

COMMISSION OF THE EUROPEAN COMMUNITIES

SEC(92) 1975 final

Brussels, 27 October 1992

THIRD ANNUAL REPORT
ON THE REFORM OF
THE STRUCTURAL FUNDS

1991

EXECUTIVE SUMMARY AND COMMENTS

This report, submitted under Article 16 of Regulation (EEC) No 2052/88, deals with the implementation of the reform of the structural Funds during 1991.

In the context of the proposals on the new financial perspectives, the Commission has already submitted a mid-term review of the structural policies (COM(92) 84, March 1992) which sets out in general terms the initial results of the first three-year period.

The current report takes systematic stock of the joint measures taken by the Commission and the Member States to ensure optimum management of the different priority objectives of the reform, particularly the progress in implementing the CSFs and Community initiatives and the degree of coordination between Community lending instruments and the structural Funds. Emphasis is also placed on certain aspects of the rules and regulations which had not received much attention in the past and in regard to which a desire for more information was expressed during discussion of the two previous reports.

Early assessments of the reform, already reported in the mid-term review, have confirmed the substantial positive effects the reform is having on the assisted regions. Analyses of the potential macro-economic impact suggest that growth and employment disparities in the Objective 1 regions will fall to some extent. Accordingly results in terms of overall economic impact are not included in this report.

General features of implementation

Characteristic of 1991 is the effort made by the partners and by the Commission in particular to get formal decisions taken on the forms of assistance in order to mobilize all the Community appropriations available.

At the end of the three years, 90% of the indicative allocation laid down for all of the objectives had been accounted for by decisions committing the funds.

In operational terms, this means that by 31 December 1991 - in respect of the period 1989-91 - 725 forms of assistance under the different objectives and 123 programmes in implementation of Community initiatives were approved. These figures do not include technical assistance, involving numerous commitments of quite modest sums.

A particular effort was made to adopt an integrated approach to Objective 5(b) and preparation of the next phase of Objective 2. By the end of 1991, a fair number of forms of assistance approved will combine two or more Funds.

1991 also saw a very satisfactory outturn in terms of execution of Community appropriations. Although this point has already been discussed in the mid-term review, it seems worthwhile restating certain key items of information which indicate that, overall, the goal of doubling commitments in real terms between 1987 and 1993 will be attained.

On the programming side, the decisive role played by monitoring in ensuring successful implementation should be stressed. The CSF monitoring system and the frequent meetings of the Monitoring Committees have made it possible to detect those schemes experiencing difficulties in their implementation and to reprogramme the Community appropriations. The pitfalls of the former system, marked by a significant number of dormant commitments and no resulting payments, have thus been avoided.

Budget execution is, therefore, progressing satisfactorily for all the Objectives. The execution rate of commitments in the 1989-91 period amounts to 100% of the appropriations in the financing plans for Objective 1 and the new Länder, 101% for Objectives 3 and 4, 96% for Objective 2 (100% exclusive of programmes decided before the reform) and 88% for Objective 5(b).

In terms of payment appropriations taken up in the same three-year period, the execution rates are satisfactory overall, even if there is some variation between objectives : 61% and 62% respectively for objectives 2 and 5b, where the implementation of new action programmes began late because the eligible areas had first to be designed, 70% for objective 1, and 83% for objectives 3 and 4.

The volume of financing from the European Investment Bank has grown substantially in Objective 1,2 and 5b regions, reading 7.407 million ecus in 1991. The amount devoted to these regions represented 55% of total EIB loans in 1991 compared to 52% in 1990. Substantial growth was observed in operations which combined loans with grants.

The loans of the ECSC, and notably those under Article 56, showed an equally substantial increase in 1991. Activities may have increased less rapidly in objective 1,2 and 5b regions than in non-assisted ECSC regions, but the new coordination procedures for reconversion loans, established in 1992, should counteract this trend.

Progress Objective by Objective

As far as Objective 1 is concerned, the report brings out a number of major developments which bear witness to the progress made on implementation. It is noted, however, that most of the Monitoring Committees have not been able to supply physical indicators which would enable progress on the ground to be systematically gauged.

On the other hand the delays in the take-up of funds registered in 1990 were made up in 1991 thanks in part to programming changes and the related financial transfers, which allowed the necessary rescheduling to be carried out.

During 1991 Community support for the Eastern Länder of Germany decided on by Council Regulation (EEC) No 3575/90 of 17 December was implemented extremely rapidly.

As regards Objective 2, 1991 was the last year of the programming period for the first series of CSFs adopted in 1989. It was a pivotal year, therefore, in terms of testing the ability of the partners to avoid a break in funding and in terms of assessing the correctness of the choices made three years before.

The transition from one programming phase to the next went well since each Member State was able to submit its plans for the 1992-93 period early enough for the Commission to approve all the CSFs and some operational programmes by December 1991. These results for Objective 2 confirm that programming practice is reaching a mature phase for the various partners.

The second-phase programming of this Objective is notable also for the retention of the guidelines adopted in partnership for the first phase and a better anchoring of the measures in the regions concerned. Greater priority is being given to the environment than before, however, and to assistance for the productive sector.

Implementation of Objectives 3 and 4 is continuing in accord with the principles and priorities adopted. It is also noticeable that 1991 was marked by a greater awareness of the need for systematic monitoring to improve management and the continuation of the monitoring of particular topics. Improvements in the ability to evaluate results can be expected in view of the work on preparing ex-post assessment. However, the pressure of structural adjustments has led the Commission to consider whether the next reform should introduce a new Objective for workers threatened by industrial change.

Objective 5(a) progressed strongly in 1991 in two areas. Most of the CSFs relating to the processing and marketing of forestry and agricultural products were adopted by the Commission in 1991 and appropriations committed. Similarly, the CSFs intended to improve the processing and marketing of fishery and aquaculture products were adopted.

Application of the rules on improving the efficiency of agricultural structures continued without difficulty following revision of the regulation. As part of the reform of the CAP, the Commission presented three accompanying measures concerning the environment, afforestation and early retirement. These measures, which were not approved until June 1992, will replace some provisions of Objective 5(a) and will be financed from the Guarantee Section of the EAGGF.

By the end of 1991 all the forms of assistance covered by the Objective 5(b) CSFs had started up, the result of a major effort in preparing and approving programmes, particularly since two thirds of them are multifund operations. These forms of assistance will answer the needs of rural areas experiencing difficulties and provide a stimulus at regional level.

Important advances in getting the Community initiatives operational were achieved in 1991; most of the forms of assistance were approved during the year. Although there has been no overall evaluation of the impact of these initiatives, it is already possible to discern the particularly strong added-value provided to CSFs in the area of transnational cooperation and

the widening of the circle of those involved in partnership. On this last point, it is clear that, while remaining within the constraints set by the regulations, the implementation of the Community initiatives has enabled new partners to be brought in, particularly through Leader and because transnational cooperation is in part carried out through interest groups and associations.

Alongside these positive aspects, the Commission has already acknowledged that there are too many initiatives, leading to too much fragmentation of Community aid and an excess of administrative work relative to the financial means available. The Commission has made known its intention to remedy these difficulties in the context of the review of the structural Fund regulations, although the problems have not been such as to call into question the solid gains already made.

General evaluation of implementation

The 1991 outturn is marked by a satisfactory pace of implementation mainly stemming from a continuing improvement in programming practice and its application at all management levels in a spirit of partnership. Also in this spirit, the search for increased effectiveness in the system of community intervention has led the Commission to recommend that the next reform should include changing programming from a three stage to a two stage process.

With regard to verifying additionality, the Commission is aware of the many technical difficulties encountered by the Member States and has multiplied and diversified its bilateral contacts by carrying out a systematic verification in all Member States, particularly for Objectives 1 and 2. Although significant progress has been achieved, the task requires a sustained effort from the partners.

In the partnership context, 1991 has also seen a stepping-up of monitoring and assessment with regard to measures and forms of assistance. The implementation of the reform therefore offers a somewhat enlarged scope for the practice of subsidiarity. At this mid-point, the Commission's assessment programme has focused during the year on methodological studies and thematic analyses which will allow more appropriate ex-post assessment of the impact of current CSFs and ex-ante assessment of forthcoming CSFs. The Commission is preparing, therefore, on the basis of systematic financial control, to improve its preparatory and evaluatory role in the next phase of the reform.

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INTRODUCTION

This report deals with 1991, a year which is halfway through the first programming period (1989-93); it marks a satisfying level of implementation in regard to the forms of assistance introduced under the reform of the structural Funds.

It is now the third annual report submitted under Article 16 of Regulation (EEC) No 2052/88 of 24 June 1988, and follows on from the Commission's communication to the Council published on 18 March 1992 (COM(92) 84: "Community structural policies: Assessment and outlook"), which gave an overall picture of the implementation of these policies and in particular of the reform of the structural Funds.

The annual report presented here concentrates on the detail of the 1991 budget year.

Chapter I is a general survey of progress with implementation in terms of types of intervention approved and of budget funds committed; it also makes a number of comments on the success of the multifund approach and the other mechanisms introduced by the reform.

Chapters II and III review the new forms of assistance approved in 1991 and the progress and results noted in implementing the Community Support Frameworks (CSF) under each Objective as well as the Community initiatives, on the basis of the information provided by the departments responsible for management, the reports of monitoring committees and various assessment exercises.

Chapter IV deals with the role of the lending instruments in the regions covered by Objectives 1, 2 and 5(b). Chapter V updates the budget execution data in the same format as in the previous reports, adding a breakdown of budget commitments by Objective over the three-year period 1989-1991.

CHAPTER 1

CONTINUING IMPLEMENTATION

Financial implementation of the reform proceeded smoothly in 1991 and almost all the remaining forms of assistance were approved. An initial assessment can be made in the light of the experience gained in the three years since the reform and further reflection is possible on the application of the implementation mechanisms.

1. PROGRESS IN IMPLEMENTATION

1.1 Assessment of three years of financial implementation

In financial terms, the implementation of the reform of the structural Funds is proceeding according to plan. At 31 December 1991, the overall amount in the financing plans of the forms of assistance approved by the Commission amounted to almost ECU 45 billion (1989 prices), or more than 90% of the budget allocation initially laid down in the Community support frameworks (CSFs) and Objective 5(a) (not including the Objective 2 CSFs for 1992-93, 1989 ESF appropriations under Objectives 3 and 4 and the Objective 3 and 4 CSFs for 1993, the Community initiatives and transitional and innovative measures). As can be seen in Table I.1, the commitment decisions represent almost 100% of the commitments provided for in the financing plans in the CSFs for Objectives 1, 2, 3 and 4 and 88% of those for Objective 5(b), which is running behind schedule because of the delay in approving the corresponding CSFs. Payment appropriations amount on average to 71% of commitments, further demonstrating that the reform is running smoothly after three years of implementation.

The Objective 2 CSFs for 1992-93 were approved on 18 December 1991, with a financial allocation of ECU 2 805 million (1989 prices).

The Community initiatives were decided by the Council in 1990 pursuant to Article 11 of Regulation (EEC) No 4253/88, hereafter the coordinating Regulation. By the end of 1991, the Commission had approved forms of assistance accounting for almost all of the allocated appropriations, i.e. ECU 3 800 million for the twelve initiatives. Commitments in 1991 account for 30% of these initiatives, which are to be implemented over an average period of three years.

1.2 Approval of the forms of assistance

As can be seen in Table I.2, 180 new forms of assistance were approved in 1991 under the CSFs, bringing to 725 the total number of forms of assistance approved under the CSFs since the reform of the structural Funds was launched. These decisions relate to monofund and multifund operational programmes, aid schemes, projects, global grants and Community programmes such as Star, Valoren, Renaval and Resider, but not to forms of assistance covering technical assistance, which involve

only small amounts.

Of the 180 forms of assistance approved under the CSFs in 1991, 52 (or 29%) are multifund operational programmes. The others are monofund operations, of which 50% concern the ERDF, 31% the EAGGF and 19% the ESF. During the year, three new global grants were approved, as well as four projects, 14 Community programmes and 107 monofund operational programmes.

Many more amendments were made to timetables in 1991, as well as transfers between priorities, which did not always require approval by a new decision but which enabled new measures to be launched. There was also a substantial increase in technical assistance measures.

Table I.3 shows the number of forms of assistance approved in 1991 under the twelve Community initiatives adopted in 1990 with a budget of ECU 3 800 million (1989 prices), totalling 123. Applications for funds considerably exceeded the available appropriations and further negotiation and adaptation of proposals was required, causing some delay in approvals. However, most of the forms of assistance were approved by the end of the year. A majority took the form of operational programmes, with thirteen global grants under Leader and the "human resources" initiatives. At the end of 1991, about forty programmes were still awaiting approval, including 11 Rechar programmes for the United Kingdom.

2. STRENGTHENING THE MULTIFUND APPROACH

One way of implementing the integrated approach is to adopt multifund operational programmes (MOPs), since they guarantee complementarity in funding and in the content of measures as well as ensuring coordination of management structures. The Commission has negotiated the creation of multifund programmes in all the Member States under the CSFs for Objectives 1, 2 and 5(b), but it has in all cases sought to minimize the delays which can arise in the actual launching of measures under such programmes.

In 1991, 52 multifund programmes were adopted, 48 under Objective 5(b) and four under Objective 1. In the case of Objective 5(b), about 70% of the programmes are multifund, because of the need for efficiency in programmes with restricted territorial coverage and the emphasis on diversification. In addition, there has been an increase in the number of multifund programmes under the Objective 2 CSFs for 1992-93. The proportion of multifund programmes under the CSFs has increased from 14% at the end of 1990 (76 out of 545 forms of assistance) to 17.5% at the end of 1991 (128 out of 725).

Multifund programmes predominate under the Community initiatives, bearing witness to the special effort made by the Commission's departments during their preparation. Under the nine initiatives which are suitable for multifund commitments, 54 of the 123 OPs adopted provide for contributions from several Funds.

The corresponding assistance accounts for 70% of the amounts decided under the Community initiatives.

The Commission's efforts have therefore led to some progress in quantitative terms. However, this approach continues to be hampered by inflexible structures and administrative procedures and by the way in which competence is distributed at Community, national and regional level. The Commission is paying particular attention to improving the procedures for the different Funds so as to reduce the time spent on examining applications.

In quality terms, the Commission is concentrating on organizing the arrangements for monitoring the multifund programmes in a way that enhances synergy. For example, the Directorate-General with overall responsibility for MOPs is usually the DG for the structural Fund most concerned by the central theme of the operation. Thus, the Directorate-General dealing with the ESF has overall responsibility for the Greek "Structures and Training" MOP, although 59% of the appropriations actually come from the ERDF.

As stressed in the previous report, the Commission is also seeking to increase the degree of synergy between the measures in certain programmes through its assessment activities. Alignment of measures covered by different Funds requires detailed analysis of the different aspects of implementation. For example, the Commission made use of technical assistance to finance a study on the synergy between the Funds in the regional operational programmes and the Greek IMPs. The study looked at the relationship between the training programmes and the other programmes to support regional development from the viewpoints of content, location, timetable, quality, type of beneficiary and placement rates. It shows that there is a need to establish or strengthen links between training and employment measures and the other measures receiving funding. It recommends a pragmatic approach based on an annual training plan, which will make it possible to target the needs of the labour market more accurately and to tackle key problems.

In conclusion, the adoption of multifund programmes does not always result in a truly integrated approach because the various authorities, used to working in parallel, have not always managed to coordinate their activities adequately. However, it does increase the awareness of new working methods and encourages greater depth in the analyses needed to achieve the multiplier effect produced by directly complementary measures.

3. USE OF GLOBAL GRANTS

Previous reports have stated the Commission's determination to continue to promote assistance in the form of global grants despite the difficulties encountered. Some progress was made in 1991 and it is now possible to provide an initial assessment.

Creation of the global grant mechanism in Regulation (EEC) No 2052/92 was the result of a Commission proposal which provides not only a new form of assistance but also a concrete illustration of two of the main principles of the reform, namely subsidiarity and partnership.

Under this approach, the national authority appoints a body to manage a budget for the financing of measures presented by a certain number of promoters. The procedural details are generally set out in a convention concluded between the Commission and the intermediary body of the Member State concerned. However, in the case of training and employment measures, global grants are arranged with the responsible public bodies without a convention.

This approach is an example of subsidiarity, since responsibility for the implementation of a global development strategy in a given territory, usually within a region, is contracted to an intermediary body.

It is an example of partnership because the body, acting in the public interest, must adequately involve the socio-economic actors concerned by the implementation of the measures, while itself being present or represented in the region in which it is operating.

The results after three years of implementation are encouraging. There is little opposition to the principle of the global grant as a financing mechanism by which assistance can be granted directly to a body responsible for redistributing it to the end beneficiaries on the basis of criteria established in advance. However, there is strong resistance in many Member States to the use of the global grant as an approach to local development.

The reasons given are manifold: the novelty of the mechanism, the fact that the central, regional or local authorities perceive it as usurping their prerogatives, and the fact that the Member State retains overall financial responsibility for assistance in its territory, with the resulting perception that the government continues to bear the obligations while the corresponding rights are transferred elsewhere.

The Commission is attempting actively to promote the use of global grants by seeking to overcome the reluctance of the Member States during the negotiation of CSFs and examination of the forms of assistance. The number of global grants, while still small, is gradually increasing. There are eight in Italy and several in Spain and Portugal. In Ireland, two global grants have been approved for professional intermediaries in the field of tourism. In Germany, the ten global grants relate to training and employment measures, with three in Objective 2 areas and seven, also at local level, under Objectives 3 and 4.

The Community initiative Leader has recourse exclusively to global grants and an intermediary body has been appointed in each Member State. Lastly, certain innovative measures financed by the ESF use this form of assistance in Italy and Spain. Others are currently being prepared, particularly in Ireland.

To sum up, while the global grant accounts for only a very small part of assistance, it is gaining ground and attracting an increasing number of economic actors thanks to the Commission's efforts and the positive experience of operators who have already adopted it. It can therefore be concluded that the global grant is a promising tool, the optimal use of which is being developed in the field.

4. VERIFICATION OF ADDITIONALITY

The verification of additionality is an exercise which must be carried out over the period of implementation of the CSFs (as indicated in the standard clauses of the CSFs) and will not be properly completed until after 1993.

Despite the many technical difficulties which make the task of verifying the principle of additionality as laid down in Article 9 of the coordinating Regulation both complex and laborious, the Commission continued its assessment of compliance with the principle during 1991 in close collaboration with the Member States.

In view of the delays experienced in 1990, due mainly to the failure by most Member States to meet the deadline for their input, the Commission sent new letters to each Member State in April 1991, setting a new deadline for 15 May and proposing that bilateral meetings be organized to discuss specific problems.

Subsequent to the Commission's action, verification was carried out successfully in the countries wholly covered by Objective 1 (Portugal and Greece, since Ireland had been the only country which responded to the Commission's original request of August 1990). These countries responded to the new request and since then have cooperated regularly with the Commission by continuing to transmit implementation data.

With the exception of these three countries and Germany, which also responded to the Commission's letter of August 1990 (by sending "ex-ante" data), the other Member States again evoked the difficulties encountered in gathering the necessary statistical data, mainly because of the partitioning of the eligible areas, the plethora of national, regional and local authorities involved with public expenditure eligible under Community measures, and the differences in the structure of the budgets of the various bodies.

The Commission offered to meet the Member States by organizing bilateral meetings at the end of 1991 and in 1992. In these meetings the Commission and the Member States developed pragmatic solutions, opting for a qualitative assessment in those cases where the partitioning of areas and/or the magnitude of the financial resources rule out a quantitative analysis. The countries involved in this exercise are Belgium, Denmark, the Netherlands and France (except the overseas departments).

The Commission has continued its contacts with the other countries in 1992 in order to obtain the statistical data needed to resolve the

technical problems cited by them and to launch the process of verifying additionality. This group includes the French overseas departments, which are having difficulties with the collection of statistical data ; Italy, which is currently preparing data for the reference year; Spain, for which some statistical data does not exist; and the United Kingdom, again regarding the collection of statistical data. Recent UK decisions on additionality were taken in February 1992 and a new system for entering expenditure in the budget is being introduced. \

It must also be noted that the delays so far in the verification of additionality are greater for Objectives 3 and 4 outside objective 1 regions (except in the case of Belgium, where the exercise has been successfully completed) and Objective 5(b) than they are for Objectives 1 and 2, which involve larger sums of Community assistance. However, in its letters of April 1991, the Commission explicitly referred to Objectives 3 and 4, stating that where the amounts of Community assistance were small, qualitative information might be acceptable. Lastly, the issue of additionality was brought up during the audits carried out in 1991 in the Member States, and all the information gathered can be found in the audit reports.

