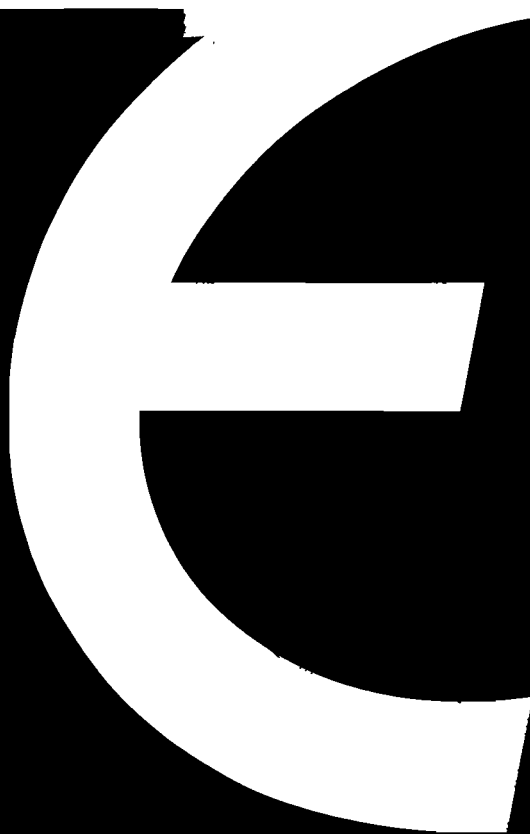


The integrated Mediterranean programmes



European File

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The year 1986 sees the enlargement of the European Community to include Spain and Portugal. It is also marked by the beginning of the IMPs, the integrated Mediterranean programmes. The Community is to devote 6 600 million ECU¹ over seven years to the modernization of the economy of Greece and certain Mediterranean regions of France and Italy.

Why IMPs

Behind this new initiative by the Community lies:

- The economic and social problems of the Mediterranean regions. Distant from the principal commercial centres of the continent, they are among the least developed and poorest parts of the Community. Leaving aside a few areas of urban development in France and Italy, agriculture still plays a major role in the regional economy. It provides 22% of employment (30% in Greece) and 12% of gross value-added (19% in Greece). The comparative figures in the more northern parts of the Community would be 7% and 4%. Agriculture in the Mediterranean regions is gravely handicapped. Administrative, industrial and service infrastructures are insufficient to encourage economic development. The result is average unemployment 30% higher than in the centre and north of the Community and a gross domestic product per head which gives two-thirds of the purchasing power – in the case of Greece one half – enjoyed on average in the North. Structural reform is essential.
- The accession of Spain and Portugal.² While enlargement will provide new markets for the Northern and Central regions of Europe, Greece and the Mediterranean parts of France and Italy will face increased competition from Spanish and Portuguese agricultural and other products. The problem is compounded by the need to safeguard the stability of one of the most sensitive parts of the world, the third countries south of the Mediterranean, by preserving their existing trade flows with the Community and offering them new concessions to compensate for the increased competition they will also face with Spanish and Portuguese accession.

The Community has already introduced many measures to help the Mediterranean regions. Expenditure on agricultural guarantees, by far the biggest single chapter in the Community budget, and traditionally geared to the most productive sectors, has been partly redirected towards support of Mediterranean product prices. Community structural funds have been concentrated more heavily on the least prosperous regions. Total Community spending in the regions covered by IMPs exceeded 3 600 million ECU in 1984 (almost one-third of all the loans and grants made by the Community): 1 700 million ECU in grants from the European Regional

¹ 1 ECU (European currency unit) = about £ 0.59, Ir. £ 0.71 or US \$ 0.88 (at exchange rates current on 2 December 1985).

² See *European File*, No 17-18/85: 'The Community of Twelve: welcome to Spain and Portugal'.

Development Fund, the European Social Fund and the guidance section of EAGGF, the European fund for agricultural guarantee and guidance;¹ 1 900 million ECU in long-term loans, mostly on the most favourable possible terms from the European Investment Bank, both from its own funds and those of the New Community Instrument.

