereas it has declared its readiness to help implement this framework on the basis of the estimated loan arrangements indicated in this decision and in accordance with the provisions of its Statute;

Whereas the Commission is prepared to examine the possibility of the other Community lending instruments contributing to the financing of the framework in accordance with the specific provisions governing them;

Whereas this decision is consistent with the opinion of the Advisory Committee on the Development and Conversion of Regions and of the European Social Fund Committee;

Whereas, in accordance with Article 10 (2) of Regulation (EEC) No 4253/88, this decision shall be sent as a declaration of intent to the Member State;

Whereas in accordance with Article 20 (1) and (2) of Regulation (EEC) No 4253/88 the budgetary commitments relating to the contribution from the structural Funds to the financing of the operations covered by the Community support framework will be made on the basis of the subsequent Commission decisions approving the operations concerned,

¹ OJ L 185, 15.7.1988, p. 9

² OJ L 374, 31.12.1988, p. 1.

HAS ADOPTED THIS DECISION:

Article 1

The Community support framework for Community structural assistance in the Portuguese regions concerned by Objective 1, covering the period from 1 January 1989 to 31 December 1993, is hereby approved.

The Commission declares that it intends to contribute to the implementation of this Community support framework in accordance with the detailed provisions thereof and in compliance with the rules and guidelines for the structural Funds and other existing financial instruments.

Article 2

The Community support framework shall include the following essential information:

- (a) a statement of the main priorities for joint action:
- creation of economic infrastructures with a direct impact on balanced economic growth;
 - support for productive investment and directly related infrastructures;
 - development of human resources;
 - improving the competitiveness of agriculture and rural development;
 - industrial conversion and restructuring;
 - exploiting the growth potential of regions and local development;
- (b) an outline of the forms of assistance to be provided, primarily in the form of operational programmes;

- (c) an indicative financing plan specifying, at constant 1989 prices, the total cost of the priorities adopted for joint action by the Community and the Member State concerned, that is ECU 18 469.585 million for the whole period, and the financial arrangements envisaged for budgetary assistance from the Community, broken down as follows:

ERDF	ECU 3 757 million
ESF	ECU 2 028 million
EAGGF, Guidance Section	ECU 1 173 million
Total structural Funds	ECU 6 958 million
Other aids	ECU 410 million
Total grants	ECU 7 368 million

The resultant national financing requirement, that is approximately ECU 6 658.13 million for the public sector and ECU 4 443.455 million for the private sector, may be met in part by Community loans from the European investment Bank and the other lending instruments. EIB loans could reach ECU 2 653 million and those of the ECSC, ECU 152 million.

Article 3

This declaration of intent is addressed to the Portuguese Republic.

Done at Brussels, 31 October 1989

For the Commission
Bruce MILLAN
Member of the Commission

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European Communities — Commission

Community support framework — 1989-93

for the development and structural adjustment of the regions whose development is lagging behind (Objective 1)

Portugal

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