The Commission intends to continue its efforts to implement this principle of the reform with the active collaboration of the Member States within the framework of partnership.

5. MONITORING ARRANGEMENTS

In 1990 the Commission and the Member States set up all the Monitoring Committees for the CSFs at both national and regional level, with the exception of those for fisheries, which were set up in 1991. This exercise was followed by the creation of Monitoring Committees for the forms of assistance.

These Committees were all active in 1991, since practically all the forms of assistance were fully under way. The Monitoring Committees for the Objective 1 and Objective 2 CSFs all met twice during 1991, following meetings of the Monitoring Committees for the forms of assistance.

The Monitoring Committees for the Objective 3 and 4 CSFs and the forms of assistance financed by the ESF became fully operational in 1991. This meant, in particular, that discussions ranged beyond financial matters to focus on how training and employment measures could be made more innovative and on the first results of assessment as well as on the placement rates achieved by some of the cofinanced measures. For example, discussions were held in Flanders on sandwich courses and in the Netherlands on the most suitable duration for cofinanced training measures.

Based on the experience gained in the meetings of the Monitoring Committees, in 1991 the Commission's departments proposed a review of mechanisms and procedures in order to simplify the implementation of structural assistance. In June 1991 the Commission therefore decided

to increase the powers of the Monitoring Committees so as to speed up reprogramming, up to a certain ceiling. The conditions for commitments were also amended in order to speed up the decision-making process.

During the review, attention was also paid to the progress in achieving greater involvement of the social partners, which could be further increased, especially at regional level. Advances have also been made in the computerization of monitoring systems.

The Monitoring Committees decided on numerous amendments in 1991, many of which were made necessary by the indexing procedure and others by delays so far in the implementation of some measures, leading to transfers between priorities or between measures. Such amendments are particularly frequent under Objectives 2 and 5(b).

The following points serve as an example:

Portugal: a large increase in the resources allocated to the PNICIAP programme to cover the Community contribution to the investment in the car industry by Ford-VW in Setúbal.

Picardy (France): a transfer of ERDF funds allocated to the CSF from the "development of businesses" priority to the "attractiveness of the area" and "training and research" priorities.

North Rhine-Westphalia (Germany): a transfer of funds from the ESF to the ERDF, permitting the construction of a professional qualification centre in Dortmund.

Transfer from one priority to another (Denmark) or from one region to another (e.g. France: transfer of measures under the "basic training" and "technological training" priorities and planned transfers from Lower Normandy to Aquitaine and Alsace).

The Netherlands: transfer of funds earmarked for technological training to basic training.

In other cases, certain measures have been abandoned to enhance the concentration of ESF assistance, e.g. in France it was decided not to apply for more Community assistance for "qualification contracts" because this type of measure does not lead to a permanent job.

The political changes following the local elections in certain German Länder also led to some redefinition of priorities.

6. FINANCIAL CONTROL

In 1991 the emphasis in financial control activities was placed on the analysis of monitoring and control arrangements and financial channels in the Member States, although activities also included on-the-spot checks on operational programmes. Checks related to the eligibility of expenditure as well as the reliability of the certification provided by the competent authority of the Member State. The Commission departments responsible for financial control carried out a total of 84

on-the-spot inspections in 1991. The total expenditure checked in 1991 amounted to ECU 2 820 million.

In addition, it should be noted that the Commission operational departments also carry out on-the-spot checks. 19 inspection visits took place relating to the ERDF in 1991, concerning ECU 3 327 million as well as 54 inspection visits relating to the ESF concerning ECU 891 million. 22 inspection visits also took place concerning EAGGF (Guidance) assistance.

The Commission attributes great importance to the need to verify the reliability of certification by the designated authority, given that the second advance on an annual instalment and the commitment of and first advance on the following instalment are made on that basis alone. By contrast, where the balance of an instalment is concerned, the designated authority must base its application for payment and its certificate on the expenditure already incurred by the end-beneficiary, for which supporting documents exist, and it must submit a progress report. The Commission's on-the-spot inspection programme pays special attention to certification procedures and carefully checks applications for payment of the balance of an instalment. Certification was also examined during a series of checks on the financial channels in the Member States in 1991.

The studies on the financial channels in the Member States carried out for the Financial Controller in 1990 and on-the-spot checks in 1991-92 have revealed a number of problems, particularly the identification of Community payments received by the Member States, the time needed to incorporate Community funds into the budget system in certain countries and the time taken for these funds to reach the end beneficiaries. The Commission has introduced a single code for each transaction which should eliminate the delays encountered at the beginning of the reform. The delays between payment by the Commission and the funds reaching the end-beneficiary, caused by the time taken for the Community funds to be incorporated in the national (or regional) budget, are often offset by the possibility of national prefinancing. Furthermore, entry in the national budget allows Community funds to be covered by the guarantees laid down in the national accounting and budgetary provisions. Lastly, in accordance with Article 21 of Regulation (EEC) No 4253/88 the Commission has called the attention of the Member States to the need to ensure that beneficiaries receive advances and payments as quickly as possible.

Control activities are supplemented by seminars and workshops held in the Member States for the benefit of the national officials responsible for management and control of Community funds. In 1991 seminars were held in Alicante, Würzburg, Thessaloniki and Berlin.

7. ASSESSMENT

During the third year of implementation of the reform, the organization of assessment activities was structured and developed at all levels.

These activities are the preserve of the competent authorities in the Member States, in close association with the Monitoring Committees and

the Commission itself. The Commission concentrates, on the one hand, on activities which will enable future operations to be prepared on the basis of a better knowledge of their relative effectiveness and, on the other hand, on organizing or supporting the work of the Monitoring Committees to improve the management and implementation of programmes and projects.

The Commission's assessment programme for 1991 concentrated on two main areas. Most of its effort was focused on empirical studies, some of which concern the forms of assistance while others are thematic assessments which supplement or go into greater detail on analyses which have already been carried out. In addition, some of its studies explore ways of enriching the methodological approach and will help, in particular, to refine the analyses of the economic impact of assistance and to support efforts to develop a whole range of indicators regarding the impact of measures and programmes.

The 1990 report detailed the results of the "ex-ante" assessment of the CSFs for Objectives 1, 2, 3, 4 and 5(b) undertaken in 1990 and in the early months of 1991. Most of the assessment carried out in 1991 concerned the following areas (the results available in 1992 will be presented in the next annual report):

- Thematic assessment: measures to assist research and development (Portugal, Ireland, Greece, Italy), telecommunications (Italy), transport and telecommunications (Portugal, Ireland, Greece), human resources in regional development (all Objective 1 countries), energy (Greece, Italy), industry and services (Italy), the environment (Ireland, Portugal, Italy) and small and medium-sized businesses (all Member States);
- assessment of the Integrated Mediterranean Programmes in France, Italy and Greece;
- ongoing assessment of 80 operational programmes;
- assessment of ESF measures to assist the long-term unemployed, women, recruitment, business start-ups and the disabled.
- ex-ante assessment of CSFs in 11 regions of objective 5b as a follow-up to a methodological study of Objective 5b assessment.

Regarding assessment of the development of methodologies, progress was made in the following areas:

- the establishment of a network of persons responsible for assessment of the structural policies in the Member States ("MEANS") in order to capitalize on widely scattered expertise and produce a European-level technical culture in this area;
- continued collection of socio-economic indicators;
- the development of macroeconomic assessment tools incorporating supply-side effects (computable general equilibrium model);

the preparation of common frames of reference and methodological approaches for the regional development OPs: an operation more concerned with the microeconomic aspect, structured around the stages in the implementation of a measure;

- standardization of the analysis grids for the results of ongoing assessment of OPs;
- coordination of the preparation for the "ex-post" assessment of CSFs and OPs under Objectives 3 and 4, using an approach defined in collaboration with the Member States.

The results of some of this work are already available and are given in Chapter II, but for the most part work is still under way or must still be the subject of consultations.

Lastly, 1991 witnessed a strengthening of partnership between the Commission's departments and those responsible for assessment in the national authorities, through the creation of various working groups permitting the exchange of information and concertation on the assessment of measures part-financed by the ESF.

In order to ensure the transparency of assessment, an inventory of assessment operations has been sent to the European Parliament and the Permanent Representation offices of the Member States have received reports on the "ex-ante" assessment for Objectives 1, 2, 3, 4 and 5b. Within the framework of partnership, some of the Monitoring Committees have discussed the lessons to be learned from these initial assessment operations for the management of CSFs and programmes.

8. TECHNICAL ASSISTANCE MEASURES

The reform Regulations provide for technical assistance to improve the efficiency of the assistance granted by the structural Funds, and especially to help the less developed countries in the Community. It covers a wide range of measures to accompany programming at all stages.

Two types of technical assistance measure have been introduced: firstly, those based on a request by a national, regional or local authority in the framework of partnership and, secondly, those launched at the Commission's initiative. After three years of implementation, an overview can be given of this type of assistance.

8.1 Technical assistance at the request of the Member States

The technical assistance measures decided on in the framework of partnership vary greatly in terms of both content and the amounts envisaged, according to the Member State and the Objective concerned. Certain measures are provided for in a technical assistance programme included in the CSF. Others are included in the operational programmes or other forms of assistance.

Table I.4 indicates the amounts of technical assistance (and others actions of the ESF under article 1.2) provided for in the CSFs by

Member State and by Fund for Objectives 1,2,3 and 4. The assistance envisaged amounts to ECU 372 million (1989 prices). Amounts nearing ECU 310 million were provided for in some forms of intervention adopted between 1989 and 1991 for these four objectives.(Table I.5). Nearly ECU 20 million were also provided for in the CSFs and POs for Objective 5b (Table I.6).

An analysis of how technical assistance has been used in the context of partnership shows the great diversity of measures undertaken.

One widely used form of technical assistance is designed to develop the expertise of the different partners. For example, it might be used to finance study days on important themes and setting up training courses for the main actors involved in implementing the reform, or to reimburse the fees of experts.

A second frequent use is for gathering data and opinions for the preparation of CSFs and operational programmes (as in Greece and Portugal) and, more recently, for the preparation of Community initiative programmes (especially Euroform, Now, Horizon and Leader).

A third way in which technical assistance is used is to set up monitoring and assessment mechanisms. This involves both the preparation of statistical tools to improve knowledge of sectors and markets or of the labour market and, increasingly, the development of data systems and physical indicators with which to assess the implementation of OPs and CSFs.

Lastly, another use of technical assistance is to finance the running costs of the Monitoring Committees.

The financial data on the rate of implementation of the measures adopted have not yet been compiled. However, the volume of applications for assistance confirms that these accompanying measures play an important role in certain Member States. The workings of partnership have done much to encourage this growing awareness and brought about certain changes in attitude.

The Commission has also financed technical assistance for the implementation of the OPs in the new Länder, where measures include the creation of tools for the management and monitoring of the programmes.

8.2 Technical assistance at the initiative of the Commission

Since 1989, the Commission has also undertaken technical assistance measures at its own initiative in order to meet specific needs of the Member States not expressed in the CSFs. These measures accounted for almost ECU 30 million between 1989 and 1991, and mainly concern two types of activity:

- studies assessing the implementation of the reform and horizontal studies such as those evaluating progress towards the cohesion objective (77% of appropriations);

- dissemination of information, exchange of experience (interregional seminars) and promotion of structural assistance (9% of appropriations).

Table I.7 shows the trends in the use of the appropriations available in the budget chapter entitled "Preparation and implementation of the CSFs - Technical Assistance and Assessment" since 1989.

The Regulations on the structural Funds (Article 7 of Regulation (EEC) No 4254/88 on the ERDF, Article 8 of Regulation (EEC) No 4256/88 on the EAGGF Guidance Section and Article 1(2) of Regulation (EEC) No 4255/88 on the ESF) also provide for the possibility of using a maximum amount, defined as a percentage of the annual allocation of each of the Funds outside of the CSFs, for technical assistance measures at the initiative of the Commission which cannot be covered by the appropriations under the CSFs. Various measures, usually of limited scope and relating to a single fund, have been financed in this way.

CHAPTER II

PROGRESS IN IMPLEMENTING THE OBJECTIVES

1. OBJECTIVE 1 AND THE NEW LÄNDER

The positive impact on the macroeconomic situation of the Objective 1 regions of the reform of the structural Funds has already been described in the 1990 annual report and COM(92) 84.

This third annual report on the implementation of the reform looks in particular at expenditure undertaken and the reports of the authorities responsible for management which, read in conjunction with some assessment work, describe implementation on the spot.

The first two annual reports described the guidelines, priorities and operational programmes contained in the Objective 1 CSFs and these changed only slightly during the third year of implementation. The Commission's communication COM(92) 84 "Community structural policies: Assessment and outlook" provided provisional figures on the financial implementation of the programmes at the end of 1991.

Overall, financial implementation of Objective 1 in 1991 was satisfactory. Table sets out the final figures for Objective 1 commitments and payments by country and by Fund at the end of 1991 and Table II.2 gives that information for the new Länder. The picture presented in these tables is in general satisfactory as far as commitments and payments are concerned. On average, commitments amounted to 100% of the appropriations allocated for 1989-91 and payments to 70% of commitments. There are, however, greater divergences in these rates depending on the forms of assistance. Although the continuation of commitments is linked to the rate at which payments are made, the figures for payments provide a better indicator of the implementation of measures since they directly reflect what is in fact happening.

The actual implementation of measures in terms of public expenditure at national level depends to a large extent on the capacity of the Member States to adopt the laws and procedures required and to mobilize those involved. For example, the rate of implementation of public expenditure in 1991 was 85% in Greece, 95% in Portugal and 99% in Ireland. During this third year, implementation reflected the growing effectiveness of the systems set up, the greater flexibility being applied, particularly as regards reprogramming, and the larger body of knowledge and experience gained.

1.1 Greece

1991 was a particularly important year for the implementation of the Greek CSF in that it saw a significant acceleration in the rate of implementation of the operational measures contained therein, as well as the adoption of almost all the planned OPs and projects. The only ones still awaiting approval are the OPs "Improvement in the competitiveness of firms" and "Tourism", which were submitted by the

Greek authorities in July 1991, and the major project concerning the diversion of the River Acheloos, which has not yet been submitted.

Commitments of Community appropriations in 1989-91 amounted to 99% of the appropriations in the CSFs and payments totalled 71% of those commitments (see Table I.1).

Implementation of the IMPs was particularly satisfactory, exceeding the annual quota of planned expenditure and so making up some of the backlog previously incurred.

Consideration of the CSF for Greece as a whole shows that in 1991 the rate of implementation speeded up very considerably to stand at about 85%. This high figure relates to expenditure undertaken in 1991 by the Greek public authorities and also includes amounts carried over from previous years. Within the CSF, the rate is 109% for measures under Objectives 3 and 4, 100% for those under Objective 5(a) and 82% for the remainder. The regional section has made up its comparative backlog and its implementation rate now stands at 87% as compared with 76% for the national section.

Public expenditure relating to the Community Funds between 1989 and 1991 amounted to about half the total appropriations allocated for the five years of the CSF. During 1991 about 20% of this total was spent and the capacity for absorption is steadily growing. There is therefore every likelihood that virtually all the money will have been used by the end of 1993.

The main reason for the improvement lies in the Greek Government's adoption of a specific budget for public expenditure linked to the Community Funds. The part-financing of Community measures is thus ensured by eliminating budgetary restrictions, one of the main reasons in the past for the unsatisfactory absorption of Community appropriations. From now on, these restrictions will apply instead to other types of expenditure. Other reasons include the joint effort made by the Commission and Greece to facilitate implementation of the programmes, in particular through the introduction of modern management methods by using project managers from the private sector, an increased local presence of the Commission, and very close monitoring of progress which facilitates the swift transfer of appropriations and mobilization of the private sector not only as an investor but as a manager of measures aimed at firms.

So, for example, the Federation of Greek Industry has been given the task of coordinating the implementation of certain measures under the IT (information technology) IMPs and the Star (telecommunications) and Stride (research and development) programmes.

Considerable improvements may be noted at local level. Thus, for example, as regards basic infrastructure, the substantial improvement in the Athens-Thessaloniki rail link, which received 50% funding from the ERDF, had reduced travel time from 7 hours to 6 hours 10 minutes by May 1990 and this will drop further, to 5 hours 20 minutes. Community assistance to major road links will allow the Athens-Thessaloniki and Athens-Corinth roads to be upgraded to motorway standard by 1993.

Telecommunications too is a priority sector for assistance. Here the main aim is to speed up the digitalization of the Greek network and upgrade it to the Community average by 2000, on the basis of a strategy drawn up in collaboration with the Commission.

The Athens Metro project, which was approved in 1991, should help to resolve the environmental and road traffic problems besetting Athens.

The adoption of OPs for research and development and the environment represented important initial steps in these.

1991 saw a start on implementation of the agricultural OPs, which had been approved previously. In general these are proceeding satisfactorily, although certain financing plans have had to be revised. More far-reaching amendments will be required to the OP for the improvement of agricultural structures and the slow progress of the three sectoral regulations (citrus fruits, vine-growing and olive cultivation) led the Monitoring Committee to propose a reduction in financing.

A number of applications for aid for the development of human resources on which the Commission had not yet taken a decision were approved in 1991. The Commission approved the extension for 1991 of the "Industry and Tourism" OP, which covers a large number of sectors of economic activity and which will permit the strengthening of continuing training within firms. It also approved the "Training Structures" multifund OP (ECU 79.7 million to be contributed by the ERDF and the ESF), which provides for initial and continuing training for instructors and managers in training centres and for the establishment and improvement of the infrastructure and facilities required to modernize vocational training centres. Under this OP an Employment Institute will be established to help map out employment and training policies in Greece and make the vocational training and employment systems more effective. The Commission took a decision on a third OP "Technical assistance" (ECU 800 000) during 1991. At the end of the year agreement was also reached on an integrated programme for the public administration which is intended to help the Greek administration operate more smoothly and improve the management and implementation of the operational programmes.

At the level of programming and management, the experience acquired has resulted in the establishment within agencies, ministries and other public bodies of "cells" of officials familiar with procedures which will provide a much more solid base for preparation of the second phase of programming. Experience is also being acquired in monitoring and assessing regional and sectoral programmes and in the application of multiannual financial programming. All the Monitoring Committees are now fully operational. The regions are acquiring greater weight as they are called upon to play to the full their role as partners of central government and the Commission.

1.2 Spain

The Spanish CSF was extended through 27 new forms of assistance, all monofund, under the CSFs and 11 Community initiative programmes. The

new approvals under the CSFs included 7 ERDF OPs, 3 major projects, 10 EAGGF OPs and two ERDF global grants. Eleven of these new forms of assistance are multi-regional. The largest programme (ECU 221 million at 1991 prices) is to assist local bodies. Some small technical assistance programmes were also approved.

Implementation of assistance approved earlier continued without problems and it is expected that all Community aid will have been used by the end of 1993.

Community commitments in the period 1989-91 totalled 106% of the appropriations in the Objective 1 CSF and payments amounted to 76% of those commitments (see Table II.1). In the case of the "Improved communications" priority, absorption was above average.

Implementation at local level of total public expenditure under the CSF since its adoption amounted to 70% at 31 December 1991.

The value added by the Community can be seen in all areas. Examples include:

- assistance well adapted to the needs of productive activities, especially among small and medium-sized firms. This has taken the form, for instance, of global grants for the regions of Murcia (managed by the Instituto de Fomento de Murcia) and Andalusia (managed by the Instituto de Fomento de Andalucía).
- a substantial contribution to the national research and development effort. This option, favoured by both the Spanish authorities and the Commission, has taken the form of part-financing channelled at multiregional level through a "Research" OP to provide basic infrastructure and staff training, and at local level through the development of research centres dedicated to specific priorities defined in the regional programmes. The Stride programme makes an additional contribution at regional level.
- incorporation of new environmental requirements to be met from 9% of the CSF and by the Envireg Community initiative.
- construction of essential communications and basic infrastructure, including motorways linking Madrid to the French frontier via Barcelona, Madrid to Seville, Burgos to Valladolid (part of the link between Lisbon and the rest of the Community) and Madrid to Lisbon, and the modernization of many parts of the Spanish gauge rail network, and in particular the Madrid-Seville TGV.
- new technical assistance programmes providing finance for a permanent employment observatory, facilitating measures relating to qualifications and vocational guidance for the long-term unemployed and, thanks to the assessment of vocational training measures, permitting the collection of further data on the planning and programming of measures and of better information on the needs of firms.