These measures are not, in themselves, sufficient. The gulf between rich and poor regions has widened since the recession began. An unequal sharing of the benefits and burdens of enlargement might widen this gulf and lead to unacceptable situations.

To face up to this challenge, an extra effort of temporary support for the Mediterranean regions is required. Hence the IMPs. Their introduction will not weaken the support given by the Community to other struggling regions. In the long run they should create new openings for industrial goods from other parts of Europe. The Community's aim is to promote the common good. It is in everyone's interest that enlargement leads to a narrowing of differences between standards of living and to a strengthening of Community cohesiveness, rather than to increased tensions through a deepening of economic disparities in the Mediterranean basin, a region vital to Europe as a whole.

What are the IMPs

IMPs are *integrated* programmes of regional development. They mobilize all available sources of cash, Community, national, regional and local, in coherent groups of measures, affecting all important sectors of the economy, on the basis of multi-annual contracts between the parties concerned. Since 1983 the effectiveness of this approach has been tested by pilot schemes in a score of localities. The aim is to integrate all Community instruments and policies, while strengthening their coordination, flexibility and finances.

Each IMP will last from three to seven years. Multi-annual schemes included in the programmes must be complementary one with another, adapted to the needs of different regions and must create a synergy between the national and community funds devoted to them. They extend and must be compatible with actions already financed by the Community and with its policies. There can be no question therefore of the IMPs undoing Community efforts to restrain agricultural production or overriding European competition rules or other policies.

Although addressing the particular handicaps and potentialities of different regions, the IMPs must bring a global response to their diverse problems. They have three main objectives: development, adaptation and support for employment and income. Individual projects must be agreed by the European Commission on the basis of

¹ This figure is a minimum. Some kinds of EAGGF spending are not attributable to specific regions.

proposals drawn up by regional authorities and transmitted by Member States. IMPs must generate productive investment, develop infrastructure and harness the capabilities of the local population in all the major sectors of the economy: agriculture, fisheries and related activities, such as food processing; crafts and industry, including building and public works; energy; services, including tourism. Wherever the process of modernization and adaptation of certain sectors involves job losses, the aim is to create new ones, equal or greater in number. Special attention is given to small and medium businesses, the modernization of working methods, new technologies, the improvement of energy and communication facilities as well as training and the conservation of the fragile Mediterranean environment.

Activities which the IMPs might cover, depending on the circumstances in individual regions, include:

- Agriculture: the modernization and intensification of crops which are not in over-supply and the development of new activities (the productions of bio-energy, forestry and environmental protection); the strengthening of social support measures intended to increase the farmer's income, help young farmers to start off and re-direct production into new sectors; the dissemination of agricultural knowledge; irrigation and the modernization of rural infrastructure and land-holdings, marketing and processing.
- Fisheries: the restructuring and modernization of fleets; the improvement of port facilities and conservation, processing and marketing structures; the promotion of sales; the development of aquaculture; research.
- Industry and services: the creation and development of small and medium businesses, craft industries and cooperatives, with special attention to the diffusion of innovative ideas and new technologies, renewable energy sources and food processing; the creation of small industrial estates; the promotion of tourism and the facilities it needs; the creation of research and technical assistance centres for all sectors of the economy; the strengthening of economic infrastructure, especially in the transport and energy sectors.
- Human capabilities: preparation and promotion of local initiatives in sectors covered by IMPs; training, especially of the young, women and junior executives; the creation of integrated training services covering everything from the observation and examination of the jobs market to the promotion of work-places for trainees.

The regions concerned

About 50 million Europeans live in the areas which can benefit from the IMPs. Given the objectives of the exercise, the areas chosen are those whose economy depend most on Mediterranean agricultural produce (olive oil, wine, fruit and vegetables etc.) and which are most constrained by the enlargement of the

Community to restructure their farming, diversify their economy and create industrial and service jobs, especially for the young. The geographical spread of the IMPs is therefore as follows:

- The whole of Greece.
- The French regions of Languedoc-Rousillon, Corsica, Provence-Alpes-Côte d'Azur, Aquitaine and Midi-Pyrennes as well as the departments of Drôme and Ardèche.
- In Italy, the whole of the Mezzogiorno (including Latium), the regions of Liguria, Tuscany, Umbria and Marche, as well as the side of the Apennines administered by Emilia-Romagna and – for aids to fish-farming only – the northern Adriatic lagoons between Comacchio and Marano Lagunara.

