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**The Future of Community Initiatives  
under the Structural Funds**

## The Future of Community Initiatives under the Structural Funds

### Introduction

The Commission agreed a Green Paper on this subject on 16 June last year (COM(93)282). This described the history of Community Initiatives, set out the general principles which should influence the elaboration of initiatives during the 1994-99 period and suggested a framework for these initiatives, based on the following themes:

- i. cross-border, transnational and inter-regional cooperation and networks;
- ii. rural development;
- iii. outermost regions;
- iv. employment and the development of human resources;
- v. the management of industrial change.

The consultation process on the Green Paper has given rise to a large number of submissions from Member States, regional and local authorities, industrial and commercial associations, the social partners and numerous other bodies and individuals. The European Parliament and Economic and Social Committee have adopted formal Resolutions and, in the absence of the Committee of the Regions, the Consultative Council of Regional and Local Authorities has also submitted its views. A summary of the main points made in these submissions is at Annex 1.

As can be seen from Annex 1, a large number of interesting points were raised in the submissions. There was, as could perhaps be expected, a fair degree of special pleading from various groups arguing the case for special initiatives in their favour. But as far as the framework for future initiatives is concerned, the vast majority of submissions supported the approach in the Commission's Green Paper, recognising the advantages of building as much as possible on existing initiatives.

A number of bodies including the European Parliament in its Resolution on the Green Paper<sup>1</sup>, did highlight, however, the particular difficulties of urban areas, including problems linked to social exclusion. They pressed the case for an additional theme to the five already proposed by the Commission which would tackle the special problems in these urban areas. Moreover, the European Parliament and a number of other bodies supported a new, specific initiative for the fisheries dependent areas and the sector.

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<sup>1</sup> Resolution of 28 October 1993, PE 176.537

Towards the end of the consultation process, the Council, during its discussions on the GATT negotiations, asked the Commission to propose an initiative in favour of the textiles industry in Portugal. The Commission agreed to this, thereby facilitating an agreement in the Council on the GATT package. It was agreed that 400 million ecus be allocated to this initiative, which can be accommodated within the management of industrial change theme in the Green Paper framework.

As stated in Article 7 of Regulation 2052/88, all these actions will be implemented in accordance with Treaty dispositions in relation to state-aids and the respect of Community competition policy.

#### Cross-border, transnational and inter-regional cooperation and networks

The draft guidelines for the main initiative under this theme, which it is proposed to call Interreg II, follow closely those of the first Interreg initiative, but have been modified in a few respects.

First, it has been recognised that all internal land border areas should in principle be eligible for assistance. This will mean making use of the geographical flexibility clause introduced in the revised Structural Funds regulations recently agreed.

Second, as far as the external borders with central and eastern Europe are concerned, actions under Interreg II should now be planned in close liaison with those to be funded under the increased special budgetary provision for border regions within the Phare programme. All the external land border regions will be eligible for assistance. Two additional external maritime borders will be covered: Andalusia (Cadiz) to Morocco and Southern Italy to Albania.

Thirdly, views on extending the coverage of Interreg to additional maritime border regions were mixed. The proposed guidelines therefore adopt a pragmatic approach on this, accepting that in addition to the Sardinia-Corsica and Kent-Nord Pas de Calais maritime borders which were eligible during the first phase, the borders between southern Italy-Greece and Ireland-North Wales, also be eligible. These can be justified given their special problems and features, particularly for Greece with the increased difficulties in transport links with the Community as a result of the troubles in the Balkans; and for Ireland, the only Member State with no land link to the Community and which relies to a large extent on its links to the Community via North Wales.

Two other points mentioned in the Green Paper in relation to Interreg were subject to comment in the consultations. The first concerns transnational and inter-regional cooperation generally (that is not confined to border areas). There is much support for an expansion of Community activities in this field, with the emphasis on supporting the development of networks and exchanges of experience, particularly in favour of skills and technology transfer towards less favoured regions; environmental management; and cooperation with regions in

neighbouring countries. The Commission should continue to support such actions, but there are advantages in continuing to do so through the funds available for innovative actions rather than through Interreg. As the cooperation itself takes place at the regional and local level, it is more appropriate and in keeping with the subsidiarity principle to manage these measures in the same flexible manner as in the 1989-93 period.