- horizontal measures under Objective 5(a) which exceeded the amounts allocated so that considerable transfers of funds (ECU 54 million) have been required.

The conditions for implementation of agricultural programmes are good although some amendments to financial plans were required. All the Monitoring Committees for the OPs approved were set up in 1991 and all the annual reports are available.

Little use was made of recruitment aid pending adoption of a national legal framework, which did not happen until April 1992.

Greater attention was paid to the need to assess the results of measures. With the agreement of the Member State, in 1991 the Commission launched ten studies to undertake an on-going assessment of programmes in progress and the Spanish authorities plan to carry out a series of similar complementary assessments in the context of technical assistance.

1.3 France

Commission decisions have now been taken concerning all Community assistance under the CSFs for Corsica, Guadeloupe, French Guiana, Martinique and Réunion. During 1991 an ERDF monofund programme for Corsica and the project for Raizet airport in Guadeloupe were adopted. A further five programmes containing measures under the Regis, Envireg and Stride Community initiatives, programmes concerning Objective 5(a) and a global grant for Leader were also adopted.

Improvements to the management mechanisms should permit expenditure to be speeded up. Although there was some delay in the absorption of public funds, Community commitments for 1989-91 represented 99% of assistance under the CSFs for those three years and payments for that period totalled 73% of commitments (see Table I.1).

The measures adopted under the programme have made a significant contribution to structural adjustment. Examples include:

- better integration of the regions concerned into the Community through the strengthening of infrastructure to improve external communications (ports and airports) and through the provision of advanced telecommunications equipment (Star, Telematique). Projects being carried out include completion of the Matoury-Cayenne link, completion of the container terminal at Fort-de-France, Martinique, modernization and extension of the airports at Cayenne, French Guiana, and Fort-de-France, upgrading to international standards of the runway at Gillot, Réunion, and the new air terminus at Pointe-à-Pitre, Guadeloupe.
- strengthening support infrastructure for economic activities, in particular water resources, research and innovation facilities and environmental protection. An incubator for businesses and business services at Robert, Martinique, will encourage exports to the Caribbean area and generate employment.

- a centre for research into the Amazon ecosystem has been established in French Guiana.
- a further incentive to develop sectors creating employment and to raise productivity and competitiveness in a number of areas, especially agriculture and its adjustment to the European market. Community assistance is being provided for an agri-food firm in Le Tampon, Réunion.
- better integration of each of these overseas regions into their geographical areas (the Caribbean for Martinique and Guadeloupe, South America for French Guiana and the eastern Indian Ocean for Réunion), through the development of regional cooperation projects with neighbouring countries.
- greater efforts as regards vocational training, including the ERDF contribution to establishment of vocational training centres at Saint-Denis on Réunion, Cayenne in French Guiana and Rivière-Salée on Martinique, which will provide 7 000 places on motor-vehicle repair, electrical and building-trade courses.
- in the area of human resources, "adapted military service," which enables young people in the overseas departments to receive vocational training while carrying out their military service, has worked well with placement rates of about 70%. The measure, which imparts skills through activities related to the local situation, has benefited from transfers of funds from less successful measures.

Good relations within the partnership were established with local decision-makers and, after the first Monitoring Committee meetings in each region at the end of 1990, all the management procedures were set up and operational in 1991. In Réunion and Martinique management groups were set up. Technical assistance was used for training seminars, to plan computerized management and to set up a regional assistance team, all of which have contributed to tighter financial management of Community support. An agreement on the simplification of national financial channels will speed up practical implementation. Improved information may lead to some changes to financial schedules.

1.4 Ireland

The CSF for Ireland is progressing as planned. Apart from an Objective 5(a) programme (agriculture), all programmes approved in 1991 relate to Community initiatives. Of the public expenditure planned for 1989-91, 99% has been absorbed.

Financial implementation in terms of Community appropriations (Table I.1) shows that for 1989-91, commitments amounted to 110% of the appropriations in the CSF and payments to 80% of those commitments.

Following adjustments to its scheduling, the "Tourism" OP is proceeding as planned. The Irish Government set up an independent Task Force to report in 1992 on a strategy for tourism.

Under the "Peripherality" OP, upgrading of the road network is proceeding at a faster pace, particularly as regards main roads. This work, together with the related development of ports and airports, is expected to reduce the burden of extra transport costs on Irish exporters by 25%. Possible options for the Dublin-Belfast rail link are being studied but the application for Community assistance for the purchase of ships to undertake sea transport between Ireland and the continent was unsuccessful because the Commission was not convinced that Community assistance was required to provide adequate capacity and some points relating to the distortion of competition remained unresolved.

Expenditure on the "Industrial Development and Health Services" OP was a little lower than expected so the resources available were used for two new measures financed by the ESF, the Job Training Scheme for business training and premiums for employment receiving support from the private sector.

These were submitted in December 1991 and approval was expected early in 1992.

Partnership between the Commission and the Irish authorities has been managed in a positive fashion, an exemplary system of financial monitoring has been introduced and meetings have been well prepared at all levels. The two sides of industry take part in the programme Monitoring Committees and are kept informed at national level through the Central Review Committee of the Irish Government's Programme for Economic and Social Progress. The sub-regional Monitoring Committees are also well informed and representatives of the relevant departments attend meetings.

During 1991 a particular effort was made to devise a coherent and relevant assessment system for measures concerning employment and training, areas where there are usually no long-term impact indicators. Technical assistance was used to facilitate introduction of statistical techniques to monitor the beneficiaries of training and employment measures.

1.5 Italy

During 1991 the CSF for Italy was extended by a multiregional "Industry and services" OP, one multiregional OPs for EAGGF measures concerning the improvement of agricultural production, a global grant in Apulia and multifund OPs in Apulia and Molise and two ESF OPs. OPs were also approved under the Stride, Envireg, Prisma and Telematique OPs as well as one global grant under leader.

In terms of financial implementation of Community appropriations between 1989 and 1991 (see Table I.1), by the end of 1991 commitments stood at 91% of the planned figure and payments at 51% of those commitments. That commitments reached a satisfactory level is principally due to the second series of OPs approved in 1990 (ECU 956.18 million), which meant that the implementation rate in that year was adequate. However, there are still some delays in the

regional ERDF and ESF OPs and the multiregional EAGGF OPs. Some difficulties arise from the dilatoriness of the national or regional administration but others are the result of budgetary restrictions.

The new "Industry and Services" OP (ERDF: ECU 204.5 million) is intended to strengthen and enlarge the industrial and productive fabric, consolidate the financial basis of small firms by offering them better access to credit, increase their trading capacity, disseminate innovation and improve their quality. The programme is expected to create some 3 000 jobs.

The chief aim of the MOP for Apulia (ECU 400 million - ERDF: ECU 311 million, ESF: ECU 58 million, EAGGF: ECU 31 million) is to help remedy the consequences of uncoordinated urban development which has created both environmental and water supply problems. It also includes measures to stimulate the modernization of the production processes of SMEs and craft industries by encouraging the development of tourism and promoting new crops.

The global grant for Apulia (ECU 2.8 million at 1991 prices) will be administered by the Apulia PIC STRIND SpA which is part of the "European Community Business and Innovation Centres" network. Its objectives are in line with the "Industry, Craft Firms and Services to Businesses" priority.

Some delays in commitments meant that not all the implementation backlog could be made up in 1991. Ways were sought of reducing to a minimum the effect of national budgetary restrictions required to meet the objective of economic convergence on the absorption of money from the structural Funds and some OPs, such as "Tourism" and the "Research and Development" MOP were delayed by administrative difficulties.

The adoption in December 1991 of the second phase of the IMPs altered the Community assistance previously allocated to the IMPs; in the end, of the ECU 193.29 million allocated to the Italian IMPs, ECU 100.89 million was earmarked for those in the Mezzogiorno.

Considerable successes were secured in 1991 as a result of the start of measures with high added value:

- a considerable proportion of ERDF finance is now absorbed by research and development.
- eight global grants were made to render local initiatives more dynamic through highly innovative financial engineering measures: participatory loans to small firms, services to small firms and so on. Innovation is further strengthened through partnership with socio-economic agents and the search for alternative ways of stimulating economic activity.
- certain major projects in Naples: the "Centro Direzionale", which will bring certain offices together outside the centre of the town, the Nola interporto-autoporto for the transfer of goods outside the centre and the gradual bringing into service of the metro and the restructuring of the railway system.

- the Bari Technopolis in Apulia, which includes a number of research laboratories (development of a fibre optics network, certification of electronic components) and an incubator for businesses.
- the electricity link between Italy and Greece, cross-border measures involving Sardinia and Corsica and finance for the system of dams and infrastructure to collect and distribute water in Apulia and Basilicata.
- ESF finance for increasing the number of skilled workers in fields such as water purification and protection against soil erosion; the vocational training measures, particularly in Calabria, to provide people with the qualifications required to operate machinery in water purification stations are regarded as exemplary.

The satisfactory operation of a number of multifund programmes implemented in the eight Objective 1 regions and systematic introduction of monitoring instruments are also positive features of the year's work. Others include recent simplification in flows of Community funds, efforts to update the computerized monitoring system and the launch of assessment measures.

As regards human resources measures, some Italian regions have used their own financial resources for monitoring and developing Community support, while others have taken advantage of technical assistance to establish an appropriate administrative structure. There remains nevertheless a certain dissatisfaction among authorities at sub-regional level and those active in development on the economic front who still feel unjustly excluded from the programming and implementation of part-financed measures.

Overall, as in 1990, there has been a weak utilisation of financial resources relating to actions for training and employment, even if an improvement was noticeable at the end of the year. Delays also occurred in the reprogramming operations made necessary by the non-execution of certain actions. These were due to a variety of reasons such as the internal organization of regions, relationships between administrations, problems with data collection.

1.6 Portugal

The CSF for Portugal is proceeding well and the level of absorption of Community assistance is very satisfactory.

Financial implementation of Community appropriations in 1989-91 shows that commitments totalled 97% of the figure in the CSF while payments stood at 73% of commitments (see Table I.1). Some projects, however, suffered a certain delay because planned schedules were misjudged at the beginning when the first delays incurred blockages of appropriations which it proved difficult to reverse or when local authorities were unable to provide part-financing because of unexpected delays in the making of earlier payments.

Public expenditure related to the structural Funds in 1991 represents one fifth of that planned for the whole five-year period and was higher than in previous years so it is expected that all the appropriations allocated will have been spent by the end of 1993.

Even though the vast bulk of the forms of assistance in the CSF were approved in 1990, some other measures were adopted in 1991, leaving only a few programmes awaiting approval. A new OP financed by the ERDF, Prodiatec, was approved to promote and diversify tourism. OPs financed by the EAGGF were approved for the rural development of Mira and the restructuring of vine-growing in Portugal while under the Pedap two specific programmes on restructuring and innovation in agriculture and vocational training and the experimental development of irrigation techniques and two OPs on forestry measures and the development of grazing and stock-farming in the Azores were also approved.

Ten Community initiative programmes were also adopted in 1991 (Telematique, Stride, Envireg, Rechar, Regis, Interreg, Leader, Euroform, Now and Horizon).

Finance was provided for a number of major projects including a new Ford/Volkswagen factory at Setúbal, improved access to the metropolitan areas of Lisbon (new rolling stock) and Oporto (new railway bridge) and work on the preservation and renovation of Lisbon's architectural heritage.

Several technical assistance projects also began in 1991. The second phase of Preder, a programme for the development of statistics, covers a series of measures relating to the work of the Monitoring Committee and other expenditure under the CSF. The projects also concerned the national geographical information centre and a number of seminars, conferences and studies, including some relating to assessment. An attempt is also being made to set up a system for monitoring training measures.

The programmes financed by the ESF, such as that to improve the level of qualifications of young people, proved successful from the beginning. Since the programme for the training of adults suffering from long-term unemployment exceeded expectations in 1991, a new series of measures linking training to a work contract was introduced. Measures for the training of those working in business, on the other hand, were not well received by firms, which showed some reluctance in view of the loss of working time involved.

The Ministry of Territorial Planning and Management published an annual report on the CSF, relating to 1991, which noted both the progress made in the rate of expenditure and the establishment of monitoring of physical implementation of programmes. These assessments, whose findings may be interpreted in the light of local conditions and provide a basis for any reprogramming or extension of measures, covered:

- ESF measures (383 690 beneficiaries in 1991);
- the Proter Operational Programme for rural telecommunications;
- the Pedap programme.

Decision-making is still concentrated at national level, where partnership operates successfully. However, local authorities are playing an increasing role in the Monitoring Committees and the implementation of measures. Participation by the social partners, particularly the private sector, could be improved and attempts have been made to encourage more direct involvement by the representatives of industry.

1.7 United Kingdom - Northern Ireland

Most of the programmes planned had been adopted by the end of 1991. Although all the measures began slowly, a start on retrieving the backlog was made during the year.

Five of the nine programmes submitted during the year, those under the Envireg, Interreg, Now, Horizon and Euroform Community initiatives, were approved. Those under Stride, Prisma, Leader and Telematique were ready for approval at the end of the year but a final decision was left in abeyance while negotiations on additionality between the Commission and the United Kingdom Government continued.

Financial implementation in 1989-91 shows that Community appropriations committed stood at 97% of the amounts entered in the Objective 1 CSF and that payments totalled 71% of those commitments (see Table I.1). Total expenditure in 1989-91 amounted to almost 80% of the targets in the CSF financing plan.

Although some of the backlog was made up in 1991, it is not certain that all the OPs will be able to use the appropriations available before the end of the CSF. The Monitoring Committee is discussing whether appropriations should be transferred between the OPs but at the end of the year no decision had been taken on an alternative use for the appropriations available. The greatest delays are in the new OP for "Agricultural Development", and especially the section concerning land amelioration, which is beset by unfavourable market conditions, and the "Tourism" OP, where the private sector has not made the contribution expected.

Implementation includes approval of the modernization of Lisahally port, construction of the cross-harbour road/rail bridge in Belfast and the project to renovate an area of central Belfast near the River Lagan. The "Industrial Development" OP was amended in the light of a guidance document from the Department of Economic Development through a transfer of appropriations from infrastructure investment to research and development.

As part of the monitoring process, it was decided during 1991 that certain measures supported by the Social Fund should be strengthened.

These included the introduction of skilled labour to meet the needs of small firms, measures to develop and improve marketing skills and export opportunities for companies and high-level training in the tourism sector.

Technical assistance was used to launch assessment studies under the "Transport" and "Industries" OPs. However, the specific heading for technical assistance in the CSF has not yet been utilized.

1.8 The new Länder of Germany

The CSF for the eastern regions of Germany was adopted on 13 March 1991 and it was described in the 1990 Annual Report. The Commission immediately adopted the operational programmes by expedited written procedure.

March 1991: Six monofund (ERDF) programmes and a global technical assistance programme for 1991.

May 1991: Six monofund programmes, one for each Land and one for the eastern part of Berlin, and a horizontal programme at federal level covering the ESF measures.

June 1991: Six monofund programmes for the EAGGF measures on agriculture and forestry.

October to

December 1991: Twelve monofund measures for EAGGF measures concerning the processing and marketing of agricultural and forestry products and concerning fisheries and aquaculture.

These programmes were described in the 1990 Annual Report.

Total commitments in 1991 represented 100% of the planned annual instalment for the three Funds and payments totalled 50% of these commitments (see Table I.2).

ERDF resources could be used immediately once these programmes had been adopted. It proved possible to commit the whole of the 1991 annual instalment before the end of the year and by the end of March 1992 payments totalled two thirds of commitments. The Fund has helped support investment totalling some ECU 6 billion, of which about three quarters has gone to industry and the craft sector. Investors believe that these funds should create more than 48 000 new jobs and ensure the continuance of over 38 000 already existing.

In view of the needs as regards training and job-creation, the ESF concentrated its resources on urgent measures. Commitments and payments are proceeding as planned. Part-financing was provided for measures to help those employed in small firms to obtain qualifications, to train instructors and apprentices, to provide qualifications for those currently unemployed or likely to become so, including people working in companies in the employment and qualifications field, assistance to those at a disadvantage on the

labour market (women and handicapped young people), qualifications for the self-employed and aid for recruitment to newly created permanent jobs and those wishing to enter self-employment. The partners expressed the desire to make the measures more specific and to take more account of the differences between the employment markets in the various Länder, with particular regard to the relative weights of the agricultural and industrial sectors.

Commitments of EAGGF resources in 1991 amounted to about half the appropriations allocated for the year and the first applications for reimbursement under Objective 5(a) have been received. Implementation covers a wide range of measures such as village improvement, the construction and provision of rural infrastructure, environmental improvements and measures relating to forestry, certain integrated measures to promote rural development, and technical assistance.

Once the Länder governments had been re-established in October 1990, their ministries took over management of most of the programmes and decided on the projects to receive subsidies and the amounts to be granted. This decentralized approach means that account can be taken of the situation in the regions while the Funds remain coordinated as regards priorities. The part-financing of tried and tested national instruments made the taking over of the programmes easier.

Reaction to the ESF programmes was very positive. The Community rules were modelled on those for Objective 1. Establishment of a single Monitoring Committee for all the Länder and all the Funds encouraged synergy and assisted sound financial implementation. There was, however, some delay in the launch of assistance to the agriculture and fisheries sectors.

2. OBJECTIVE 2

The CSFs adopted in 1989 for declining industrial areas eligible for Community assistance under Objective 2 covered the period from 1 January 1989 to 31 December 1991. Hence during 1991 the Commission adopted arrangements for the second series of Objective 2 CSFs based on the experience of the first three years.

2.1. The first phase of programming 1989-91 -

2.1.1. The completion of implementation -

Financial implementation of programmes in the first phase of Objective 2 (1989-91) is very satisfactory because the whole budgetary allocation under the reform of the structural Funds was committed within the time allowed. This is particularly noteworthy in view of the initial delay.

Over the period 1989-1991, therefore including actions decided before the reform (PIM, hors quota, community programmes) as well as FSE

expenditure in 1989, the figures show that commitments in 1989-91 represented 96% of planned appropriations, including ESF expenditure in 1989 and Community programmes in the CSFs. The corresponding payments amounted to 61% of commitments (see Table I.3).

The general picture at the end of the first phase of programming shows that the majority of programmes were approved in 1990, that is, almost one year late. The nature of the initial difficulties varied from one Member State to another but arose principally from the complexity of the financial channels and national decision-making procedures and problems in learning programming techniques. Other difficulties included the varying times required to examine proposals and the indexation procedure.

To ensure full utilization of appropriations despite these initial difficulties, some first phase programmes were extended by several months in all the Member States except Denmark. In some cases, the appropriations not used for non-quota or Community programmes could be reallocated to the CSFs for 1992-93.

2.1.2. Positive features of the first phase

A number of positive features of the implementation of Objective 2 which deserve mention include that fact that, in accordance with the principle of subsidiarity, the Commission delegated to the Monitoring Committees for CSFs and OPs the definition of methods for selecting individual projects, the review of projects submitted for Community part-financing and certain powers for adjusting and amending the OPs.

The Monitoring Committees also succeeded in carrying out their duties more effectively by delegating responsibilities for the selection of operations to small technical committees which operate on the basis of management and monitoring cells set up using technical assistance.

In general, it is, however, too early to draw firm conclusions about the overall impact of Objective 2 measures across all of the eligible areas. During 1991 the Commission launched ex-ante assessments of Objective 2 CSFs in 14 selected areas. These will provide the basis for further assessments to be undertaken in partnership by the Commission and the Member States in the areas themselves during the second phase. Some assessments at programme level are currently in progress (Belgium, Netherlands, UK).

2.2. Renegotiation of the CSFs for 1992-93

2.2.1. Continuation of the eligible areas

After consulting the Committee for the Development and Conversion of Regions, on 30 April 1991 the Commission decided, in view of the inevitable delays in getting programmes started in 1989 and the need to ensure a certain continuity, to maintain the list of 60 eligible areas for two years, until the end of 1993.