A number of French and Italian urban centres are excluded: Bordeaux, Toulouse, Marseille, Genoa, Florence, Rome, Naples and Palermo. The developed and touristic coastal areas of France and Northern Italy are allowed to apply only for aid related to fisheries and fish-farming. The IMPs should therefore help to redress the balance in favour of the least prosperous parts of the Mediterranean area.

Financing

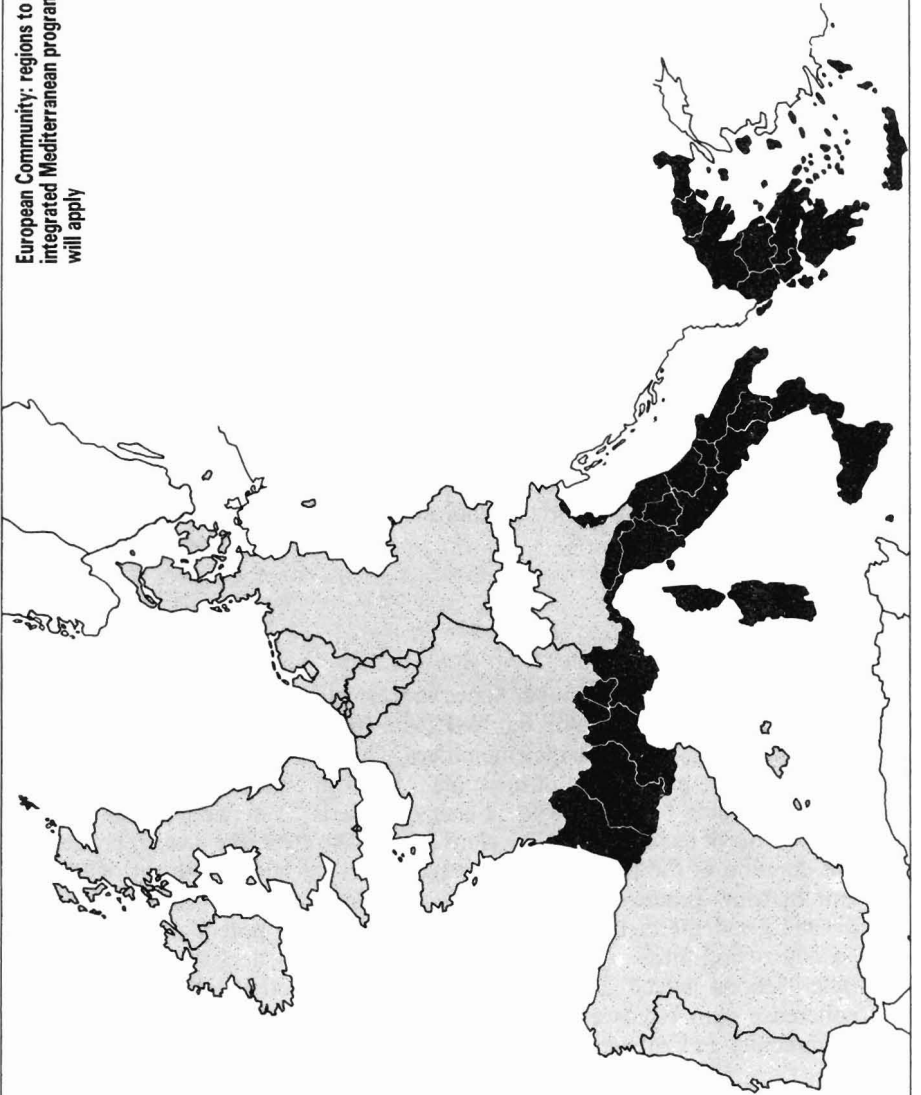
Apart from the contributions made by the countries and regions concerned, the IMPs will have Community funds totalling 6 600 million ECU over seven years (1986-93):