The second concerns the energy projects currently being financed under the Regen Initiative. By their nature, these help complete the trans-european energy network, and as such, have an inter-regional character. It is proposed to continue to finance the existing projects by prolonging the Regen Initiative as a separate strand within the financial amounts allocated to Interreg. Some of the projects are now quite far advanced; others have yet to begin. The proposed financial allocation takes account of developments on each project in the period up to 1993. This initiative complements the funding available from the Community in support of the completion of transeuropean networks for energy from budget appropriations specifically for this purpose and, in Objective 1 regions, from the Structural Funds in Community Support Frameworks.

### Rural Development

The rural development guidelines build on the existing Leader programme, which has proved to be very popular and successful in rural areas. It is proposed to call the new initiative Leader II.

As was the case in the first phase, Leader sets out to support local initiatives for rural development and to explore new approaches to tackle the growing difficulties of these areas.

As already announced in the Green Paper, the principle modifications are as follows:

- the reinforcing of the added-value of the initiative in relation to programmes supported under Community Support Frameworks, the accent being put on innovation (interpreted in a wide sense and adapted to each particular context) , its demonstration effect and transferability;
- extending the scope of cooperation and for the transfer of knowhow between regions and rural actors;
- the simplification and decentralisation of implementation methods, the major part of project selection and management decisions being undertaken at a local or regional level.

Lastly, Leader II as a whole is organised around a European network for rural development: this follows up a network established in the first phase, and will be extended to the various bodies participating in rural development and to new fields, so that it becomes a mechanism for active solidarity between all the rural areas.

### Outermost Regions

There was a general recognition in the submissions that the Union's outermost regions continued to warrant supplementary assistance through a Community Initiative. Certain Member States argued for an extension of the definition of outermost regions. Others opposed this. The European Parliament preferred the existing definition, and it is proposed to continue to limit this initiative to the Canary Islands, Madeira, the Azores and the French Overseas Departments, respecting the declaration relating to outermost regions annexed to the Treaty on European Union..

Regis has been well appreciated in these regions and it is proposed to call the new initiative Regis II. The new initiative would have its scope widened so that Poseidon, Poseican, Poseima measures eligible for Structural Fund support can be continued and so that measures financed under other initiatives such as Stride, Telematique, Prisma etc, would in future be financed in these regions under Regis. This should lead to a simplification in programming, committee structures, financial management and control, etc, and reinforce the political importance of Regis.

### Employment and development of human resources

The Green Paper published by the Commission in June 1993, advanced the idea of an integrated initiative on Employment and human resources as part of a package of ideas on the future of Community initiatives. This idea was widely welcomed in the responses to the Green Paper. The detailed proposals for an Employment and development of human resources Initiative now put forward follow from the ideas outlined last June and take into account the submissions received. The Green Paper envisaged within such an initiative a specific strand dealing with the adaptation of the workforce to industrial change. The approach now being proposed is that this aspect be dealt with in a separate initiative (see below). There would thus be two initiatives under the heading of Employment and the development of human resources. The proposals for both initiatives take as a basic point of reference the White Paper on Growth, Employment and Competitiveness and represent a major part of the Community's initial response to the challenge for action set down in the White Paper.

The first initiative "Employment and the Development of Human Resources" would contain three distinct though interrelated strands: Employment-NOW, Employment-HORIZON and Employment-YOUTHSTART... The proposal builds on the success of the existing human resources initiatives, NOW and HORIZON.

The YOUTHSTART programme was proposed by the Commission in its White Paper on Growth, Competitiveness and Employment endorsed by the Heads of State and Government in December. It reflects the view that a greater effort is required to enable young people to participate effectively in the labour market. Young people who have left education without

a qualification often cannot compete effectively in an already difficult labour market, and face the danger of long-term unemployment. The aim is to stimulate actions by Member States leading progressively in the longer term to the provision of a youth guarantee. The ultimate aim is that every young person under the age of 20 would eventually have access either to full-time employment or to a recognised form of education or training, including apprenticeship or other forms of linked work and training. The basis of YOUTHSTART would be 12 national programmes tailored to the requirements of each Member State receiving, where appropriate, support through the Community Support Frameworks. The Community initiative dimension (Employment-YOUTHSTART) will act as a catalyst for the scheme as a whole. It will ensure the development of the innovative and transnational dimension of YOUTHSTART as well as the development of structured networks of projects and programmes in order to ensure the exchange of good practice and experience.

Across the three strands of this initiative, four broad categories of measure can be identified:

- Systems measures;
- Training measures;
- Job Creation measures;
- Information/communication measures.