Article 9(6) of Regulation (EEC) No 2052/88⁽¹⁾ requires the Commission to review regularly the list of areas eligible under Objective 2; Article 9(7) states that the Objective 2 eligibility criteria may be amended by the Council acting on a proposal from the Commission. The list of areas eligible under Objective 2 was therefore adopted by the Commission on 8 March 1989 for an indeterminate period. The list covered 15% of the Community's population in 1990.

Furthermore, Article 9(6) of the Regulation provides for the assistance granted to be planned and implemented on a three-yearly basis but, in the case of the ERDF, it provides for an indicative breakdown of appropriations for all the Member States and all the Objectives, including Objective 2, for a five-year period.

The Commission therefore considered the following options for the second series of CSFs: complete revision of the eligibility criteria and establishment of a new list of eligible areas for 1992-94, no change for 1992-94, a limited revision on the basis of available unemployment rates, or a two-year approach.

The two-year approach finally adopted will enable Objective 2 to make a fresh start in 1994, as Objectives 1 and 5(b) will do, and avoids the need to set financing plans for 1994, for which the level of budgetary resources has not yet been decided. Furthermore, a general revision would have entailed the collection and assessment of a considerable quantity of data at sub-regional level and resulted in a fairly long period of uncertainty, possibly entailing the interruption of schemes already started. A partial revision would not have permitted sufficient account to be taken of changes in the various kinds of region. Furthermore, an extension for three years of the areas eligible would have meant that the revision of the Regulations and the budgetary appropriations expected in 1994 would have occurred in mid-programme.

2.2.2. The appropriations allocated

The total financial allocation under the reform of the structural Funds for the Objective 2 CSFs was divided into ECU 3 900 million (at 1989 prices) for 1989-91 and ECU 2 798 million (at 1989 prices) for 1992-93, bringing the total for the Objective 2 CSFs to ECU 6 698 million (at 1989 prices) for the five-year period.

At 1992 prices, the budgetary allocation to be divided among the regions totals ECU 3 259 million (ERDF: ECU 2 484 million; ESF: ECU 775 million). On 11 June 1991 the Commission allocated this sum for the CSFs for the second phase of Objective 2 among the Member States and areas as shown in Table II.4.

2.2.3. Continuing the 1989 guidelines

In June 1991 the Member States were requested to update their regional concersion plans, and priorities for the new CSFs were determined on the basis of experience gained. Regional development in 1992-93 was (1) OJ L 185 of 15.7.88

based on development priorities defined through partnership by representatives of the areas concerned, the Member States and the Commission.

The aim was to continue the priorities of the first phase while concentrating efforts on a smaller number of sectors to maximize economic impact and take account of the changing situations in the regions.

The priorities for Community assistance may be broken down as follows:

- measures concerning facilities likely to encourage the creation and development of productive activities.
- measures to encourage the development of new economic activities, particularly among small and medium-sized firms. The aim of this series of measures is to diversify the industrial fabric, which has hitherto been unbalanced as a result of the dominance of large firms in declining sectors.
- measures to improve the environment and the appearance of industrial areas so that they can attract new firms and develop new economic activities.
- measures to develop the tourist potential of areas often possessing substantial cultural and architectural assets.
- measures to assist R&D to improve the creative capacity of these areas.
- measures to promote cross-border cooperation.

These priorities need to be adapted to the specific needs of each area. The CSFs also contain provision for technical assistance to help areas manage their development programmes effectively and devise the strategies they will require to prepare for the period after 1993.

These priorities stress investment to create jobs rather than to provide basic infrastructure. However, some support for transport infrastructure remains essential for the economic development of certain areas.

The priorities under the new CSFs are the same as or similar to those in the previous CSFs, although with certain adjustments: for example, the Netherlands has added priorities on the environment and improving the image of the eligible areas, Denmark is concentrating efforts on a more limited number of development sectors and assistance to small firms, Italy is undertaking fewer individual measures and is expanding priorities towards support for the private sector and the environment while Spain has stressed the regionalization of its programmes.

2.2.4. The search for greater synergy between the Funds

Many areas felt unable to opt for integrated development programmes when the first CSFs were being prepared in 1988 and 1989, so an attempt

was made to introduce some degree of consistency in the choice of priorities requiring a contribution from both the ERDF and the ESF and in setting up a single Monitoring Committee for each area.

The second series of CSFs shows considerable progress towards the adoption of integrated programmes in all the Member States, particularly the United Kingdom (80% of resources), Germany (4 OPs out of 7) and the Netherlands (2 OPs out of 3).

2.2.5. Approval of the CSFs in 1991

The new CSFs for the Objective 2 areas were submitted to the Committee for the Development and Conversion of Regions and the European Social and Committee for their opinions in December 1991 and adopted by the Commission on 18 December. The new OPs will be adopted in the first half of 1992.

3. OBJECTIVES 3 AND 4

The results achieved by measures part-financed by the ESF under Objectives 3 (combatting long-term unemployment) and 4 (promoting the employment of young people) are affected by fluctuations in economic activity. The deteriorating economic situation in 1991 led to higher unemployment everywhere (up from an annual average of 8.3% in 1990 to 8.8% in 1991), particularly among the long-term unemployed and young people, at whom ESF measures under Objectives 3 and 4 are particularly directed.

The new problems affecting the Community labour market underline the importance of Objectives 3 and 4 and their importance for economic and social cohesion, a point emphasized in COM(92) 2000.

While it is clearly too early to make a full assessment of the impact of the measures now being taken, attention should be paid to certain results and a number of comments may be made.

3.1. Financial implementation

During 1990 and 1991 the whole of the two annual instalments in the CSFs for Objectives 3 and 4 were committed and payments stood at 83% of commitments (see Table II.5).

This very satisfactory level of financial implementation, which has to be maintained over the years to come, is all the more remarkable in view of the time required to become acquainted with the new and complex mechanisms which the reform involves (multiannual programming, monitoring and assessment and so on).

3.2 The security and financial stability offered to promoters by programming

Multiannual programming considerably reduces the risks to promoters of a break in their cash flow.

3.3 The extension of partnership

The support given by the Community to regional measures, already mentioned in the previous reports, should be stressed. Most of the Member States and intermediate bodies (Länder, Autonomous Communities, Danish regions, British local authorities, Dutch provinces and Belgian regions) have played a greater part in the measures part-financed under these two Objectives.

In Germany, for example, 50% of Community aid under the CSFs for Objectives 3 and 4 goes to regions which account for only 10% of the national effort for helping the unemployed. This means that the share of the regional authorities in the total assistance provided under the ESF to the regions in Germany has increased, from 35% of total ESF assistance before the reform to 49% of the amounts allocated under Objectives 3 and 4. This greater support for the German regions has improved the quality of measures, for example by incorporating vocational training into measures which in the beginning simply provided financial support to those in difficulty.

3.4 The predominance of training measures

Basic training, which absorbs almost 45% of the amounts entered in the CSFs, is the most important type of training, which itself accounts for the vast bulk of the measures financed by the ESF. This reflects the composition and the problems of the majority of the population whom the two Objectives are intended to help. This dominance has been further reinforced through the monitoring process: hence in the Netherlands it was planned to allocate 20% of the finance available to technological training and 17% to basic training but there has been a tendency for measures to concentrate on the latter at the expense of the former. Nevertheless, the Community has also tried to encourage measures offering higher-level training, in some cases successfully (e.g. in certain regions of Italy).

Naturally, the duration and cost of training varies depending on the problems of those concerned. While under Objectives 2 and 5(b) very short-term training (sometimes 20 hours in the case of the environment and further training for business people) may be useful, the tendency in the case of the long-term unemployed (whether they have reached the age of 25 or not) is for training to be fairly lengthy, being spread over two years, for example, in Germany.

In the Netherlands the authorities responsible for implementation have set 200 hours as the minimum length of training for this group of the unemployed part-financed by the ESF and lay particular stress on courses of 1 280 hours or more for a small number of people (10 trainees per course).

By contrast, periods of training are much shorter, for example in Germany, in the case of women returning to the labour market who simply need to update their knowledge.

3.5 Assistance for recruitment

Recruitment aids part-financed by the ESF may take the form either of recruitment aids pure and simple or of assistance to help the unemployed establish their own businesses. The ultimate aim is to encourage firms to create new and stable jobs for unemployed people, particularly those who have been unemployed for a long time, and to provide assistance for those who wish to set up their own businesses. It should also be noted that assistance for the creation of non-commercial jobs of public, social or environmental service, usually in the public-authority sector, were also eligible, but only in the Objective 1 regions and up to the end of 1991.

Aid for recruitment accounts for about 7% of the amounts in the Objective 3 and 4 CSFs. This share of the total measures financed reflects a number of factors:

1. the option of the partners: the comparatively low percentage allocated to recruitment aid appears to reflect the stress laid by the partners on the supply of labour (training measures to raise the qualifications of the work-force) rather than demand for it (measures designed to create jobs or influence employers' attitudes towards the long-term unemployed or young people in search of a job).
2. the fairly strict conditions laid down by the ESF rules: in all the Member States apart from the Netherlands, the share of recruitment aids in the measures part-financed by the ESF is smaller than the percentage of employment aids in national measures for training and employment. This situation may be explained by the conditions attached to granting this aid: ESF assistance may be provided only for measures relating to jobs which are stable or newly created. (*) Most of the measures of this type proposed by the Member States concern either fixed contracts or jobs which strictly speaking are not new but which provide work experience and prevent the unemployed from becoming too alienated from the world of work.
3. market requirements: the creation of new-jobs by private and public firms has been affected by the slackening of growth, and tougher competitive conditions make workers who have been unemployed for a long time less attractive than others available on the labour market.
4. the attitude of the unemployed: everywhere in the Community except the United Kingdom, recruitment aid is more popular than assistance towards establishing firms. Few of the long-term unemployed wish to

(*) A stable job means one occupied by a worker on an indefinite contract or or a fixed contract which is intended for conversion into an indefinite contract.

set up their own firms. In Belgium it has been found that it is principally those who have been unemployed for a short time or those who are most highly qualified who want to set up their own businesses.

3.6 Advice and guidance, which still account for only a few of the measures financed, should become more important.

3.7 The individual approach to occupational integration

Most of the Member States adopt a broad-based approach to the problems of training and employment. In general, support for those facing serious difficulties in re-entering the labour market goes beyond simple vocational training or employment assistance to include a whole process which may be described as "a route to occupational integration". This consists of a number of phases: identification and face-to-face contact (leading to an initial social and vocational assessment of the trainee), advice and guidance (based on the assessment), monitoring, training and return to employment.

The range of aids available should be more or less broad depending on the population involved, since measures to encourage reintegration into the labour market depend on how distant from that market the people concerned are. In some cases, upgrading of educational level or an even broader process of reintegration into society must be considered.

An example of this approach is the scheme known in France as the Crédit Formation Individualisé (personal training credit).

Crédit Formation Individualisé

Crédit Formation Individualisé enables young people who have left the education system without vocational qualifications or the basic knowledge which would enable them to follow a course leading to such qualifications to secure basic qualifications as the first step towards a stable job. When it was set up, Crédit Formation Individualisé was seen as part of the training process and the emphasis was on the reception phase. A training assessment centre looks, together with each trainee, at their strengths, short-comings and deficits, and an individual approach is devised which culminates in the signing of a contract, also on an individual basis. Training courses are of varying lengths and have widely differing contents. Depending on the circumstances, they may alternate periods of theoretical and practical training or be purely theoretical. Trainees are each monitored personally and continuously so that they can be helped to solve any problems which arise. Those involved in the scheme have stressed the importance of Community part-financing for this measure since Social Fund assistance has enabled 20 000 extra contracts to be signed.

3.8 Equal opportunities

Equality of opportunities is a Community policy and a basic principle of structural assistance under which training and employment measures which receive Community support are open to men and women alike. The

proportion of women benefiting from ESF assistance has grown steadily from 37.5% in 1986 to 41.3% in 1989 and, for all the Objectives taken together, 45% in 1990.

Besides "mixed" measures, which are aimed at both men and women, "specific" measures for women have also been introduced. The amount allocated is ECU 375 million, or about 5% of the amounts in the CSFs for Objectives 3 and 4 throughout the Community (both in the Objective 1 regions and elsewhere).

These specific measures are designed for women who, after a long absence, wish to re-enter the labour market and to help women find jobs in professions where they are under-represented.

Despite the guidelines laid down by the Commission for ESF assistance under Objectives 3 and 4 for training measures in sectors where women are under-represented, most women are still being trained in what has traditionally been regarded as "women's work." For example, in Portugal most women follow courses in the craft sector, tourism and hotel work while in Italy the majority of trainees in textiles, clothing and health care are women. In Belgium women account for 65% of those undertaking training in the tourism sector but very few of those engaged in the advanced technologies. In Germany 6.2% of those training to be highly skilled technicians are women as compared with 41.9% in the health care and social services sectors.

The measures financed to help women seeking to re-enter the labour market (Objective 3) after a long interruption when they have been bringing up children have resulted in the development of a number of good practices. The results of such measures are usually very satisfactory with a very low drop-out rate (e.g. in Germany and the Netherlands). The women concerned chose to leave the labour market for personal reasons and so have a more positive attitude than the long-term unemployed, whether male or female, who have been squeezed out of the labour market.

The vocational colleges in the Netherlands constitute an example of such measures.

In the Netherlands, vocational colleges seek to provide training which will rapidly result in a job for women wishing to re-enter the labour market. Each trainee has a specific programme based both on her abilities and on the types of jobs offered or sought by firms on the regional labour market. Theoretical and practical training alternate (on-the-job experience, excursions, practical days), with stress also being placed on group work to develop solidarity and initiative. Each trainee also has an individual programme. The training institutes do not concentrate only on easily accessible sectors such as computers, administration and services but also seek to enlarge the responsibilities exercised by women in sectors where they are under-represented. Particular attention is paid to attendance problems (each institute has a professionally run crèche for women with young children) and difficulties of access.

4. OBJECTIVE 5(a)

The aim of this Objective throughout the Community is to speed up the adaptation of the structures of production, processing and marketing of agricultural and fisheries products. Financial assistance under Objective 5(a) in the regions eligible under Objective 1 is nevertheless counted under that Objective. Agricultural measures may fall into one of two categories, those concerned with production⁽¹⁾ and those concerned with processing and marketing.⁽²⁾

The main feature of 1991 as regards measures of the first type was the continuing revision of existing provisions to bring them into line with the reform of the structural Funds. Regulation (EEC) No 797/85 was replaced by Regulation (EEC) No 2328/91 which integrates successive amendments into the original text. In October 1991, as part of its reform of the common agricultural policy, the Commission presented three proposals for accompanying measures relating to the environment, afforestation and early retirement. Following decisions by the Council in June 1992, measures under these headings and those to encourage extensive farming and set-aside, which currently come under Objective 5(a), will in future be financed from the Guarantee Section of the EAGGF.

In the case of measures of the second type, the CSFs and a large number of operational programmes were adopted in 1991 under Regulations (EEC) Nos 866/90 and 867/90.

All the CSFs and supplements to CSFs in the Objective 1 regions to improve the processing and marketing of fisheries and aquaculture products were adopted early in 1991 as were a considerable number of operational programmes.

4.1 Implementation of regulations on agricultural structures

4.1.1. Structural assistance for agricultural holdings

The Commission considered and approved national provisions amplifying and specifying in accordance with regional requirements the general criteria laid down by Community rules on the granting of structural aid to farmers.⁽³⁾

4.1.2. Structural assistance accompanying market policies

a) Environmental protection and forestry measures

(1) Regulations (EEC) Nos 2328/91 (OJ L 218 of 6.8.91) and 1096/88 (OJ L 110 of 29.4.88)

(2) Regulations (EEC) Nos 866/90, 867/90 (OJ L 91 of 6.4.90) and 1360/78 (OJ L 166 of 23.6.78).

(3) Regulation (EEC) No 2328/91, OJ No L 218, 6.8.1991.

Germany, the United Kingdom, the Netherlands and Denmark had already introduced measures on environmental protection before 1991.

During 1991 the following countries also began to implement such measures: Italy (9 programmes), France (16 programmes), Ireland (2 programmes) and Luxembourg (1 programme). During the year Germany also submitted three further programmes and the United Kingdom one. The maximum amount eligible for the premium (ECU 150 per hectare per year) and the EAGGF contribution rates, which range from 50% to 65% in Objective 1 regions and stand at 25% elsewhere, may explain the procedure for applying this measure: the definition of small or very small areas with specific environmental protection problems, the attention paid to specific environmental problems and the restriction to holdings seeking to make extensive use of permanent grassland.

The following areas had been designated at the end of 1991: Germany 2 562 000 hectares, Denmark 128 000 ha, France 205 600 ha, Italy 655 583 ha, Ireland 11 400 ha, Luxembourg 610 ha, Netherlands 62 000 ha and the United Kingdom 544 000 ha.

Most of the programmes relate to grassland. The measures taken usually aim to:

1. continue a minimal amount of upkeep so as to maintain grassland in upland areas;
2. maintain wetlands, which are of vital importance to flora and fauna;
3. conserve typical landscapes based on extensive agriculture, often with special local features;
4. limit the harmful impact of intensive agriculture on natural resources.

Forestry measures are being applied in a number of Member States, some of which (Germany, Denmark and Italy) have sought an increase in the maximum amount eligible (ECU 1 800 per ha) for the part-financing of investments. Per-hectare premiums for the afforestation of agricultural land were introduced during 1991 in France, Greece, Portugal and Italy. So far forestry measures have not been applied in Belgium or Luxembourg.

b) Extensification of production

In order to stimulate more extensive production techniques, the Community grants assistance to farmers who undertake to reduce production in sectors where surpluses exist.

After an experimental period, Member States have been required from 1 January 1991 to introduce the measures required to implement the scheme fully in respect of all the products concerned. So far, only four countries, Italy, Germany, the Netherlands and France, have complied with this obligation. The figures available for the 1990/91

marketing year in Italy and Germany show that measures concerning livestock applied to some 32 000 LUs and those concerning annual crops to some 75 000 ha.

In October 1991, as part of the reform of the common agricultural policy, the Commission presented a proposal for agro-environmental measures which would amend the existing measures on extensive farming. There were to be measures to assist the transition from one scheme to the other.

c) Set-aside

In October 1991, as part of the CAP reform, the Commission presented a proposal for the replacement of the multiannual set-aside arrangements under Objective 5(b) by annual arrangements linked to support mechanisms for agricultural prices and two multiannual schemes as accompanying measures, involving environmental protection and afforestation.

The 1992 harvest was the last in respect of which new applications may be made for all the options set out in Article 2 of Council Regulation (EEC) No 2328/91.

The areas set aside in the three marketing years 1988/89 to 1990/91 under the multiannual arrangements then in force totalled 1 885 084 ha, of which 48% were in Germany (including 32% in the new Länder under national arrangements with no Community financial support), 32% in Italy and 9% in France.

4.2 Measures concerning the processing and marketing of agricultural and forestry products

The new aid arrangements to improve the conditions under which agricultural and forestry products are processed and marketed introduced by Regulations (EEC) Nos 866/90 and 867/90 applied for the first time in 1991.

During that year, the Commission took 15 decisions approving Community support frameworks in all the Member States with the exceptions of the regions eligible under Objective 1 in France and the new Länder in Germany. In addition, 57 operational programmes submitted by the Member States in 1990 and 1991 were also approved.

The breakdown of the total appropriations available by Member State, both in the Objective 1 regions and elsewhere for 1991-93 and the amounts of EAGGF assistance to the operational programmes approved is given in the Annex (Table II.6).

4.3 Measures to improve the conditions of marketing and processing of fisheries products

As a result of the adoption at the beginning of 1991 of the CSFs and the supplements thereto for the Objective 1 regions, the Member States

agreed no longer to avail themselves of the transitional provisions allowing them to use the former procedure under Regulation (EEC) No 355/77, which a number of them preferred.

The Commission also adopted an implementing regulation laying down the main points that operational programmes were to contain with the aim of forcing the Member States to make their programmes specific and enable the Commission to check more thoroughly that the priorities of the CSFs were being observed in a sector noted for distortions of competition and overcapacity on the production side. It was also meant to enable the Commission to check on the implementation of programmes more thoroughly.