- 4 100 million ECU from the Community budget, including:
 - 2 500 million ECU from the resources of the European Regional Development Fund, the European Social Fund and the European Agricultural Guarantee and Guidance Fund, according to the criteria and priorities already laid down for these activities.¹
 - 1 600 million ECU of extra financing, allowing Community investment beyond the limitations imposed by the regulations of the above Funds; part of this cash will be available to help finance loans for productive investment.
- About 2 500 million ECU in loans, possibly with interest rate subsidies, from the European Investment Bank and the New Community Instrument for borrowing and lending.²

¹ For more on these Funds, see *European File*, No 7/85: 'European regional policy'; No 2/84: 'The European Social Fund' and No 2/86: 'Europe's common agricultural policy'.

² See *European File*, No 1/85: 'European Community borrowing and lending'.

European Community: regions to which the integrated Mediterranean programmes (IMPs) will apply



The European Commission will ensure a fair sharing of these resources between the three countries concerned and between the different programmes. Greece, which faces especially large structural adjustments, will receive nearly 50% of the cash from the Community budget – around 2 000 million ECU.

The amounts devoted to IMPs are additional. They must be found by an increase, in real terms, in the cash allocated to the different Community funds, so that:

- The regions covered by IMPs will continue to benefit from socio-structural activities already carried out by the Community (regional, agricultural, social etc.), which the IMPs are intended to strengthen and complement;
- Other struggling regions in Europe will see no reduction in the level of support they receive from these Community policies.

The Community is authorized to cover up to 70% of the cost of projects included in the IMPs (more for infrastructure projects in Greece). Community participation in each project will vary according first of all, to the circumstances and needs of each region. It will also take account of other factors: the nature and impact of the project, in terms above all of productivity, employment and income; the role which different Community financial instruments can play; the contribution of the Member State; the coherence of the efforts to coordinate and mobilize initiatives in a given locality.

The procedures

- By the end of 1986 the Member States concerned must present to the European Commission their plans for the IMPs drawn up for particular areas by the relevant local authority or their nominees. The Commission should be kept in touch with the preparation of these plans and can even assist in drawing them up by providing the services of officials or experts, at the appropriate level, or other forms of technical aid. The plans must make clear: the locality concerned; the duration of the project; its socio-economic objectives in terms of income, employment, productivity and standard of living of the population; action needed given the circumstances, local resources and potential developments; accompanying measures proposed for administration, legislation and finance; other actions judged desirable to achieve the objectives of the programme; coherence with regional development programmes already submitted to the Community and already supported by Community financial instruments.
- Projects will be given a preliminary assessment by the Commission. This, together with overall orientations, will be submitted to a consultative committee of representatives of the 12 Member States, with the Commission as president. The European Investment Bank (EIB) will also be represented. A dialogue will then commence between the Commission, the Member State and the regional

authorities or their nominees. The aim will be to refine the programme and decide which parts of it would be most effectively financed by the Community.

- The European Commission will prepare a draft programme for each IMP. This draft might include measures not covered by Community aid but whose implementation is a condition of such aid being granted. The IMP and the draft Community programme are adopted by the Commission after being submitted to the consultative committee, which has two months to give its opinion by qualified majority vote. This opinion can oblige the Commission to modify its draft programme.
- Once approved, the IMP is published in the *Official Journal of the European Communities*. This is the basis for the preparation of a contract, also made public, signed by the Commission, the Member State and the relevant local authorities. These contracts, which can be amended or extended in the light of experience, lay down which regional authorities or other bodies are responsible for carrying out the IMP, the commitments and contributions of the different partners, the organizations or individuals who will receive Community funds, control and evaluation measures etc. The authorities who implement the programme are assisted by a monitoring committee, set up by common accord of the Commission and the relevant Member State. The committee will unite regional officials, representatives of economic and social groupings and the nominees of the State, the Commission and the EIB.