While the initiative shares with Community Support Frameworks the primary objective of maintaining and increasing employment in the Community, it is quite distinct in its underlying rationale, aims and methodologies, in particular through its transnational dimension, its character as a catalyst for innovation and change and its emphasis on a decentralised, bottom-up approach.

As regards this initiative as well as the ADAPT Initiative referred to below, it is proposed to strengthen the technical assistance effort at Community, national and decentralised level in order to assist public authorities, private bodies and other interests concerned in the formulation and subsequent implementation of programmes.

Close coordination will be necessary between these two initiatives and other Community activities in the area of employment including the CSFs and the Community vocational training programmes. In order to reinforce the mutual added value of Community supported action in this area, it is proposed that special coordination structures be put in place between DG V and the Task Force on Human Resources and, if necessary, other Directorates General of the Commission. This structure will support an active and mutual collaboration on the preparation and implementation of actions under both the vocational training programme and the Structural Funds including Community initiatives in the field of employment and human resources, while respecting the particular management responsibility of the respective services.

## Industrial Change

Three types of action relating to the developments in the European economy are proposed under this heading of industrial change. The first is an action which will apply throughout the Union to help the workforce adapt to industrial change and to facilitate changes in production systems. This is essentially an employment action which will apply throughout the Community. A second type of action will give support to areas particularly dependent on declining industries incurring or expecting to incur a high rate of job losses. These actions aim to strengthen and diversify the local economies and to help remove the pollution and dereliction left behind by declining activities. The third action is intended to help small and medium sized enterprises meet the challenge of the Single Market and international competitiveness more widely. Most of its action is concentrated on the areas of greatest need, the Objective 1 regions.

Each of these three actions is managed separately in view of their particular aims and different management structures, but they form part of an overall approach to reinforcing European competitiveness as set out in the White Paper while seeking to reduce regional disparities. Appropriate coordination will therefore be ensured.

The first initiative concerning employment and adaptation of the workforce to industrial change would be called ADAPT. The importance of actions in this regard was recognised in the decision to create a new Objective 4 under the Structural Funds and was fully endorsed in responses to the Green Paper.

The interrelated goals of this initiative are:

- to assist workers, especially those threatened with unemployment as a consequence of industrial change, to adapt to increasingly rapid changes in the organisation and structure of employment;
- to help enterprises increase their competitiveness, mainly by encouraging organisational adaptation and non-physical investment.
- to prevent unemployment by improving qualifications of the workforce;
- to facilitate the development of new jobs and new activities.

These objectives will require major efforts to offer and to implement adequate training schemes, to identify and develop new skills and qualifications, to upgrade the level of existing skills and improve the ability of the workforce to acquire new skills, to develop and support innovative approaches focused on networking between enterprises, and to promote the diffusion of R&D results.

A Community-wide approach to these issues, allowing cross-fertilisation between enterprise strategies, research and development and training provision is an essential condition for bringing about a European response to these problems which affect in principle all Member States, and which are not limited to particular industries and services. The importance of addressing these issues in the context of the Community Initiatives is therefore evident. The transnational, innovative and bottom-up approach which is possible in the context of Community Initiatives will bring a particular added-value in addressing the problems of industrial adaptation.

The second group of initiatives are regionally based. Within this theme, the submissions gave particular support for the continuation of regionally-based initiatives such as Rechar, Resider, Retex and Konver, where problems of job losses are particularly acute. The EP in particular supported this approach which is geographically focused on the worst hit areas.

The need for Community support for coal and steel regions is all the more necessary in the light of the continuing loss of coal mining jobs and recent steel restructuring decisions and taking into account the run-down of assistance from the ECSC budget over the coming years. This has been recognised by the Industry Council. It is proposed therefore to continue these four initiatives. For the first three, given the degree of restructuring that has already taken place in the coal, steel and textiles industries and that the most affected regions have already been receiving national and Community support for some time, it is proposed to limit their life until the end of 1997. For Konver, an initiative extending to the end of 1997 would also be appropriate, given that there has already been an ad hoc programme in 1993.

As regards the third area of action, the White Paper emphasises the role of SMEs in furthering growth and developing employment. As indicated above, the Employment Initiative will give special attention to the needs of SMEs and many of the measures under that Initiative will apply to the whole of the Community's territory. Other Community Initiatives under the heading of Industrial Change will also give special emphasis to the need to encourage and develop SMEs. The Community Support Frameworks will also in all cases include measures of special relevance to SMEs. To supplement this significant effort and to help SMEs principally in Objective 1 areas (where the need is greatest) to face the challenges linked to the implementation of the Single Market, a new initiative is proposed.