Implementation of the programmes proved to be a cumbersome business. The Member States were unable to present complete programmes with precise and detailed projects for the whole period in line with the financial resources of the CSFs right at the beginning, mainly because:

- a number of businesses, particularly small and medium-sized ones, were unable to plan their investments several years in advance because of the uncertainties of their sector;
- registration of the projects by often poorly equipped administrative authorities took a great deal of time.

A number of countries were even unable to present projects to use all their 1991 allocations, while others were able to make use of these appropriations over and above their own allocations, although these would need to be reimbursed in future years.

The system as a whole became operational after initial difficulties. One of the major improvements over the previous arrangements under Regulation (EEC) No 355/77 is the making of payments of financial assistance subject to progress in carrying out the work. This approach permits better management of the financial resources intended to promote investments.

In most Member States, the operational programmes approved in 1991 (Table II.6) focussed assistance on the processing of fisheries and aquaculture products rather than on their marketing. In some countries (Belgium, Denmark, Germany, the Netherlands and the United Kingdom), this approach, which tends towards direct support for the industry, is facilitated by already well-developed infrastructures. Programmes in other countries (Greece and Portugal) are also intended to concentrate assistance on the industry, despite poor marketing structures. In a minority of Member States, assistance is divided more or less equally between processing and marketing.

4.4 Monitoring and assessment of the use of Objective 5(a) structural measures

4.4.1. Monitoring the improvement of agricultural structures

Measures undertaken under this Objective have their own monitoring mechanism through the Star Committee. This entails consideration of

the implementing arrangements, involving both examination of national provisions and a constant assessment on the basis of annual figures supplied by the Member States in accordance with statutory requirements or specific requests by the Commission.

An assessment study of measures to improve the structures of production which existed before the reform and were continued under it found that the vast bulk of expenditure went to measures of three types. The conclusions of the Commission on these three measures are as follows:

- (a) although assistance for investment concerns only about 60 000 farmers per year, it encourages the diversification of activities, means that better account is taken of the environment and increases rates of part-financing in less-developed regions;
- (b) compensatory allowances in less-favoured regions are paid to 1.2 million farmers and account for between 20% and 30% of net income in those regions; they are therefore of vital importance for the maintenance of a minimum level of population;
- (c) aid for the installation of young farmers and the investments they undertake are essential if the average age of the agricultural population, half of which is currently aged over 55, is to be reduced. Such aid is of particular importance where accompanying national aid is paid at a high level or where it is substantial in terms of average income levels.

Structural assistance accompanying the markets policy covers only 5% of expenditure under the EAGGF Guidance Section (including expenditure by this Fund in the Objective 1 regions) and its impact can only be modest, although the Member States are required to introduced schemes to provide aid for set-aside and extensive farming. Although some measures were introduced only recently, the Commission intends to strengthen them, combine them with the market measures under the reform of the CAP and have them financed by the EAGGF Guarantee Section so that they will fall outside the orbit of the structural Funds.

Overall, this initial assessment suggests that utilization of the measures by viable holdings and young farmers has been successful and that those countries such as Spain and Portugal, which have applied them only recently for the modernization of their agricultural sectors, have benefited. The assessment also makes clear the limitations imposed by legislation which is sometimes restrictive, the peripheral nature of certain areas, the financial capacity of some Member States and the efficiency of administrations.

Other structural assistance (such as set-aside arrangements, assistance to the extensification of production, to environmental protection and forestry measures and the preretirement measures) only cover 3% of "Guidance" section of EAGGF expenditure; hence their impact can only be modest. Within the framework of the reform of the CAP adopted in June 1992, the set-aside arrangements have been altered whilst there has been a strengthening of the environmental protection, forestry and

reretirement measures which are now treated as accompanying measures to the reform of the CAP. From now on, all of these measures will be financed through the "Guarantee" section of EAGGF, that is outside the Structural Funds.

4.4.2. Monitoring the improvement of the structures for processing and marketing agricultural products

Implementation of measures to improve the structures of processing and marketing agricultural and forestry products is only at a very early stage, since the Member States have not yet sent the Commission all their plans. This means that the assessment process has not yet become fully operational.

4.4.3. Monitoring and assessment of the improvement of the structures for marketing and processing fisheries products

The Member States were invited to draw up lists of financial, physical and economic indicators so that the impact of Community assistance in the sector could be assessed. They are in the best position to do this because they choose the investment projects to be included in the programmes.

The Commission has also undertaken an analysis of the situation in the industry for processing fishery products, including production and trade, investment rates, employment, number of firms, degree of concentration, geographical location, state of plant, application of health rules and product quality.

These two measures should provide a better picture of developments in the sector and the degree to which Community assistance generates other aid.

As regards management, the Commission, in liaison with the national authorities, has set up in each Member State a single Monitoring Committee to manage the CSFs and supplements for the Objective 1 regions and the operational programmes with the aim of making monitoring and assessment as effective as possible.

All the Monitoring Committees were set up in 1991 and held their first meetings that year or early in 1992. The rules of procedure of all the Committees have been approved.

The Committees have been kept as small as possible in the interests of efficiency. They vary from one Member State to another with some composed of representatives appointed at national level while others include representatives of the regions and of social and trade groupings. The Commission has encouraged the participation of the industry, which can be kept informed and associated with the work.

5. OBJECTIVE 5(b)

5.1. The context of operational programmes

The aim of this Objective is the development of rural areas which are experiencing difficulties but which lie outside the Objective 1 regions. Measures under Objective 5(b) concern 50 areas accounting for 5% of the Community's population and 17% of its territory.

In addition to the 5 POs approved in December 1990, a further 61 OPs were approved during 1991. Including 8 OPs approved in 1992, a total of 75 OPs correspond to Community assistance of ECU 2 607 million (at 1989 prices).

Over the period 1989-1991, Community commitments amounted to 88% of appropriations envisaged in the financial plans of the CSFs and corresponding payments amounted to 62% of these commitments.

In 1991 the Commission promoted the adoption of integrated programmes. More than 70% of OPs are multifund. This has been done so as to ensure synergy between the funds and to ensure that assistance is concentrated on priorities likely to make a significant contribution to the development of the local potential of the areas concerned.

The OP priorities necessarily reflect those of the CSFs, although the degree of detail differs.

Within the five broad priorities of:

- diversification of the primary sector,
- development of non-agricultural sectors,
- development of tourism,
- conservation and development of the natural environment
- development of human resources,

the following examples provide an indication of the nature of operations under Objective 5(b).

Agricultural development and diversification includes, in Belgium, pilot projects for the conversion and diversification of agriculture and the promotion of quality produce and tourism and, in Italy, development of bush fruits and diversification of potato production. In France, the programmes are making considerable efforts in forestry and the development of the timber industry (in particular in Limousin); support is being provided for new small and medium-sized agricultural enterprises in order to slow the rate of rural depopulation and help conserve the natural environment and the rural village heritage.

Support for tourism, often seen as the only sector with expansion potential, includes the development of farm tourism in Auvergne, protection and utilization of the rural environment in Poitou-Charentes, investments to exploit the tourist potential of the natural and historic heritage in the Veneto and improvement of management systems for national parks in Italy. Efforts are being made to build on cultural and scenic assets to develop the Highlands and Islands region of Scotland.

Local development initiatives are taking place throughout the Objective 5(b) areas. In Italy interesting innovatory work is being undertaken to assist the craft industry in Lazio, while assistance is being provided for the redevelopment of marble quarries in Tuscany; support is also available for marketing initiatives and the development of local services in the Highlands of Scotland.

Training is being given in all sectors supporting development and job creation. The rural problems of isolation and low density of population are being addressed through distance-learning facilities and electronic satellite-based communications. To ensure that adequate skills are available to those wishing to invest in rural areas, programmes to assess training needs have been undertaken to help ensure optimum results from Community investments.

5.2 The management of implementation

5.2.1. Progress

Implementation of the different programmes has varied not only in content, as highlighted above, but also in speed. The fact that most programmes were approved during 1991 makes assessment of progress difficult. Programme approval was spread throughout the year and in some countries took place in the last quarter of the year, leaving very little time to make use of the financial resources during 1991.

In addition to the general issue, some sectors have proved to be particularly sensitive to the timing of programme approval. The most notable example is that of tourism, where investments should ideally be completed before the main tourist season. If programme approval misses that window of opportunity, work will often be delayed, as has happened in some of the Objective 5(b) areas.

Some programmes have taken considerable time to get established, for example where a project team has been created to encourage the take-up of a new system of aid. However, despite these difficulties, these programmes now appear to be performing well.

5.2.2. Implementation procedures

Responsibility for the implementation of programmes lies at regional level. All the Monitoring Committees have now been constituted and are working well. In the case of Objective 5(b), the Commission has been able to combine CSF and OP management within one committee in an attempt to minimize the amount of administration and to ensure coordination between the different Funds. The overall effect of partnership has been to decentralize decision-making and management responsibility in line with the principle of subsidiarity.

Experience of the current phase of the structural Funds has highlighted the need to reinforce partnership. In many cases regional and local bodies that have so far been regarded as observers should perhaps be more closely involved and their views and management potential may have been insufficiently taken into account.

There could be more delegation of management responsibilities to the regional and local level, subject to greater monitoring and control.

In addition to delegated management responsibility, more flexibility to allow transfers of resources between different priorities would permit the implementing authority to respond better to the changing needs of the regions. Finally, greater involvement of the local and regional bodies in the preparation of programmes could enhance the process.

5.2.3. Technical assistance

Use of technical assistance in the programmes is varied, with provision being made in Germany, France, Belgium, Spain and Italy. No request for Commission part-financing of technical assistance has been made by Denmark or the UK. Assistance has related mainly to two aspects: monitoring and assessment and implementation of the measures in the OPs.

It is likely that the allocations made in the programmes for technical assistance will increase during implementation, not least because of the need to monitor and assess the results.

5.3 The monitoring and assessment of measures

After completion of a study on assessment methodology, from which a basic method for used in Objective 5(b) ex-ante and ex-post assessment studies was derived, ex-ante assessment studies were conducted in 11 selected areas during 1991.

In December 1991, to prepare for the on-going assessment of the programmes, a questionnaire was drafted for completion by all Objective 5(b) Monitoring Committees in the form of an annual report submitted by 30 June of each year. This report focuses particularly on immediate and intermediate financial and physical indicators and provides details on each measure, summarized by sub-programme and programme. The Monitoring Committees are also encouraged to describe the qualitative aspects in relation to the implementation of the programmes. The annual report format is intended as a simple monitoring tool that will provide the partnership with important information on the progress of the programmes.

CHAPTER III

COMMUNITY INITIATIVES AND INNOVATIVE MEASURES

1. COMMUNITY INITIATIVES

1.1 General overview of implementation

Under Article 11 of the coordinating Regulation, the Commission can supplement the measures agreed with the Member States under the CSFs by means of Community initiatives. About ECU 1 700 million had been provided for before the reform under the Community programmes which were already being implemented: Star, Valoren, Resider and Renaval, and for a few ERDF non-quota measures approaching completion. The Commission also decided under Article 11 to allocate a further ECU 3 800 million (1989 prices) to finance the twelve new Community initiatives which are the subject of this Chapter. In all, these appropriations account for about 10% of the appropriations provided for under the reform for 1989-93. Seven of the twelve initiatives also provide for possible recourse to loans from the EIB and, in the case of Rechar, from the ECSC.

Designed to provide additional support to the Community's policies for strengthening cohesion and to help solve serious problems which were either unforeseen or are shared by certain types of region, the initiatives introduced since 1990 allow the Commission to take action in three priority areas:

- (a) industrial change (Rechar),
- (b) the development of networks for transnational cooperation at European level (Euroform, Now, Horizon, Leader, Regen) or in border areas (Interreg) as well as local networks (Regis),
- (c) the reduction of disparities in know-how (Envireg, Stride, Prisma and Telematique (continuing on from Star)).

In 1991 the Commission published a guide to Community initiatives ⁽¹⁾which describes the content and implementing procedures of the initiatives, as well as a guide to Community initiatives in the field of human resources. ⁽²⁾

1.1.1. Progress

The Commission's communications setting out guidelines for each Community initiative call for the Member States to submit detailed proposals for operational programmes or global grants within the six months following its decision. Since most of the initiatives were launched in 1990, most of the forms of assistance were drawn up by the Member States and adopted in 1991.

(1) Guide to Community Initiatives; Official publications of European Communities, catalogue n° CM-60-90-240-EN-C

(2) available from the relevant Commission department

In all, 123 forms of assistance were approved under the Community initiatives in 1991, with 12 in the form of global grants. Table III.1 gives a breakdown by initiative.

Requests for funds in 1991 far surpassed the appropriations available, and this prolonged the negotiations. The decisions approving forms of assistance before 31 December 1991 cover almost the entire financial allocation of ECU 3 800 million (1989 prices) except for a reserve of ECU 28 million. Commitments have also proceeded at a satisfactory rate, with about a third of the approved appropriations committed by the end of 1991. These statistics are shown for each initiative in Table III.2, which compares the decisions and commitments for 1991 with the estimated contribution from the structural Funds indicated in the Commission's communications. Most of the the decisions taken on the proposals for operational programmes concern amounts which are very close to the estimates, except in the case of Rechar. The amounts approved are about 5% higher than the initial estimates, partly because job losses in the eligible regions were greater than expected.

1.1.2. Implementation

The innovative aspects of the Community initiatives in terms of both content and procedures are becoming clearer as implementation progresses.

Rechar represents a strengthening of Community action in support of economic and social conversion in coal-mining areas, particularly through the creation of new economic activities. In addition to the initial allocation of ECU 300 million, a further ECU 120 million have been added in the form of ECSC interest-rate subsidies as well as ECU 40 million in aid under Article 56 of the ECSC Treaty. 26 eligible coal-mining areas have received assistance under Rechar and have been the subject of specific programmes. 92% of the initial aid was concentrated in Objective 2 areas. Almost 40% of that amount was used for infrastructures in the field of environmental rehabilitation or social measures, 41% was allocated to diversification into other activities and the remaining 19% to vocational training.

Envireg, with an allocation of ECU 500 million, is designed to improve the environment and foster economic development in Objective 1 and Mediterranean coastal areas eligible under Objectives 2 and 5(b). The areas eligible under Envireg were determined very specifically: the areas concerned by reduction of pollution and planning of land use are Objective 1 coastal areas and the Mediterranean coastal areas covered by Objectives 2 and 5(b); all Objective 1 regions are concerned by the measures to control hazardous industrial waste. Many Member States have presented ambitious programmes which far exceed the resources available.

In addition, taking account of the importance attributed by the Member States to the treatment of waste water, some specific measures for the exchange of experience have been set up involving experts, specialist bodies and representatives of local authorities with a view to selecting techniques and further accompanying measures.

Stride has been allocated ECU 400 million with which to strengthen the capacity for innovation and technological development in Objective 1 regions and cooperation between research centres in Objective 2 areas. About 20 programmes have been adopted under Stride, more or less equally distributed among the Objective 1 and 2 regions, but most of the resources (81%) have been allocated to Objective 1 regions, which have used 60% of the funds to strengthen their research capacity. The remaining 40%, about ECU 230 million, have been used for research projects, technology transfer or innovative measures.

In some regions, Stride has provided an opportunity for meetings and discussions between national authorities and local actors. These meetings (often attended by the national ministries of economics, education, industry and research) have created the conditions for strategic discussions on a regional basis. In Spain, for example, the programme has made it possible to emphasize the specific potential of the regions: biotechnology in Seville, industrial crops in Alicante, food technology in Castile-La Mancha, marine sciences in Cadiz.

Interreg, with an allocation of ECU 800 million at 1989 prices, is designed to prepare border regions for the single market. The 31 proposals presented exceeded the available budget by more than 30%. Approximately ECU 100 million of Article 10 funds have also been used to finance Interreg programmes.

The Objective 1 programmes under Interreg account for 73% of the total budget. The two largest programmes, for Greece and the Spanish/Portuguese border, give a high priority to the development of transport infrastructures, particularly roads. The programme for Ireland/Northern Ireland is the third largest in terms of allocated funds. The programmes in the other regions have attracted Community assistance worth ECU 260 million, ranging between ECU 2 million and 30 million per programme, and contain an equally broad range of measures.

Several programmes have given priority to the creation of alternative employment opportunities in areas where job losses may arise due to changes affecting border customs activities. The draft programmes for the Franco-Italian border, for example, include a separate subprogramme for such measures, which will attract some ECU 5.4 million in Community assistance.

Four programmes also cover regions on the Community's external borders with the former Comecon countries of central and eastern Europe: in Greece, Italy, Germany and Denmark. Their contribution to the development of transfrontier cooperation has been limited. There are no Interreg programmes for eastern Germany.

Regis has been allocated ECU 200 million to strengthen the Community's action to assist the remotest regions. The regions eligible under Regis are the French overseas departments (Guadeloupe, Martinique, French Guiana and Réunion), the Canary Islands, the Azores and Madeira. The additional financial effort alongside the resources initially proposed in the CSFs amounts to 13% for the overseas departments, 27% for the Canaries and 11% for the Azores and Madeira.

Around 33% of the funds have been used to strengthen those regions' links with the rest of the Community and with neighbouring regions, chiefly by improving port and airport infrastructures. 27% of the funds are intended for measures to diversify agricultural production and improve the return on traditional agricultural products offering prospects of medium-term viability. 6% are earmarked for new measures to assist craft activities and local industry, 5% for the development of adventure tourism and the remaining 29% are mostly intended for vocational training and rural development measures.

In the case of the overseas departments, since some of the measures under Regis supplement Stride and Envireg, the OP for each of the regions covers all three initiatives.

Telematique, with an allocation of ECU 200 million, is helping to promote the use of advanced telecommunications services in Objective 1 regions. Telematique is the continuation in 1992-93 of the measures commenced under the STAR programme, which terminated at the end of 1991.

STAR and Telematique are the model example of an ambitious project to develop infrastructures, equipment and the supply of services which have shown their importance in developed regions but which, in 1986, were not yet perceived to be necessary by economic operators in the less-favoured regions. STAR encouraged the telecommunications utilities in Objective 1 regions to set up telecommunications networks (80% of the funds) to facilitate international transmission and meet a need for advanced telecommunications services, particularly as regards data transmission. The remaining 20% of the financial resources were used to introduce such services within businesses. The success of the initial applications in the fields of industry, tourism, transport, business services, the wholesale/retail sector and distribution has demonstrated the timeliness of the project and led the Commission to extend the process thus started by encouraging wider use of such applications by businesses and certain public services through the introduction of Telematique.

Six programmes have been approved under Prisma. Prisma, allocated ECU 100 million, is designed to improve the infrastructures and services offered to firms in Objective 1 regions in the context of the single market. 70% of the funds allocated to Prisma are intended for the development of structures and services for calibration and metrology (start-up of accreditation bodies, development of testing and calibration laboratories, services to businesses relating to the development of a quality policy). 24% of funds are intended for measures to assist SMEs in less-favoured regions with regard to both public procurement and improving their competitiveness in sectors currently covered by surveillance and protective measures under Article 115 of the EEC Treaty. The remaining 6% of funds are reserved for technical assistance for the implementation of Prisma in the different regions.

Regen, for which ECU 300 million has been allocated, is intended to promote the development of networks to supply natural gas and

electricity to regions whose development is lagging behind. Two programmes under Regen were approved in 1991: the programme to interlink gas networks in Ireland and the United Kingdom and the programme to develop the gas network in Greece.

Euroform has been allocated ECU 300 million for transnational measures to develop new qualifications, new skills and new employment opportunities with a view to promoting convergence at Community level in this area. 14 applications for assistance were presented under Euroform and approved in 1991: 13 operational programmes and one global grant (Germany). Italy, Belgium and the United Kingdom each submitted two applications and the other Member States one application each, except for Luxembourg, which has not applied. All the programmes received are innovative and concern the following areas: SMEs, sensitive sectors such as the textile industry and the environment, the development of new technological skills and the strengthening of other Community programmes such as Force and Eurotecnet.

