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STRUCTURAL FUNDS**

**1994-1999**

*Revised Regulations and Comments*

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## INTRODUCTION

On 20 July 1993, the six revised Regulations governing the Community's Structural Funds<sup>(1)</sup> for the period 1994-99 were adopted by the Council of Ministers. With a budget of ECU 141 billion for this six-year period, in other words a third of the total Community budget, the Structural Funds are the favoured instrument of the policy of economic and social cohesion that gives expression to intra-Community solidarity. The effectiveness of the Funds depends mainly on the quality and relevance of the measures undertaken, as well as the capacity of the Member States, regions and other potential beneficiaries to implement them.

Compared with the fundamental reform of the Structural Funds in 1988, the changes now made seem a lot less far-reaching. Indeed, the major principles adopted in 1988: concentration of effort, partnership, programming, additionality, are maintained or strengthened. Nonetheless, the changes contained in the revised Regulations should not be underestimated. New regions are involved, the programming arrangements have been amended and new types of measure may be part-financed by the Community.

The aim of this document is to give potential users of the Structural Funds an understanding of the way the Regulations have developed and how they work. It is divided into two sections:

- a comparative synopsis which highlights the main amendments to the Structural Fund Regulations and which refers to the relevant Articles in the revised Regulations<sup>(2)</sup>;
- the full text of the six revised Regulations governing the Structural Funds.

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<sup>(1)</sup> *The Community's Structural Funds are: the ERDF (the European Regional Development Fund) which aims to reduce the gaps in development between the Community's regions; the ESF (European Social Fund) which has the task of improving employment prospects in the Community; the EAGGF, Guidance Section (European Agricultural Guidance and Guarantee Fund) which assists in part-financing national agricultural aid schemes and in developing and diversifying the Community's rural areas. To these can now be added the FIG (Financial Instrument for Fisheries Guidance) which will assist in restructuring of the fisheries sector.*

<sup>(2)</sup> *Only the texts of the Regulations have legal force.*

## **COMPARATIVE COMMENTARY**

FORMER REGULATIONS 1989-1993	REVISED REGULATIONS 1994-1999
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## I. THE FOUR GENERAL PRINCIPLES REINFORCED

### A. Concentration

#### 1. Priority objectives

<p>The 1988 reform had established five priority objectives for the Structural Funds.</p> <p><b>Objective 1:</b> development and structural adjustment of the regions whose development is lagging behind</p> <p><b>Objective 2:</b> converting the regions or parts of regions seriously affected by industrial decline</p> <p><b>Objective 3:</b> combating long-term employment (more than twelve months)</p> <p><b>Objective 4:</b> occupational integration of young people (less than 25 years of age)</p> <p>With a view to the reform of the common agricultural policy:</p> <p><b>Objective 5a:</b> speeding up the adjustment of agricultural structures</p> <p><b>Objective 5b:</b> development of rural areas.</p> <p>Objectives 1, 2 and 5b are specifically regional in nature; they involve measures restricted to certain eligible regions or parts of regions.</p> <p>Objectives 3, 4 and 5a on the other hand cover the whole of the Community.</p>	<p>The revised Regulations do not amend the definition of <b>Objectives 1 and 2</b>.</p> <p>The <b>new Objective 3</b> combines the tasks of the current Objectives 3 and 4 and also aims at "facilitating the integration... of those threatened with exclusion from the labour market".</p> <p>The <b>new Objective 4</b> must give effect to the new tasks laid down for the ESF in the Maastricht Treaty: "to facilitate workers' adaptation to industrial changes and to changes in production systems"</p> <p>Objective 5 aims to promote rural development:</p> <ul style="list-style-type: none"> <li>- <b>Objective 5a</b> maintains its initial goal of speeding up the adjustment of agricultural structures as part of the CAP reform, but it also includes aid to modernize and restructure fisheries.</li> <li>- <b>Objective 5b</b> facilitates the "development and structural adjustment of rural areas".</li> </ul> <p>Moreover, in accordance with the conclusions of the Edinburgh Council of 1992, the revised Regulations make provision to include areas which are suffering from a decline in <b>fishing activity</b> in regions or areas eligible under regional Objectives, by including appropriate new criteria for Objectives 2 and 5b.</p>
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**I. THE FOUR GENERAL PRINCIPLES REINFORCED**