A rainbow of innovations

The value of the IMPs is not confined to size, itself not negligible, of their financial contribution to solving the problems of the region. They also have considerable importance because of the innovations they will bring in the running of the Community and its regional policy.

- In the interests of efficiency and rapid implementation, the Council of Ministers has agreed to a division of responsibilities with the Commission which limits its own role to the definition of overall strategy and retrospective control. The framework regulation for the IMPs¹ allows the Commission a wide margin of manoeuvre in adopting individual programmes and broad management powers, shared with national and local authorities.
- Because they are integrated programmes, as defined above, the IMPs should considerably increase the effectiveness of aid to struggling regions by harnessing all the different national and Community forms of assistance including the European structural funds, loans and the specific extra cash from the Community budget. These extra resources are to be deployed in such a way as to

¹ Regulation (EEC) No 2088/85 of 23 July 1985. *Official Journal of the European Communities*, No L 197, 27 July 1985.

enable the joint efforts of the programme partners to reach a successful conclusion. They are intended to provide the little bit of extra aid which is often decisive in determining whether a programme is viable or not.

- The IMPs represent quite a new approach to regional development. The concept of a uniform regional policy applied to differing circumstances has been shown to be of limited value. The economic climate is, in any case, no longer favourable to major investment from the more prosperous regions. The emphasis must shift to the exploitation of the development potential of struggling regions, taking as a starting point their own real needs and their own capabilities. This must involve a resolute assault on their handicaps, such as inadequate services, administrative structures and training. The IMPs have therefore been framed to be both all-embracing and flexible, adapting priorities, methods and means and levels of financing to the priorities of each region. To ensure that these objectives are converted effectively and efficiently into reality, local authorities are given an important role in the planning and implementation of the IMPs. As a result the local authorities will themselves be forced to set out their priorities, to address themselves to the problems of modernization and to play a significant role in the realization of big European projects. The planning period for the IMPs of 12 months should be made use of by the local authorities in these ways.
- Simultaneously a dialogue has been created between the European Commission and regional and local authorities. The Commission will assist them in the preparation and execution of the programmes. Contracts will lay down precisely the commitments of the different partners. The Commission will be able to delegate to local authorities certain tasks which are better carried out 'on the spot'. The Commission will be ready at all times to identify and help to resolve problems which arise. It will be able to ensure a more rapid flow of resources from one level of administration to another.
- The European Commission will exercise its powers in consultation with a single committee, which will substitute for a range of others, each competent to deal with one Community Fund. The coordination of financial instruments will be substantially strengthened. The risk of incoherence or procedural delays through a more diverse system will be avoided. The Commission and the Member State will be empowered to create a single clearing office for the implementation of each IMP. This integration of administrative procedures will ease access to Community finance and reduce the administrative burden on beneficiaries. The effectiveness of the programmes and the value for money of Community spending will be correspondingly increased.
- As a necessary and, in the last analysis, positive, counterpart of the flexibility of the IMPs and their procedural accompaniments, rigorous controls are to be applied to ensure that Community cash is well spent. The Council of Ministers has laid down criteria for evaluating projects and deciding the extent of Community participation. Management and coordination procedures have been set up. The representatives of the European Commission and Community

financial instruments will actively monitor each programme and will be kept informed on its progress. Detailed and on-the-spot checks will be made. Annual reports will be given to the consultative committee, then to the European Parliament, the Council of Ministers and the Community's Economic and Social Committee.

The integrated Mediterranean programmes are intended to mobilize new economic energy in the three countries concerned. They also represent a new departure for Community regional policy. European public opinion will have regular opportunities to study the effectiveness of the actions of the European Commission and its programme partners, which aim to help the Mediterranean region to modernize and assume its rightful place in a Community which is at once more unified and enriched by the contributions of each of its component regions. Who can deny that the Mediterranean basin was for centuries the spearhead of European civilization? Who can ignore the fact that California and other southerly parts of the United States are now at the forefront of its economic recovery? The South of Europe can become one of the 'new frontiers' of our continent, the birth-place of an expansion which will benefit the whole Community. The IMPs can speed this process ■

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