The Now initiative has been allocated ECU 120 million and aims at promoting equal opportunities to enable women to benefit from the positive effects of economic growth and technological development. 14 operational programmes and one global grant (Germany) were submitted by the Member States and approved in 1991, i.e. one form of assistance for each Member State except Belgium, Italy and the United Kingdom, which each submitted two applications. The measures to be part-financed are tailored in particular to the needs of women in long-term unemployment; they concentrate on guidance, counselling and pretraining. The main areas targeted are the technical, scientific and computing sectors, where women are still underrepresented. Now also places particular importance on the problems of child-minding, making the provision of crèche facilities one of the selection criteria for projects in most Member States.

Horizon, allocated ECU 180 million, aims at improving the economic, professional and social integration of the disabled and certain other disadvantaged groups. 15 applications for assistance have been approved: 14 in 1991 and the last, for Ireland, in February 1992. The forms of assistance are 14 operational programmes and one global grant (Germany). The programmes consist of two parts: one part concerns the disabled (physically and mentally handicapped and those with sensory or motor impairments), comprising measures to assist the creation of businesses, training measures to facilitate work in unsheltered environments, the creation of information networks and local services to facilitate the integration of the disabled; the second part concerns the disadvantaged, bringing a transnational dimension to vocational training measures targeting a very disparate group: the marginalized, alcohol and drug abusers, ex-prisoners, migrants and ethnic minorities. The measures presented by Denmark and Luxembourg concern only the disabled.

In addition to the forms of assistance submitted strictly under the three "human resources" initiatives, the Member States have also submitted applications under the heading of technical assistance for the financing of support structures and the preparation of the forms of assistance themselves. ECU 14 million have been granted for such measures.

The Leader initiative, with an allocation of ECU 400 million (1989 prices), is designed to show the importance of direct support for collective rural development initiatives taken by local communities themselves. The innovative nature of this initiative resides in its methodological approach, based on programming and management by those concerned at the local level, development of local resources, integration of projects and the demonstration value of networking the local groups participating in the programme. In each Member State, an intermediary body has received a global grant from the three structural Funds and is responsible for channelling the aid to the various local action groups, whose identity and programme have been specified in the Commission's decisions. The programme has had considerable practical success which proves that it has met a genuine need felt in rural areas. More than 500 local groups have drawn up proposals and 213 groups have been selected during negotiations between the Commission, the Member States and the other authorities appointed to manage the global grants.

All the decisions (with the corresponding commitment of funds) were adopted in two waves, in December 1991 and March 1992. Most of the local groups have begun to implement their programmes. A specialized external body is responsible for organizing the exchange of information and experience between the local groups. This activity was up and running very quickly and is the subject of great interest outside the confines of the Leader network.

1.2 Initial assessment of implementation

Certain characteristics have already emerged from the early experience of introducing and launching the Community initiatives:

- Consistency with the CSFs and Community policies

In all the new Community initiatives, a special effort has been made to seek consistency with the CSFs and other Community policies. This has resulted in complementarity as regards both the content of measures and the financial aspects.

- Transnationality

In the context of strengthening economic and social cohesion, the impact of the three "human resource" initiatives can most clearly be seen in the compulsory transnational dimension of part-financed measures: each promoter must set up an exchange of experience with one of the Objective 1 regions. In the case of Interreg, transnationality has been encouraged by the use of additional funds under Article 10 of the ERDF Regulation, thereby providing financial support to cross-border regions not eligible under Objectives 1, 2 or 5(b).

- New working relations

The creation of programmes under the Community initiatives has generally mobilized a broader range of public services and specialized

bodies than the CSF programmes. Innovative projects have involved wider circles of experts and in some cases made use of new methods.

- Diversification of development tools

The creation of networks and the exchange of specific experience on a given problem area, with the appropriate financial support, has made it possible to experiment with and diversify development tools.

- Geographical and temporal flexibility

It has been possible to adjust the programmes to the central problems addressed by each initiative by introducing some flexibility regarding geographical coverage and timescales. However, some coal-mining areas which meet the eligibility criteria for Rechar, for example, were not included in the list of eligible mining areas published by the Commission because they are situated outside the areas covered by Objectives 1, 2 and 5(b). In order to prevent such anomalies, the Commission has proposed, in COM(92) 2000, that in future Community initiatives should have greater geographical flexibility.

Despite these positive aspects, some difficulties had to be overcome during the initial stages of implementation, in particular:

- Starting up during the period covered by current CSFs

Since the Community initiatives were launched after the CSFs had been adopted, certain Member States had difficulty in making available the necessary national counterpart funds. This delayed the launching of programmes and led some Member States to give less room to the most innovative measures.

- The complexity of building networks

The creation of these Community initiatives inevitably requires an investment of time and effort during the preparatory phase but such operations can have a very positive impact in the long term. This has been the experience of the participants in the local networks under Leader, the networks in the remotest regions under Regis, and the networks of national coordinators for Euroform, Now and Horizon, which are the main means for implementing the transnational measures provided for in these Community initiatives.

Not all the partners (Commission departments and the national authorities particularly) were necessarily familiar with mounting and coordinating transnational operations. However, most of the problems were solved by creating specific management and support structures.

- The negotiation of global grants

The Leader initiative provides for the adoption of global grants in all the Member States, some of which have little experience of this form of assistance under the CSFs and have therefore had to analyse the implications of the procedure for their legislative framework and their public administrative and financial practices before giving their approval. Although this posed certain teething troubles, which simply

emphasize the administrative learning experiences offered by innovative approaches, the decision to opt for this form of assistance did not cause any delays.

- Small-scale programmes

The innovative nature of most of the initiatives posed problems for some authorities more familiar with large infrastructure programmes and aid schemes than with cheaper, less traditional measures which often require more intimate collaboration with the private sector.

The large number of Community initiatives, each allocated accordingly limited resources, led to the preparation of very small regional programmes in Objective 2 and 5(b) areas so as not to exclude them from benefiting from some of the initiatives. This has obviously led to an administrative workload out of all proportion to the small sums of aid involved. On the basis of these initial observations, the Commission is making an effort to speed up the implementation process and encourage better integration with the measures programmed under the CSFs.

2. INNOVATIVE MEASURES

2.1 Article 10 of the ERDF Regulation

Measures under Articles 3(1) of Regulation (EEC) No 2052/88 and 10(1) of Regulation (EEC) No 4254/88 may be mounted in the form of studies or pilot projects to promote "regional development at Community level". Measures under Article 10 were expected to represent 1% of ERDF appropriations over the five-year period, i.e. ECU 388 million (1989 prices), of which ECU 186 million or 48% were committed during the period 1989-91. 28% of the commitments took place in 1991. Article 10 measures may apply throughout the territory of the Community. Since the reform, innovative measures have been introduced in four main fields: spatial planning, cross-border cooperation, cooperation between regions and cities (networking) and urban issues, and these continued in 1991. Guidance was received from the second and third informal meetings of ministers responsible for regional policy and regional planning held respectively in Turin in November 1990 and The Hague in November 1991.

- Spatial planning: Europe 2000

On 16 October 1991 the Commission approved the publication of "Europe 2000 - Outlook for the development of the Community's territory"(*). Ministers responsible for regional policy and regional planning welcomed this new initiative by the Commission at their meeting in The

(*) available from Office publications of the European Communities, catalogue N° CX-71-91-518-EN-C

Hague in November 1991 and agreed on a set of policy implications and follow-up measures which included establishment of a new Committee on Spatial Development.

Europe 2000 breaks new ground in considering regional planning at the European level. It is no masterplan for Europe, but it provides planners and decision makers with a reference framework which is Community-wide rather than national or regional.

The document gives an insight into major development trends and their impact on the Community's territory. Its first, more sectorally oriented section covers the demographic and economic context, transport, information technology, telecommunication and energy infrastructure and their importance for spatial coherence in the Community, as well as the prospects for the environment and quality of life. In a second more spatially oriented section, specific types of areas in the Community, such as urban, rural, mountain and coastal areas, islands and border regions, are analysed in terms of their current situation and the prospects for their future development.

The construction of a Europe without frontiers will strengthen relations between regions in different Member States. "Europe 2000" identifies a number of areas where the Community can assist in this process by promoting overall coherence in the use of the Community's territory. By doing so it can contribute to the Community's objective of getting the best possible results for all regions from the single internal market and ensuring in particular that currently disadvantaged regions share fully in that prosperity.

In order to promote a bottom-up approach to the development of relationships between regions and to encourage new ways of thinking which transcend national frontiers, the Commission has launched a series of transregional and external impact studies. Seven groups of Community regions have been selected for this on the basis of geographical proximity and their developing mutual relationship. In addition, three studies are under way to analyse the impact of spatial influences from outside on the Community.

So the "Europe 2000" exercise must be seen as a start of a process whereby issues and trends relating to the effective use of the Community's territory will be continuously analysed and updated. Further reports will follow periodically.

- Cross-border cooperation

The main task of 1991 was the negotiation with Member States of Interreg operational programmes as 25 of 31 programmes submitted included requests for Article 10 funds. This work followed support in the previous year for pilot projects in border areas which were eligible for Interreg support under Objectives 1, 2 and 5(b) and the setting up of an observatory on cross-border cooperation, now known as LACE, which offers technical assistance, information and advice to those working in the field. By December 1991, 12 of the 16 Interreg

approved programmes included the use of Article 10 funds, involving a Community contribution of approximately ECU 100 million (at 1989 prices) in addition to Interreg's ECU 800 million.

- Networking and interregional cooperation

Since 1989, the Commission has promoted an action programme for cooperation between regions and cities of the Community which has two main elements.

Firstly, the Exchange of Experience Programme is designed to support exploratory contacts and links to exchange information and identify areas for potential joint action. In 1991, more than 100 such exchanges were arranged in cooperation with the AER (Assembly of European Regions), CEMR (Council of European Municipalities and Regions) and IULA (International Union of Local Authorities).

Secondly, the Regional Network Programme started on an experimental basis in 1990 with 12 network pilot projects and was then formalized in 1991 through the Recite programme, with calls for proposals published in the Official Journal. This produced a response from over 200 applicants and 21 projects were selected in December 1991. The aim behind the networks programme is to encourage specific cooperation projects, for example joint marketing, research, joint purchasing and technology transfer. Two specific networks, Ecos and Ouverture, have been set up to strengthen links with regions in eastern Europe.

Measures of this type have the potential to be an important instrument of future Community regional policy, especially in terms of helping regions across the Community to work together and promoting the transfer of know-how from the more developed regions to those less well endowed.

- Urban pilot projects

In 1991, eight innovative urban pilot projects were launched to test some new ideas on urban renewal and the delivery of urban policies within the Member States. Pilot projects help the Commission to identify where future policies may make an impact and which innovative ideas can be adopted elsewhere. They also demonstrate a need for small-scale but comprehensive measures to tackle the socio-economic development of urban districts in serious decline. The gap between poor and rich districts appears to be widening, thus further threatening the cohesion of the regions in which these cities are located.

These eight pilot projects address three important themes which are relevant to developing the synergy between cities and their regions. These are urban renewal, with the aim of helping run-down areas integrate into the economic mainstream of the city and region (Aalborg, Copenhagen and Lyon), the economic regeneration of historic centres (Thessaloniki and Lisbon) and better coordination between economic and environmental goals (Stoke-on-Trent, Belfast and Madrid).

The interesting ideas being explored here range from better planning of urban renewal to social integration and preservation and presentation of the cultural and industrial heritage. All projects include exchanges of experience with other cities. The dissemination of results is important to making best use of the lessons emerging from these pilot projects.

2.2 Innovative measures financed by the ESF

Article 1(2) of the ESF Regulation restricts the amount which may be used to finance innovative measures, technical assistance, social dialogue and guidance and advice for the long-term unemployed to 5% of the annual budget of the Social Fund.

The technical assistance measures described in Chapter I. With regard to social dialogue, i.e. measures targeting employees in businesses in several Member States concerning the transfer of specific know-how regarding the modernization of the production apparatus, the Commission set up a number of mechanisms in 1991.

The innovative vocational training measures are intended to validate new hypotheses relating to content, methodology and organization. Most of the principal measures part-financed in 1991 concern methods and content.

(a) Methods

Innovative measures provide an opportunity to break out of the confines of traditional thinking on methods. In Ireland, for example, "development" has been given pride of place over "training" in the initiative entitled "year to management", in which development is seen as allowing businesses themselves to develop training measures which are more precisely targeted and more in tune with the enterprise culture.

Still in Ireland, the innovative approach of a pilot project relating to the fight against long-term unemployment focuses on a number of points:

- individual follow-up;
- short spells of work in firms, intended not only to familiarize trainees with certain skills, but above all to re-acustom them to working in a business environment;
- follow-up of the training placement to ensure that each trainee is properly reintegrated, an approach which is still uncommon in Ireland.

(b) Content

The new technology sectors are seen as the most likely to provide new jobs in all the Member States.

Greece has made use of these possibilities in its innovative "tele-medicine" programme, which relies on telematics to make up for inadequate infrastructures. Initially, medical staff on the Greek islands were trained in the use of computers to enable remote diagnosis and communication with the hospitals in Athens. The equipment and know-how were provided by the Ministry of Health and various medical bodies (including the Italians and the French). By providing the populations of the islands with some autonomy in the treatment of benign diseases, this type of measure helps to reduce the isolation of such areas. In view of the success of this initiative, it has been extended to sailors and residents of mountainous areas.

One of the most important features of innovative measures is their multiplier effect: their results must be disseminated for the use of other promoters and have an impact on the existing training system which will increase its effectiveness. The Greek programme was successful in this, as dissemination of the model prompted the Portuguese authorities to consider using the same plan of action for vocational training in the Azores.

2.3 Article 8 of the EAGGF

Article 8 of Regulation (EEC) No 4256/88⁽¹⁾ was first applied in 1989 to continue and expand the measures provided for in Article 22 of Regulation (EEC) No 797/85⁽²⁾.

During 1991, Community funding totalling ECU 10 million was granted to 24 projects, most of which were demonstration projects concerning, for example, the cultivation of aromatic and medicinal plants in the islands of the northern Aegean (Greece), the contribution of livestock farming to the upkeep and protection of forests in Provence (France), making better use of cork oaks by means of mycorrhization with *Tuber* spp. (truffles) in Sardinia (Italy), flax growing (Italy), crops of interest to the chemicals industry in Mediterranean areas of Sicily (Italy), and the potential offered by organic farming as a means of extensification and diversification (United Kingdom). Other part-financed projects concern the combining of different gainful activities in mountain and hill areas, technical assistance in Portugal and the installation of an information and management system for regional measures.

With regard to measures financed in previous years (34 projects), final reports have been presented for various pilot projects: jojoba growing in Italy and Portugal, the farming of cashmere goats in Scotland, extensive stock farming and beekeeping in the Basque Country (Spain), organic farms in Scotland and training in the integrated protection of crops.

Innovative measures financed by the EAGGF therefore allow better assessment of the productive potential of certain non-traditional activities.

(1) OJ L 374 of 31.12.88

(2) OJ L 93 of 30.3.85

CHAPTER IV

THE OTHER FINANCIAL INSTRUMENTS

1. THE GENERAL ROLE OF THE LOAN INSTRUMENTS

The cooperation of the EIB and the other financial instruments in achieving the objectives of the reform of the structural Funds is based on the framework Regulation (EEC) No 2052/88⁽¹⁾ and the coordinating Regulation (EEC) No 4253/88⁽²⁾. The Regulations emphasize the need for coordination and coherence between aid in the form of subsidies and aid in the form of loans, while acknowledging the complementary nature of these two types of instrument. The EIB must therefore be involved in the preparation of the CSFs and the indicative financing plans must specify the contribution of the EIB and the other financial instruments (Article 8 of Regulation No 4253/88)

The trend in 1991 in the contributions of the EIB and the ECSC respectively is discussed in paragraphs 2 and 3 below. The amount of funding granted within the Community reached ECU 13 656 million in respect of the EIB and ECU 1 365 million in respect of the ECSC. These figures include individual loans contracted and the funds allocated to current global loans. The EIB figure includes lending under the New Community Instrument, which amounted to ECU 71 million; no assistance was provided under Euratom in 1991. The loan instruments as a whole exceeded ECU 15 000 million, an increase of 14.5% over 1990.

The growing importance of these instruments underlines the need to intensify coordination and synergy with the structural Funds, with a view to contributing to economic and social cohesion. In this regard, there were some positive developments in EIB activity in 1991 (see paragraph 2.3). In future, coordination between the EIB and the structural Funds will be made easier by the implementation of the new Treaty, and in particular Article 198e, which will allow the EIB to participate in financing investment programmes (over and above the usual approach based on individual projects). The Commission and the EIB are cooperating in preparing concrete measures on this basis.

An improvement in coordination with the ECSC should come about from 1992: the new procedures (OJ No C 59, 6.3.1992) will ensure greater concentration in regions where the structural Funds are active, the application of the partnership and programming at a regional level.

(1) OJ L 185 of 15.7.88

(2) OJ L 374 of 31.12.88

2. THE CONTRIBUTION OF THE EIB

2.1 Introduction

The EIB assists primarily in its capacity to provide long-term loans at generally attractive interest rates and in the same manner across the Community. The EIB finances investments to implement Community policies, of which regional development represents its number one priority and to which the EIB allocates most of its resources. In these regions, as elsewhere, the EIB finances improvements to transport and telecommunications networks of Community importance, environmental protection projects and improvements in energy supply, and investments to increase business productivity (particularly SMEs).

In 1991 direct loans to individual projects represented more than three quarters of the total lending approved by the EIB, while credits approved on global loans administered by financial intermediaries reached almost one quarter of total lending. As NCI activity was much reduced, only "own resources" loans are subsequently discussed.

2.2 Concentration

Table VI.1 shows the degree to which EIB loans in the regions covered by the Objectives of the reform of the structural Funds are concentrated.

In absolute terms, the level of lending approved by the EIB in Objective 1 regions increased substantially (up 26% over 1990). The increase was smaller in Objective 2 and 5(b) regions (9%). As a percentage of total lending, the concentration rate on Objective 1 increased to 32%, the highest level since 1987 when the rate reached 37%.

Within the Objective 1 regions, the level of loans increased primarily in Spain (up 74%; see Table IV.2). This is mainly due to several large-scale infrastructure projects which extend to other regions of the country, such as the modernization of the telephone network. The increases in Portugal and Ireland were 16% and 27% respectively. Loans increased by 6% in Greece, but remain very low as a result of a difficult economic situation nationally and delays in completing projects, among other factors. EIB activity in the Objective 1 regions of Italy increased by 7%. In general terms, Italy still remains the country where EIB lending is most significant. Lastly, the ECU 127 million lent to Northern Ireland, following no lending in 1990, should be noted.

As for Objective 2, the growth in loans in Germany (up 98%) and Spain (up 63%) should be noted. The figures relating to Objective 2 in Germany include the new Länder, where there has been a very rapid take-up of funding. On the other hand, there was a fall-off in Objective 2 regions in Britain, which contrasts with the increase in the total of EIB loans in this Member State.

Overall, therefore, progress on concentration in the regions covered by the Objectives of the Reform is in evidence and must be consolidated by paying greater attention to the Objective 1 regions, in particular Greece, Spain and the new German Länder.

2.3 Synergy with structural Fund assistance

In general, as the method used for achieving coordination between the EIB and the structural Funds did not change in 1991, ex-ante coordinated programming has remained at the same level as before. Like the CSFs drawn up for Objective 1 regions, the CSFs for the new German Länder contain estimates of EIB funding: ECU 500 million a year in the period 1991-93.

However, a significant percentage of the projects funded by the EIB contributed to development priorities and to measures laid down in the CSFs. In total, 66% of the loans in the regions eligible under Objectives 1, 2 and 5(b) corresponded to the objectives of CSFs, as against 64% in 1990. The position in the United Kingdom improved in this regard, whereas in other countries, notably Greece and Ireland, the correlation with the CSFs decreased. As before, it is mainly individual loans in Objective 2 regions which do not reflect the measures in the CSFs (see Table IV.3). Often these are infrastructure projects which were not included for financing under the CSFs.

Table IV.3 sets out individual loans and global loans separately, as the same information is unavailable for the two categories. It should be noted that the conformity of the projects with the measures in the CSFs is a matter of interpretation and multiregional or multisectoral projects cannot always be identified (see the amount of non-attributable loans in Table VI.1: these loans are not included in the other tables).