**A. Concentration**

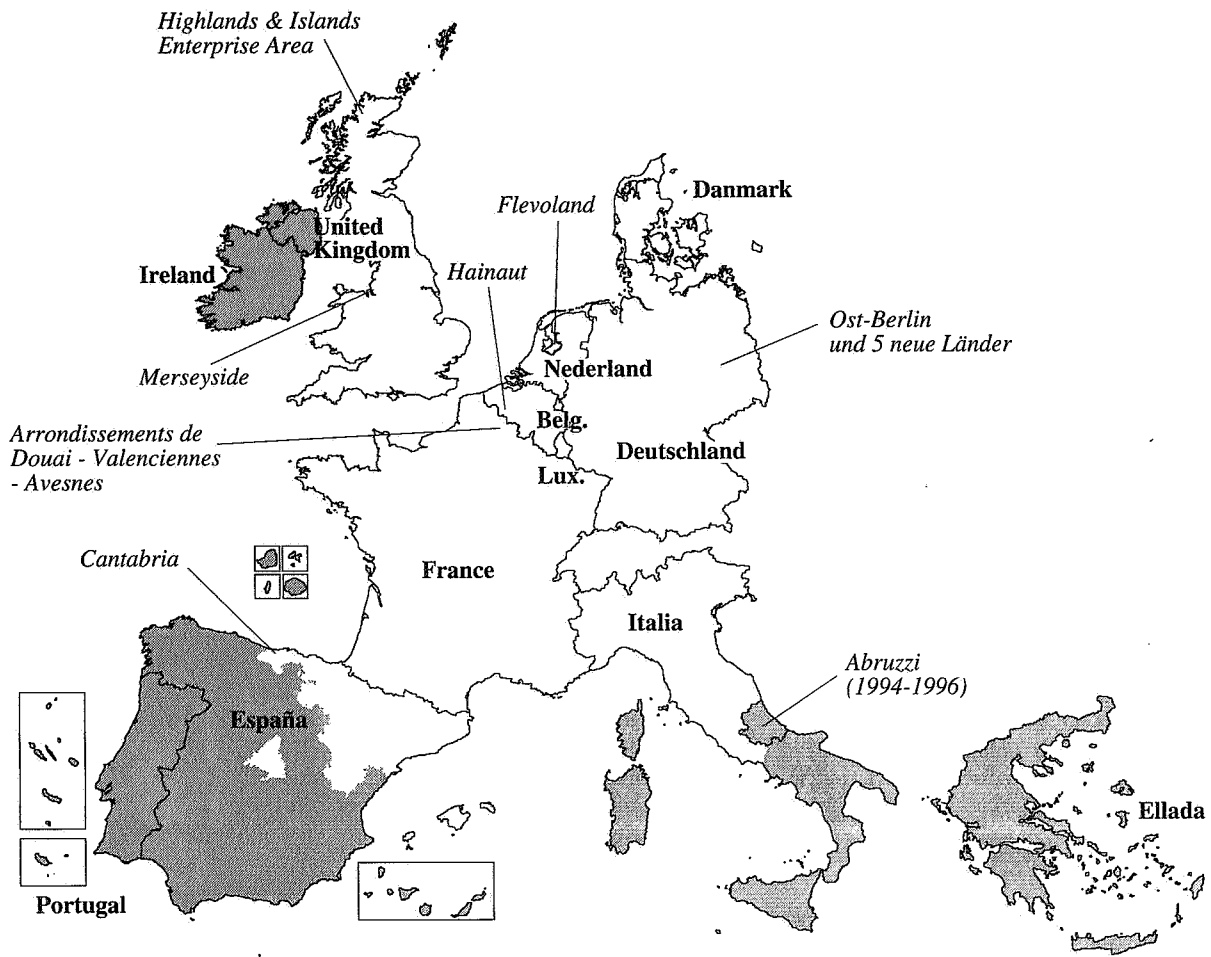
**2. Eligibility of Objective 1 regions  
(regions whose development is lagging behind)**

<p>The 1988 Regulations established the conditions for eligibility under <b>Objective 1</b> as follows: "Regions at NUTS level II whose per capita GDP, on the basis of the figures for the last three years, is less than 75% of the Community average".</p> <p>The Regulations made provision however for extending eligibility to certain regions whose GDP was around 75% of the Community average but for which there were special reasons for including them in Objective 1.</p> <p>The Regulations included a list of eligible Objective 1 regions for the period 1989-93:</p> <p>the whole of Greece;</p> <p>the whole of Portugal;</p> <p>the whole of Ireland;</p> <p>in Italy: Abruzzi, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily;</p> <p>in France: the overseas departments, Corsica;</p> <p>in the United Kingdom: Northern Ireland;</p> <p>in Spain: Andalusia, Asturias, Castile-Leon, Castile-La Mancha, Ceuta-Melilla, Valencia, Extremadura, Galicia, the Canary Islands, Murcia.</p> <p>Population involved: 21.7% of the Community's population.</p>	<p>The revised Regulations do not amend the eligibility conditions for <b>Objective 1</b>.</p> <p>The framework Regulation has an Annex which comprehensively lists all the regions eligible under Objective 1. Unlike the 1988 list, the new list contains <b>Abruzzi (I) only for a three-year transition period (from 1 January 1994 to 31 December 1996)</b>.</p> <p>The list includes some newly eligible regions however:</p> <p><b>in Belgium: Hainaut;</b></p> <p><b>in Germany: the five new Länder, East Berlin;</b></p> <p><b>in France: the arrondissements of Valenciennes, Douai and Avesnes, owing to their territorial adjacency to Hainaut in Belgium;</b></p> <p><b>in the United Kingdom: Merseyside, Highlands and Islands Enterprise Area;</b></p> <p><b>in Spain: Cantabria;</b></p> <p><b>in the Netherlands: Flevoland.</b></p> <p>Population involved: 26.6% of the Community's population until the end of 1996 (see Abruzzi); the increase over 1988 can be explained mainly by the inclusion of the five new Länder.</p>
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# REGIONS ELIGIBLE UNDER OBJECTIVE 1

(regions whose development is lagging behind)



■ Regions eligible under Objective 1, for the periods 1989-93 and 1994-99 (except for Abruzzi: until 31 December 1996)

○ Regions newly eligible under Objective 1 for the period 1994-99