Some of the measures now proposed are currently financed under Stride, Prisma and Telematique. Others, already indicated in the White Paper concern access to finance and credit, support for cooperation and for improving management standards.

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### The Urban Initiative

As noted above, the draft guidelines for this initiative will be circulated later. It will be necessary to identify problem neighbourhoods within cities where an accumulation of factors (high unemployment levels, low education attainment, poor housing, environmental decay, high crime rates, etc) make for a generally poor quality of life. Unemployment in poor urban areas tends to be significantly higher than national averages. The problems will need to be tackled in an integrated way, by means of concerted action by the national and city authorities. The Structural Funds cannot be involved in all areas eg. housing. Measures under this initiative should be complementary, among other things, to some of those envisaged under the Employment Initiative for disadvantaged groups.

### Fisheries

The fisheries sector is confronted today by a very serious structural crisis with several worrying aspects (chronic over-capacity of the fleet which requires the withdrawal of a number of fishing boats, drastic restrictions on certain fishing methods), in a context of the development of a worldwide system of trade and a more and more competitive environment which enlargement will accentuate.

This rapidly changing sector needs accompanying measures in the framework of a Community initiative called PESCA which foresees targeted measures to assist the restructuring of the sector and to encourage the diversification of economic activity in areas dependent on fisheries. The measures will concern both workers and firms in the regions concerned by this crisis in order to enable the sector to succeed in adapting while helping it to alleviate the social and economic consequences.

### Simplified Management

The Structural Funds regulations require that any assistance under Community Initiatives shall be reflected in the establishment or revision of the relevant Community Support Framework. In practice this should mean that, wherever possible, the management of programmes under Community Initiatives should be carried out within the programme management structure of the relevant CSF. This was in fact the case for many of the initiatives in the first phase. Community Initiatives need not therefore result in additional unnecessary Committee structures.

### Financial Framework

The amended Structural Funds regulations stipulate that "9% of the commitment appropriations for the Structural Funds shall be devoted" to funding Community Initiatives.

In accordance with the Edinburgh European Council Conclusions, the amended Structural Fund Regulations and the financial allocation decisions taken by the Commission on 21 October and 21 December last year, the total possible appropriations available for Community Initiatives during the 1994-99 period would therefore be 13.465 billion ecus (1994 prices). The regulations require that 8.16 billion be allocated to the Objective 1 regions.

The table below shows how it is proposed to allocate the 13.465 billion ecus between the different initiatives and, on an indicative basis, how each initiative could contribute to the obligation to the Objective 1 regions. It is proposed that the allocations to Objective 1 regions be slightly increased to 8.3 billion ecus to ensure that all Objectives contribute to the financing of the special initiative for the Portuguese textiles industry decided last December at the General Affairs Council.

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Billion ecus (1994 prices)

	Total	of which Objective 1
Interreg/Regen	2.9	2.3
Rural Development	1.4	0.9
Regis	0.6	0.6
Employment		
- Now		
- Horizon	1.4	0.8
- Youthstart		
Industrial Change		
- Adapt	1.4	0.4
- Rechar	0.4	0.1
- Resider	0.5	0.1
- Konver	0.5	0.2
- Retex	0.5	0.4
- Portuguese Textiles Industry	0.4	0.4
- SMEs	1.0	0.8
Urban Policy	0.6	0.4
Fisheries	0.25	0.1
Reserve	1.60	0.8
<b>TOTAL</b>	<b>13.45</b>	<b>8.3</b>

**Results of consultations on the Green Paper  
"The Future of Community Initiatives  
under the Structural Funds"<sup>1</sup>**

**I. Organization of the consultation**

Before adopting guidelines for the Community initiatives for the period 1994-99, the Commission considered it appropriate to hold a wide debate, inviting not only the Member States (MS), Parliament (EP), the Economic and Social Committee (ESC) and the Consultative Council of Regional and Local Authorities (CCRLA) but also local and regional authorities, development agencies, the economic and social partners and all other interested parties, hereinafter referred to as "organizations concerned by the Community initiatives" (OCIs), to participate.