In the regions eligible under Objectives 1, 2 and 5(b), the proportion of individual loans associated with assistance from the structural Funds has continued to expand rapidly, moving up from 13% in 1989 to 20% in 1990 and 37% in 1991. This expansion occurred mainly in Spain, where the percentage of associated loans reached 31%, in Italy (39%), Portugal (92%) and in the United Kingdom (21%). In Ireland the rate dropped from 56% in 1990 to 44%.

Looking at the movement in each sector (see Table IV.4), several interesting trends can be observed. In the Objective 1 regions there is a significant rise in individual lending in the transport, energy and agriculture sectors, in industry and services. On the other hand, there is no increase in funding towards global loans. In Ireland in particular, recourse to this mechanism remains very restricted compared to the growth in direct lending. One of the reasons for this could be the relative lack of competitiveness; the trend in Ireland can be explained in part by the availability, in certain cases and until the end of 1991, of sources of short-term credit benefiting from tax concessions. In the Objective 2 and 5(b) regions, the telecommunications and energy sectors show a notable rise in individual

loans and although individual loans to agricultural businesses, industry and services are decreasing, funding by means of global loans is on the increase.

To conclude, coherence between EIB funding and the CSFs remains overall at the level of previous years, although the trends observed point to an increase in operations combining loans and grants on the ground.

3. THE CONTRIBUTION OF THE ECSC

3.1 Introduction

The ECSC contributes in three ways to the objective of economic and social cohesion, viz.: loans, interest rebates on loans and aid for retraining.

ECSC loans differ from commercial loans by virtue of their longer duration on average (although shorter than EIB loans) and their generally lower interest rates. They fall into two main categories:

- loans granted on the basis of Article 54 of the ECSC Treaty, to the coal and steel industries and to investments in infrastructure on a European scale which use coal and steel and
- conversion loans (Article 56) to finance job-creation investments in a wide range of other industries.

Interest rebates are mainly granted in respect of conversion loans, and as a general rule run to a maximum of 3% over 5 years. The rebates are funded by the operating budget of the ECSC.

This budget also provides aid for the retraining of workers in the two industries (ECU 184 million in 1991). The Commission has just begun to examine the possibilities of improving coordination of this expenditure category, which is very specific in nature.

3.2 Concentration of loans and interest rebates

The allocation of loans and interest rebates continued in 1991 using the "on tap" system and the sectoral eligibility criteria specific to the ECSC. In comparison to 1990 the total amount of loans paid out in the regions eligible for structural Fund assistance increased by 14%, with a significant rise in conversion loans (28%; see Table IV.5).

Outside these regions lending activity increased even more rapidly, however, leading to a drop in the concentration rate in the assisted areas. Thus, 70% of conversion loans went to Fund-assisted regions, as against 80% in 1989-90. This phenomenon occurred in all countries, except Spain, and the allocation of the interest rebates was similarly affected. The new coordination procedures mentioned earlier should reverse the trend (in respect of conversion loans), given that the interest rebates will henceforth be concentrated in the regions assisted by the Funds.

Looking in detail at each Member State (see Table IV.6), it can be seen that the greatest share of loans continues to benefit Objective 2 regions, particularly in the United Kingdom and Germany, where the ECSC employment areas are mainly situated. The growth in loans in Belgium and Germany was particularly high, doubling in the Objective 2 regions of Germany, which regions accounted for the entire increase in Objective 2 conversion loans in 1991.

ECSC loans were made for the first time in the new Länder, included here under Objective 1. As for the Objective 1 regions of Spain, the large increase in direct conversion loans should be noted. No loans were made in Greece, Ireland, Portugal or Denmark.

3.3 Synergy with structural Fund assistance

Since the beginning of the reform, the CSFs have generally mentioned the ECSC loans as a "reminder" item; ex-ante programming was not possible. This position remained unchanged in 1991: ECSC contributions still remain outside the programming and partnership systems created for the structural Funds. Of course, even without ex-ante coordination, a good number of ECSC loans also contributed in 1991 to the development priorities set out in the CSFs. Thus, global loans, which constitute 78% of disbursements, benefit SMEs in particular.

A step towards better integration was achieved with the launch of Rechar. Under this programme, ECSC interest rebates are restricted to the regions involved, alongside funding from the ERDF and ESF. In 1991 ECU 20.5 million in ECSC rebates were committed under Rechar. A substantial improvement in synergy with the structural Funds is expected from the new coordination procedures already mentioned. Their implementation will be accompanied by promotional measures to heighten awareness in those regions which had not taken sufficient advantage of the rebates.

CHAPTER V

BUDGET EXECUTION IN 1991

1. BUDGET EXECUTION IN 1991

After the budgets of 1988, 1989 and 1990, the amounts entered in the 1991 budget represent the fourth annual step towards the goal of doubling the commitment appropriations of the structural Funds by 1993 in comparison with 1987. 1991 is the also third year of implementation of the reform since the adoption of the majority of the Community support frameworks.

The budget presentation of appropriations in 1991 was marked by greater detail than in previous years insofar as the appropriations for the financing the CSFs were broken down by Fund and by Objective. The appropriations for the Community initiatives were broken down only by Fund and were included with the appropriations for transitional measures and innovatory schemes.

2. BUDGET EXECUTION IN 1991 BY OBJECTIVE

Table V.1 gives a breakdown by Objective of the appropriations of all the structural Funds. For each Objective, the figures represent the appropriations intended for financing CSFs and Community initiatives.

Table V.1

Budget execution by Fund and Objective

(million ECU, 1991 prices)

DISTRIBUTION 1991						
	EAGGF agric.	EAGGF fish.	ERDF	ESF	All Funds	%
Objective 1	1440.8	29.0	4872.4	2281.4	8623.6	63.0
Objective 2	-	-	1243.3	346.0	1589.3	11.6
Objectives 3-4	-	-	-	1707.7	1707.7	12.5
Objective 5(a)	631.2	23.4	-	-	654.6	4.8
Objective 5(b)	260.2	-	360.8	94.5	715.5	5.2
Transit. measures and innov. schemes	75.9	-	235.1	87.0	398.0	2.9
TOTAL	2408.1	52.4	6711.6	4516.6	13688.7	100.0
New Länder		123.3	506.7	270.0	<u>900.0</u>	
					14588.7	

3. THE DISTRIBUTION OF APPROPRIATION AND 1991 EXECUTION BY FUNDS

The utilization rate of appropriations in 1991 was very satisfactory in that it reached or even exceeded 99% for each Fund (see Table V.2). A sluggish take-off in executing appropriations was experienced during the first two years, mainly because of delays in implementation of the Community initiatives. In accordance with the Financial Regulation and the Interinstitutional Agreement, all the unutilized appropriations were either carried over to the following budget year or transferred to later budget years.

Table V.2

Distribution of budget appropriations and execution in 1991

(million ECU, 1991 prices)

	EAGGF agric.	EAGGF fish.	ERDF	ESF	All Funds	New Länder
Appropriations in the budget	2378.0	52.4	6725.0	4312.0	13467.4	900.0
Appropriations carried over	-	-	-	217.8	217.8	-
Appropriations reconstituted	48.6	0.6	-	-	49.2	-
Transfers	-	-	-	-	-	-
Total of avail. appropriations	2426.6	53.0	6725.0	4529.8	13734.4	900.0
Execution	2408.1	52.4	6711.6	4516.6	13688.7	900.0
Appropriations not used	18.5	0.6	13.4	13.2	45.7	-
Implementation	9.2%	98.9%	99.8%	99.7%	99.7%	100.0%

The commitment appropriations not used in 1991 are considerably reduced compared with 1990. At current prices, they account for ECU 45.7 million in 1991 prices against ECU 712.2 million in 1990. This positive outturn results in an execution rate of 99.7% for the total of commitment appropriations available.

The utilization of payment appropriations under the 1991 budget is also satisfactory. The figures in Table V.3 show that the utilization rate of payment appropriations was 99.0%, comparable with the rate of 99.4% in 1990 and higher than the rate of 96.8% in 1989. This rate can be compared favourably with the utilization rate of the Community budget as a whole, which was 93.7% in 1991.

In the new Länder of Germany, both commitment and payment appropriations have been 100% used.

Table V.3

Execution of 1991 payment appropriations

	(million ECU, 1991 prices)					
	EAGGF agric.	EAGGF fish.	ERDF	ESF	All Funds	new Länder
Payment approps available	2051.0	54.0	6309.0	4059.0	12473.0	450.0
Execution	2051.0	34.4	6229.6	4030.0	12345.0	450.0
Approps not used	-	19.6	79.4	29.0	128.0	-
Execution	100.0%	63.7%	98.7%	99.3%	99.0%	100.0%

Table V.4 shows the amounts of commitments remaining to be liquidated at the end of each budget year since the reform. This covers amounts committed in the previous year or years which have to be converted to payments in the following years.

The amounts of commitments remaining to be liquidated continue to grow from year to year, although the pace slowed down in 1991. This increase is explained by the rapid growth of commitment appropriations, which was 22% between 1990 and 1991, rather than a slowdown in payments.

Table V.4

Commitments remaining to be liquidated

	(million ECU, current prices)			
	* = not including new Länder			
	31.12.1988	31.12.1989	31.12.1990	31.12.1991
EAGGF, agric.	1214.2	1266.7	1337.2	1617.3
EAGGF, fish.				65.4
ERDF	6878.4	7529.0	8071.6	8480.6
ESF	2059.8	2261.6	2539.5	2409.4
All Funds	10152.4	11057.3	11948.3	12572.7
New Länder		-	-	450.0
Increase over last year	-	8.9%	8.0%	* 5.2%

4. DEVELOPMENT OVER THE PERIOD 1989-1991

Budget execution with regard to commitment appropriations by Objective is presented on an annual basis in Table V.5. To facilitate comparison, these figures are given in 1989 prices.

Table V.5

Budget execution for all the structural Funds

	1989	1990	(million ECU, 1989 prices)		
			1991	1989-1991 million ECU	%
Objective 1	6137.0	6352.1	7957.6	20446.7	62.8
Objective 2	1060.0	1325.1	1466.5	3851.6	11.8
Objectives 3-4	1332.0	1316.2	1575.8	4224.0	13.0
Objectif 5(a)	516.0	736.3	604.0	1856.3	5.7
Objectif 5(b)	232.0	194.6	660.2	1086.8	3.3
Transit. measures and innov. schemes	330.0	370.4	367.3	1067.7	3.3
Total	9607.0	10294.7	12631.5	32533.2	100.0
New Länder	-	-	900.0	900.0	-

The 1989-91 commitments under each Objective include the Community initiatives as well as the CSFs and are not therefore directly comparable with the figures presented in Tables I.1 and II.1 to 7.

Article 12(3) of Regulation (EEC) No 2052/88 specifies that the annual funds allocated by the structural Funds in the Objective 1 regions should double in real terms by 1992 compared to 1987, and grow in a linear fashion from 1988 to 1990. These provisions resulted in allocation to the Objective 1 of the amounts indicated in 1988 prices in Table V.6. These amounts are also presented in 1989 prices in order to allow a comparison with outturn in terms of annual commitments in 1989 prices. Budget execution in 1990 was lower than forecast but a significant amount of catching-up was achieved in 1991. The outturn already attained in terms of commitments in the 1989-91 period also exceeds the total amount planned for the first three years of the reform. In 1989-91, execution covered ECU 20 447 million, which one can compare with the figure of ECU 20 340 allowed for in order to achieve a doubling by 1992.

Table V.6

Budget appropriations for Objective 1: forecasts and outturn

(million ECU, in '88 and '89 prices)						
	1987	1988	1989	1990	1991	1989-91 total
<u>Forecasts</u>						
1988 prices	4084	4901	5718	6534	7400	19652
1989 prices	4427	5072	5918	6763	7659	20340

<u>Outturn</u>						
1989 prices			6137	6352	7958	20447

5. CONCENTRATION OF ERDF RESOURCES

Under Article 12 of Regulation (EEC) No 2052/88, the ERDF can devote approximately 80% of its resources to the regions covered by Objective 1.

In 1991, the share of Objective 1 in ERDF resources devoted to Objectives 1, 2 and 5(b) (other than funds for transitional measures and innovative schemes) was 75.2% compared with 75.8% in 1990 and 80.6% in 1989 (see Table V.7).

The Commission continues to consider that concentration to the benefit of the Objective 1 regions should be evaluated over the whole five-year period. However, it is already possible to form a general picture since, at the end of 1991, almost all the decisions on forms of assistance has been taken and practically all of the overall budget had been allocated. Over the 1989-93 period, it is estimated that execution of ERDF funds under the CSFs and Community initiatives will amount to ECU 29 900 million (1989 prices) for Objectives 1, 2 and 5(b). It is further estimated that the share of Objective 1 in this total will be about 77.5% or ECU 23 170 million ecus. Although this share is less than the target of 80%, it represents a major increase in relation to the period before 1988 when the ERDF accounted for only approximately two thirds of the Funds.

Table V.7
Share of the ERDF in Objective 1 allocations
as a percentage of total ERDF expenditure
excluding transitional measures and
innovative schemes

(in 1989 prices)			
1989	1990	1991	1989-91 total
80.6%	75.8%	75.2%	76.9%

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ANNEXES

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Table I.1

Amounts of aid provided for under the CSFs and commitments and payments (1989-1991)

Objective	ECU million, 1989 prices				
	Aid provided for 1989-1991	Commitments 1989-1991		Payments 1989-1991	
	ECU million	ECU million	% (1)	ECU million	% (2)
1	19 630	19 622	100	13 753	70
2	3 900	3 735	96	2 284	61
3 and 4	4 049(3)	4 066	100	2 948	73
5(a)	- (4)	1 814	-	1 555	86
5(b)	1 098	962	88	596	62
Total	28 677	30 199	-	21 136	70
New Länder	900	900	100	450	50

(1) As a percentage of the amounts provided for in the CSFs for 1989-91.

(2) As a percentage of the commitments for 1989-91.

(3) Including ESF measures in 1989.

(4) Objective 5(a) is only partly programmed within the CSFs. Programmed aid amounts to ECU 450 million.

NB These figures are broken down by Objective and by Fund in Tables II.1 to II.6.

Table I.2

Number of forms of assistance approved under the CSFs
by Objective

Objective	Number of forms of assistance approved		
	1991	1989-1990	Total
1	51	303	354
2	19	138	157
3 and 4	4	99	103
5(a) Agriculture and forestry	30	-	30
5(a) Fisheries and aquaculture	10	-	10
5(b)	66	5	71
Total	180	545	725

N.B. In addition, 32 operational programmes for the new Länder were approved in 1991.

Source : Statistical Bulletin, July 1992, EEC, DG XXII.

Table I.3Decisions under the Community initiatives in 1991

<u>Community Initiative</u>	<u>Number of forms of assistance adopted</u>
RECHAR	11
ENVIREG	12
STRIDE	18
REGIS	6
REGEN	2
TELEMATIQUE	4
PRISMA	3
INTERREG	14
LEADER	9
NOW	15
HORIZON	15
EUROFORM	14
TOTAL	123

Table I.4

Technical assistance provided for in the CSFs
(Objectives 1,2,3 and 4)
(ECU million 1989)

<u>Technical assistance</u>				
	ERDF	ESF(*)	EAGGF	TOTAL
CCA OBJECTIF 1				
(1989-1993)				
Italy	25	20	10	55
France	7	4	3.7	14.7
Greece	25	23.5	0	48.5
Portugal	22	15	0.2	37.2
Spain	44	8.8	21	73.8
United Kingdom	1	2.5	1	4.5
Ireland	0.27	14.8	0.10	15.17
Total	124.27	88.6	36	248.87
CCA OBJECTIF 2				
(1989-1991)				
Belgium	0.06	1.30		1.36
Denmark	0.10	0.10		0.20
Germany	1.10	2.24		0.34
France	0.85	2.18		3.03
Luxembourg	0.00	0.00		0.00
Italy	0.75	3.00		3.75
Netherlands	0.30	0.56		0.86
Spain	1.41	1.15		2.56
United Kingdom	0.00	0.0		0.00
Total	4.57	10.53		15.10

(*) All aid provided for in CSFs in relation to article 1.2 of the ESF regulation

Table I.4 (cont'd)

(ECU million 1989)

ESF *

CCA OBJECTIVES 3 & 4
(1990-1992)

Belgium	7.44
Denmark	4.00
Germany	5.16
France	34.80
Luxemburg	0.07
Italy	27.00
Netherlands	9.70
Spain	5.60
United Kingdom	10.00

TOTAL	103.77
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* All aid provided for in the CSFs in relation to article 1.2 of ESF regulation

Table 1.5

Technical assistance provided for under the forms of assistance
adopted in 1989-91

(ECU million price of decision)

<u>T E C H N I C A L A S S I S T A N C E</u>				
	ERDF	ESF	EAGGF	T O T A L
OBJECTIVE 1				
Italy	13.94	24.1	0	13.9
France	7.31	2.1	0	9.41
Greece	22	14.26	7.27	43.53
Portugal	46.31	7.01	0	53.32
Spain	14.78	10.79	0	25.57
United kingdom	3.75	0.87	0	4.62
Ireland	6.85	0.33	0	7.55
TOTAL	114.94	59.46	7.64	182.04
OBJECTIVE 2				
Belgium	0.31	1.31		1.62
Denmark	0.14	0.10		0.24
Germany	1.92	1.48		3.32
France	0.63	1.9		2.53
Luxembourg	0	0		0
Italy	0.73	3.2		3.93
Netherlands	0.32	0.4		0.72
Spain	1.91	1.2		3.11
United Kingdom	0	0		0
TOTAL	5.96	9.51		15.47

(provisional figures)

Table I.5 (cont'd)

(ECU million price of decision)

Technical assistance

ESF

OBJECTIVES 3 & 4

Belgium	7.79
Denmark	4.33
Germany	3.96
France	38.12
Luxemburg	0.019
Italy	33.85
Netherlands	9.43
Spain	5.669
United Kingdom	10.00
<hr/>	
TOTAL	113.169

Table I.6

Technical assistance provided for in the
CSFs and all forms of assistance (1) for objective 5b

	Technical assistance				(millions d'écus 1989) Provided for in	
	ERDF	ESF*	EAGGF	TOTAL	CSFs	Forms of Ass.
OBJECTIVE 5b						
Belgium	0.02	0.08	-	0.10		*
Denmark	-	-	-	-		
Germany	0.26	3.37	1.33	4.96		*
France	2.14	2.16	5.31	9.61	*	*
Luxemburg	-	-	-	-		
Italy	1.67	1.07	2.39	5.13	*	
Netherlands	-	-	-	-		
Spain	-	-	-	-		
Uted Kingdom	-	-	-	-		
Total	4.08	6.68	9.03	19.79		

(1) Excluding C.I.

* Tous les concours prévus dans les CCA au titre de l'article 1.2 du règlement FSE.