To that end, a Green Paper was sent to the other Community institutions after it had been adopted by the Commission. At the beginning of July 1993 some 1 500 copies were also sent to the regional and local authorities, some 100 copies to the social partners and some 500 copies to the lead organisations of networks of socio-professional organizations, and to the Leader, Now, Horizon and Euroform networks. Following publication of a summary of the Green Paper in the Official Journal, about 400 copies were also sent in response to individual enquiries.

The EP, ESC and CCRLA drew up Opinions on the Green Paper while the Member States had the opportunity of expressing their views in a number of forums: the Consultative Committee for the regions eligible under Objectives 1 and 2, the ESF Committee, the Committee on Agricultural Structures, meetings of senior civil servants in charge of regional policy, the informal Council of Ministers for regional policies and land-use planning. Some Member States also sent a written reply.

Although the Commission had requested the OCIs to reply by the end of September 1993 many replies were received in October and more still November. A total of 514 different replies were received.<sup>2</sup>

**II. General summary of the replies received from the OCIs**

A database supported by all the departments concerned (DGs V, VI and XVI) was set up to assist the analysis of replies.

<sup>1</sup> COM(93) 282 final of 16 June 1993.

<sup>2</sup> Multiple replies based on standard letters drafted by a head of network were treated and counted as a single collective reply.

A. Breakdown by Member State

The breakdown of the replies by Member State and by category of organization is given in Tables 1, 2 and 3 in the Annex.

About 60% of the replies came from three countries (France, Ireland and the United Kingdom). Those from Spain, Italy and Greece accounted for only 10% of the total.

The country which sent the largest number of replies in proportion to its population was undoubtedly Ireland.

B. Breakdown by category of respondent

Table 3 gives the breakdown by category of respondent.

By far the largest category was regional and local authorities, which accounted for 39% of replies. Replies were received from all three regions of Belgium, 15 of the 26 regions of France, 9 of the 16 German Länder, 20 of the 65 counties and regions of the United Kingdom, and 6 of the 29 county councils in Ireland - but from only three of the 20 regions of Italy, three of the 17 regions of Spain, and two of the 12 provinces of the Netherlands.

Replies were also received from the most representative of the associations of local and regional authorities: the Assembly of European Regions, the Council of European Municipalities and Regions (CCRE), the Conference of Peripheral Maritime Regions of the EC (CPMR) and the European Association of Industrial Regions (RETI).

A comparatively large number of replies was also received from consultants, the European networks linked to the Community initiatives, and from associations and lobbyists. By contrast, there was little reaction from chambers of commerce, employers' organizations and trade unions, and public and private industrial firms.

C. Breakdown by fields covered

While some replies dealt with only one theme, others covered all of them so that the number of fields covered was larger than the number of replies received.

An initial classification was made on the basis of the fields referred to: i.e. general matters and each of the five themes suggested in the Green Paper.<sup>3</sup> Table 1 demonstrates that the amount of interest generated by each of these themes was broadly similar, apart from the outermost regions, which account for only a small proportion of the Community's territory. If the number of times a theme was mentioned is related to the amounts involved, rural development heads the list in terms of the rate of response.

<sup>3</sup> Cross-border, trans-national and inter-regional cooperation and networks; rural development; outermost regions; employment and the development of human resources; the management of industrial change.

Table 1: Fields covered

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Number of fields covered	
General matters	207
Cooperation and networks	263
Rural development	212
Outermost regions	42
Employment and human resources	244
Management of industrial change	180 <sup>4</sup>

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### III. Analysis of opinions and replies

The analysis below summarizes the main points made by the Member States (MS), Parliament (EP), the Economic and Social Committee (ESC) and the Consultative Council of Regional and Local Authorities (CCRLA) and the other written replies received by the Commission's services.

#### A. General points

##### 1. Priorities for assistance by Community initiatives

Overall, there was broad agreement that the initiatives should concentrate on the five themes proposed by the Commission. There were, however, some requests for the following extra themes or initiatives:

- programmes for urban areas with a high rate of unemployment to combat social exclusion (Northern MS, EP, CCRLA and some ten replies from the OCIs);
- the continuation of Envireg or specific programmes on the environment (EP and some twenty OCIs);
- specific programmes on fisheries (EP and some twenty OCIs);
- one Member State requested special measures to help customs combat illegal imports of drugs. Another Member State asked for attention to be given to the tourist sector.

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<sup>4</sup> The 226 standard letters supporting the continuation of Rechar received from local authorities benefiting from that initiative were not counted as individual replies.