Table I.7

Technical assistance at the initiative of the Commission

Appropriations for technical assistance
at the initiative of the Commission

(ECU million - current prices)

COMMITMENTS		
1989	1990	1991
6.78	8.83	15.4

Table II.1
Financial Implementation Objective 1
 ECU million (1989 prices)

Member States	Fund	Assistance planned in the CSFs	1989 - 1991		Commitments/ Estimates	Payments/ Commitments
			Commitments	Payments		
Greece	ERDF	1 974	1 939	1 328	98%	68%
	ESF	959	973	693	102%	71%
	EAGGF	777	748	582	96%	78%
Total Greece		3 710	3 660	2 603	99%	71%
Spain	ERDF	3 405	3 556	2 750	104%	77%
	ESF	1 211	1 279	867	106%	68%
	EAGGF	620	759	612	122%	81%
Total Spain		5 236	5 594	4 229	107%	76%
France	ERDF	225	136	101	60%	74%
	ESF	177	213	145	121%	68%
	EAGGF	89	140	101	157%	73%
Total France		491	489	347	100%	71%
Ireland	ERDF	867	800	706	92%	88%
	ESF	783	1 004	700	128%	70%
	EAGGF	354	397	344	112%	87%
Total Ireland		2 004	2 201	1 751	110%	80%
Italy	ERDF	2 657	2 494	1 153	94%	46%
	ESF	939	780	493	83%	63%
	EAGGF	441	413	249	94%	60%
Total Italy		4 037	3 687	1 895	91%	51%
Portugal	ERDF	1 939	1 885	1 417	97%	75%
	ESF	1 095	1 003	656	92%	65%
	EAGGF	645	698	525	108%	75%
Total Portugal		3 679	3 586	2 598	97%	73%
United Kingdom	ERDF	206	193	133	94%	69%
	ESF	190	191	140	101%	73%
	EAGGF	77	76	56	98%	74%
Total United Kingdom		473	460	329	97%	71%
Total ERDF		11 273	11 003	7 588	98%	69%
Total ESF		5 354	5 444	3 693	102%	68%
Total EAGGF		3 003	3 231	2 470	108%	76%
Total Objective 1		19 630	19 678	13 751	100%	70%

Table 11.2

Financial Implementation New Länder

ECU million (1991 prices)

	Fund	Assistance planned in the CSFs	1991		Commitments/ Estimates	Payments/ Commitments
			Commitments	Payments		
New	ERDF	500	507	253	101%	50%
Länder	ESF	270	270	156	100%	58%
	EAGGF	130	123	40	95%	33%
Total New Länder		900	900	450	100%	50%

Table 11.3

Financial Implementation Objective 2

ECU million (1989 planned)

Member States	Fund	Assistance planned in the CSFs	1989 - 1991		Commitments/ Estimates	Payments/ Commitments
			Commitments	Payments		
Belgium	ERDF	146	145	77	99%	53%
	ESF	49	57	24	117%	41%
	EAGGF	0	0	0		
Total Belgium		195	202	101	103%	50%
Denmark	ERDF	22	24	17	109%	71%
	ESF	8	8	6	103%	70%
	EAGGF	0	0	0		
Total Denmark		32	32	23	108%	70%
Germany	ERDF	261	271	109	104%	40%
	ESF	94	76	40	81%	52%
	EAGGF	0	0	0		
Total Germany		355	347	149	98%	43%
Spain	ERDF	576	561	373	97%	67%
	ESF	159	159	99	100%	63%
	EAGGF	0	0	0		
Total Spain		735	719	472	98%	68%
France	ERDF	515	481	291	93%	60%
	ESF	185	179	131	97%	73%
	EAGGF	0	0	0		
Total France		700	660	422	94%	64%
Italy	ERDF	179	171	71	96%	41%
	ESF	86	64	57	75%	89%
	EAGGF	0	0	0		
Total Italy		265	235	128	89%	54%
Luxembourg	ERDF	15	5	4	32%	85%
	ESF	0	0	0		
	EAGGF	0	0	0		
Total Luxembourg		15	5	4	32%	85%

ECU million (1989 prices)

Member States	Fund	Assistance planned in the CSFs	1989 - 1991		Commitments/ Estimates	Payments/ Commitments
			Commitments	Payments		
Netherlands	ERDF	57	42	16	74%	38%
	ESF	38	33	20	86%	63%
	EAGGF	0	0	0		
Total Netherlands		95	75	36	79%	49%
United Kingdom	ERDF	1 159	1 128	705	97%	62%
	ESF	351	332	245	94%	74%
	EAGGF	0	0	0		
Total United Kingdom		1 510	1460	950	97%	65%
Total ERDF		2 930	2 827	1 663	96%	59%
Total ESF		970	907	621	94%	68%
Total EAGGF		0	0	0		
Total Objective 2		3 900	3 735	2 284	96%	61%

Table II.4

Regional allocations proposed to the Member States
for the Objective 2 regions
for the period 1992-93

(ECU million - 1992 prices)

	<u>ERDF</u>	<u>ESF</u>	<u>TOTAL</u>
Antwerpen prov.	11.84	2.60	14.44
Hainaut	25.27	1.89	27.16
Liège prov.	24.63	1.89	26.52
Limburg	14.83	13.45	28.28
Luxembourg	0.33	0.24	0.57

TOTAL BELGIUM	76.90	20.07	96.97

Vestlolland	3.48	0.38	3.86
Nordjylland	5.53	2.20	7.73

TOTAL DENMARK	9.01	2.58	11.59

Nordrhein-Westfalen	136.64	34.16	170.80
Bremen	18.07	9.73	27.80
Salzgitter-Peine	3.46	2.04	5.50
Emden	1.27	0.83	2.10
Saarland	13.30	5.70	19.00
Rheinland-Pfalz	4.25	1.45	5.70
Berlin	45.20	24.90	70.10

TOTAL GERMANY	222.19	78.81	301.00

Multiregional	260.09	126.17	386.26
Cantabria	14.69	0.36	15.05
Basque Country	67.77	14.57	82.34
Navarre	9.83	1.21	11.04
Rioja	4.05	0.50	4.55
Aragon	19.66	1.93	21.59
Madrid	30.65	2.16	32.81
Catalonia	113.34	19.75	133.09

TOTAL SPAIN	520.08	166.65	686.73

	<u>ERDF</u>	<u>ESF</u>	<u>TOTAL</u>
Champagne-Ardennes	14.08	3.52	17.60
Picardy	38.25	9.57	47.82
Upper Normandy	30.60	10.00	40.60
Lower Normandy	8.54	2.13	10.67
Burgundy	11.93	2.97	14.90
Nord/Pas-de-Calais	167.57	35.70	203.27
Lorraine	70.28	12.10	82.38
Franche-Comté	19.10	4.77	23.87
Loire Valley	36.16	8.59	44.75
Brittany	16.41	4.22	20.63
Poitou-Charentes	18.98	4.50	23.48
Aquitaine	4.70	1.17	5.87
Midi-Pyrénées	16.01	3.09	19.10
Rhône-Alpes	20.00	5.00	25.00
Auvergne	7.08	1.77	8.85
Languedoc-Roussillon	9.05	1.20	10.25
Provence-Alpes-C. d'A.	12.59	3.15	15.74

TOTAL FRANCE	501.33	113.45	614.78

Piedmont	39.24	20.85	60.09
Valle d'Aosta	2.30	2.30	4.60
Liguria	22.85	10.15	33.00
Lombardy	5.00	1.40	6.40
Veneto	7.20	1.60	8.80
Tuscany	22.35	11.14	33.49
Umbria	10.56	3.53	14.09
Marche	7.10	1.00	8.10
Lazio	6.70	3.20	9.90

TOTAL ITALY	123.30	55.17	178.47

Luxembourg	10.38	0.43	10.81

TOTAL LUXEMBOURG	10.38	0.43	10.81

Groningen.Drenthe	25.20	16.80	42.00
Twente	22.60	5.60	28.20
Limburg	22.94	5.26	28.20

TOTAL NETHERLANDS	70.74	27.66	98.40

	<u>ERDF</u>	<u>ESF</u>	<u>TOTAL</u>
North East England	122.10	47.90	170.00
East England	177.80	32.70	210.50
Midlands	156.30	34.90	191.20
North West England	182.90	112.00	294.90
West Cumbria	7.70	2.30	10.00
North Wales	27.95	3.25	31.20
South Wales	78.50	27.90	106.40
West Scotland	147.80	37.30	185.10
East Scotland	49.00	12.30	61.30
<u>TOTAL UNITED KINGDOM</u>	<u>950.05</u>	<u>310.55</u>	<u>1 260.60</u>
TOTAL	2 483.98	775.37	3 259.35

Table II.5

Financial Implementation Objectives 3 & 4

ECU million (1989 prices)

Member States	Fund	Assistance planned in the CSFs	1990 - 1991		Commitments/ Estimates	Payments/ Commitments
			Commitments	Payments		
Belgium	ERDF	0	0	0		
	ESF	108	98	75	91%	77%
	EAGGF	0	0	0		
Total Belgium		108	98	75	91%	77%
Denmark	ERDF	0	0	0		
	ESF	67	67	58	100%	86%
	EAGGF	0	0	0		
Total Denmark		67	67	58	100%	86%
Germany	ERDF	0	0	0		
	ESF	370	429	308	116%	72%
	EAGGF	0	0	0		
Total Germany		370	429	308	116%	72%
Spain	ERDF	0	0	0		
	ESF	371	363	281	98%	77%
	EAGGF	0	0	0		
Total Spain		371	363	281	98%	77%
France	ERDF	0	0	0		
	ESF	581	572	523	98%	91%
	EAGGF	0	0	0		
Total France		581	572	523	98%	91%
Italy	ERDF	0	0	0		
	ESF	362	304	234	84%	77%
	EAGGF	0	0	0		
Total Italy		362	304	234	84%	77%
Luxembourg	ERDF	0	0	0		
	ESF	4	4	3	100%	72%
	EAGGF	0	0	0		
Total Luxembourg		4	4	3	100%	72%

ECU million (1989 planned)

Member States	Fund	Assistance planned in the CSFs	1990 - 1991		Commitments/ Estimates	Payments/ Commitments
			Commitments	Payments		
Netherlands	ERDF	0	0	0		
	ESF	143	146	132	103%	90%
	EAGGF	0	0	0		
Total Netherlands		143	146	132	103%	90%
United Kingdom	ERDF	0	0	0		
	ESF	690	750	642	109%	85%
	EAGGF	0	0	0		
Total United Kingdom		690	750	642	109%	85%
Total ERDF		0	0	0		
Total ESF		2 696	2 734	2 256	101%	83%
Total EAGGF		0	0	0		
Total Objectives 3 & 4		2 696	2 734	2 256	101%	83%

Table II.6

Objective 5(a)

Processing and marketing
of agricultural and forestry products (A)
and aquaculture and fisheries products (B)

Allocation of appropriations by Member States for 1991-93
 and EAGGF assistance for operational programmes
 approved in 1991 (in constant 1991 ecus)

Country	ECU million (1991 prices)			
	appropriations available (1991-93)		amount of EAGGF assistance for operational programmes approved in 1991	
	A	B	A	B
Belgium	19.0	2.4	7.17	1.26
Denmark	15.7	10.1	5.07	2.26
Germany ("old" Länder)	67.9	10.8	23.82	9.12
Greece	115.5	12.1	25.82	3.60
Spain (Obj. 1)	97.6	31.9	28.88	9.00
Spain (other)	50.4	50.4	15.27	2.47
France (Obj. 1)	11.5(1)	1.7	1.72	0.22
France (other)	104.1	21.3	23.25	9.76
Ireland	60.4	11.2	37.66	3.95
Italy (Obj. 1)	80.0	14.1	28.05	4.87
Italy (other)	128.3	8.1	38.48	3.26
Luxembourg	1.2	-	0.69	-
Netherlands	19.0	5.4	6.54	2.25
Portugal	145.4	35.8	42.71	15.07
United Kingdom (Obj. 1)	20.3	2.2	7.57	0.69
United Kingdom (other)	39.3	18.2	14.20	6.17
Total	975.6	190.9	306.90	74.43

(1) CSFs approved in 1992

Table II.7

Financial Implementation Objective 5(b)

ECU million (1989 prices)

Member States	Fund	Assistance planned in the CSFs	1989 - 1991		Commitments/ Estimates	Payments/ Commitments
			Commitments	Payments		
Belgium	ERDF	3	3	2	111%	52%
	ESF	5	4	3	79%	95%
	EAGGF	5	4	2	85%	39%
Total Belgium		12	11	7	89%	62%
Denmark	ERDF	6	6	4	92%	77%
	ESF	2	1	2	58%	158%
	EAGGF	1	1	0	97%	50%
Total Denmark		10	8	7	84%	88%
Germany	ERDF	113	86	43	76%	50%
	ESF	33	24	14	69%	58%
	EAGGF	44	41	22	94%	54%
Total Germany		192	151	79	79%	52%
Spain	ERDF	20	29	15	143%	51%
	ESF	16	16	11	100%	67%
	EAGGF	63	63	48	100%	76%
Total Spain		100	108	73	109%	68%
France	ERDF	179	155	111	87%	71%
	ESF	82	73	39	89%	53%
	EAGGF	131	133	75	101%	56%
Total France		392	361	224	92%	62%
Italy	ERDF	40	32	15	79%	48%
	ESF	21	13	7	64%	49%
	EAGGF	60	53	31	89%	58%
Total Italy		121	99	53	82%	54%
Luxembourg	ERDF	0	0	0	150%	33%
	ESF	0	0	0	0%	
	EAGGF	1	0	0	150%	32%
Total Luxembourg		1	1	0	131%	33%

ECU million (1989 prices)

Member States	Fund	Assistance planned in the CSFs	1989 - 1991		Commitments/ Estimates	Payments/ Commitments
			Commitments	Payments		
Netherlands	ERDF	14	12	8	82%	67%
	ESF	3	3	5	100%	209%
	EAGGF	4	4	2	103%	49%
Total Netherlands		20	18	15	88%	84%
United Kingdom	ERDF	200	164	110	82%	67%
	ESF	37	37	20	98%	53%
	EAGGF	13	9	8	67%	94%
Total United Kingdom		250	209	137	84%	66%
Total ERDF		577	487	306	84%	63%
Total ESF		201	170	101	85%	59%
Total EAGGF		321	309	189	96%	61%
Total Objective 5(b)		1 098	966	596	88%	62%

Table III.1
Number of approved measures approved under
the Community initiatives, broken down
by initiative and form of assistance
1991

(number of forms
of assistance)

	Operational programmes	Global grants	Total approved 1990-1991
RECHAR	11	-	11
ENVIREG	12	-	12
STRIDE	18	-	18
INTERREG	14	-	14
REGIS	6	-	6
TELEMATIQUE	4	-	4
PRISMA	3	-	3
REGEN	2	-	2
LEADER	-	9	9
EUROFORM	13	1	14
NOW	14	1	15
HORIZON	14	1	15
TOTAL	111	12	123

Table III.2
Amounts approved under Community initiatives

(ECU million 1989 prices)

COMMUNITY INITIATIVE PROGRAMMES	FUND CONCERNED	OBJECTIVE CONCERNED	ALLOCATION PROVIDED FOR	ALLOCATION DECIDED	IMPLEMENTATION OF COMMITMENTS IN 1991
RECHAR	ERDF	ad hoc		270	41
	ESF			48	0
TOTAL RECHAR			300	318	41
ENVIREG	EAGGF	1,2,5(b)		18	5
	ERDF			473	137
	ESF			9	0
TOTAL ENVIREG			500	500	142
STRIDE	ERDF	1,2		379	121
	ESF			19	0
TOTAL STRIDE			400	398	121
REGIS	EAGGF	ad hoc		50	2
	ERDF			145	30
	ESF			7	1
TOTAL REGIS			200	202	33
INTERREG	EAGGF	ad hoc		53	6
	ERDF			713	213
	ESF			28	0
TOTAL INTERREG			800	794	219
REGEN	ERDF	1			
TOTAL REGEN			300	320	48
PRISMA	ERDF	1			
TOTAL PRISMA			100	99	15
TELEMATIQUE	ERDF	1			
TOTAL TELEMATIQUE			200	200	31

(ECU million 1989 prices)

COMMUNITY INITIATIVE PROGRAMMES	FUND CONCERNED	OBJECTIVE CONCERNED	ALLOCATION PROVIDED FOR	ALLOCATION DECIDED	IMPLEMENTATION OF COMMITMENTS IN 1991
LEADER	EAGGF	1,5(b)		155	59
	ERDF			206	155
	ESF			26	8
TOTAL LEADER			400	387	182
TECHNICAL ASSISTANCE					
LEADER	EAGGF				
TOTAL				4	2
EUROFORM	ERDF	All		8	0
	FSE			234	81
	TA(*)			6	
TOTAL EUROFORM			300	248	81
NOW	ERDF	All		9	0
	ESF			87	49
	TA(*)			5	
TOTAL NOW			120	101	49
HORIZON	ERDF	All		19	0
	FSE			127	50
	TA(*)			5	
TOTAL HORIZON			180	151	50
COMMON TO T.A.					
3 HUMAN RESOURCES C.I.	ESF			3	9
AMOUNTS NOT YET DISTRIBUTED					
3 HUMAN RES.	ESF			50	0
Not decided				25	0
TOTAL in ECU million for the CI			3800	3800	1023
	EAGGF			280	74
	ERDF			2841	751
	ESF			679	198

(*) Technical assistance

Table IV.1

EIB funding in the Community
(individual loans paid out and credits on current global loans)
(million ECU in current prices)

	1989		1990		1991	
	ECU	%	ECU	%	ECU	%
Total EIB loans	10919	100	12174	100	13585	100
of which regional development,	7071	65	7440	61	8492	63
broken down between						
- Obj. 1/2/5(b)	6052	55	6279	52	7407	55
of which Obj. 1	3393	31	3430	28	4306	32
Obj. 2/5(b)	2660	24	2849	23	3101	23
- Specific Community measures and IMPs	318	3	296	2	392	3
- Areas assisted at national level	223	2	256	2	248	2
- Non-attributable ⁽¹⁾	478	4	609	5	445	3

Source: EIB.

N.B. : the figures have been rounded in all the tables.

(1) Mainly network projects that cannot be attributed to a specific region.

Table IV.2Breakdown of EIB funding by country and objective

(million ECU at current prices)

Member State	Total loans 1991	Regional Development 1991	Objective 1		Objectives 2+5(b)	
			1990	1991	1990	1991
Belgium	214	65			52	52
Denmark	559	191			141	137
Germany	766	476			219	432
Greece	167	167	157	167		
Spain	2 378	1 825	561	975	414	673
France	1 791	1 234	6	22	827	890
Ireland	250	250	197	250		
Italy	3 824	2 558	1 680	1 802	373	340
Luxembourg	29				12	
Netherlands	194	58			24	30
Portugal	962	962	829	962		
UK	2 152	706		127	788	547
Article 18(1)	300					
Total	13 585	8 492	3 430	4 306	2 849	3 101

Source : EIB

- (1) Lending linked to operations in the Community, pursuant to the second paragraph of Article 18 of the Statutes of the EIB.

Table IV.3

Synergy between loans and Funds in 1991

(million ECU in current prices)

Member State	Individual loans		Allocations onur global loans		
	Total Obj.1+2+5b	linked to CSF	associated grants	Total Obj. 1+2+5b	linked to CSF
Belgium				52	52
Denmark	105			32	32
Germany	383			49	40
Greece	100	68	29	66	47
Spain	1 414	1 118	442	234	176
France	418	18	18	495	250
Ireland	237	136	103	13	13
Italy	1 702	1 187	664	441	430
Luxembourg					
Netherlands	21			9	8
Portugal	809	809	747	153	126
United Kingdom	629	299	129	45	45
Total	5 818	3 635	2 132	1 589	1 219

Source : EIB

"linked to CSF" : projects contributing to the development priorities and measures laid down in the CSFs

"associated grants": projects also in receipt of a grant from the structural Funds

Table IV 4

EIB lending by sector in the
regions eligible under Objectives 1, 2 and 5(b)

(million ECU in current prices)

Sectors	Objective 1			Objectives 2+5(b)		
	1989	1990	1991	1989	1990	1991
Individual loans						
- transport	433	557	758	589	598	560
- telecommunications	688	1 049	1 134	281	267	370
- water	132	181	192	219	389	299
- energy	1 081	601	857	-	141	374
- other infrastr.	98	90	100	26	3	52
- agriculture, industry and services	292	328	580	804	705	542
Credits on global loans						
- transport	1	5	7	122	123	159
- water	13	3	11	51	58	86
- energy	32	9	52	5	30	5
- other infrastr.	20	65	41	4	10	10
- agriculture, industry and serv.	604	545	574	559	525	645

Source : EIB

Table IV.5

ECSC lending

(loans paid out direct and allocations on global loans)

(million ECU in current prices)

	1989		1990		1991	
	mECU	%	mECU	%	mECU	%
Total loans	684	100	984	100	1365	100
of which Obj. 1+2 regions	487	71	834	85	954	70
- Obj. 1	48	7	138	14	104	8
- Obj. 2	439	64	696	71	850	62
Article 56 loans	458	100	585	100	859	100
of which: Obj. 1+2 regions	366	80	472	81	603	70
- Obj. 1	8	2	2	0	58	7
- Obj. 2	358	78	470	80	545	63
Interest rebates	61		69		105	

Table IV.6
ECSC loans 1991 - Breakdown by country and by Fund Objective

(million ECU in current prices)

Member State	Total ECSC loans			Article 54 loans			Article 56 loans				
	Total	of which: Obj.1 Obj.2		Total	of which: Obj.1 Obj.2		Direct loans	Alloc. on global loans	Total	of which: Obj.1 Obj.2	
Belgium	120	-	88	91	-	67	-	29	29	-	21
Germany	473	4*	279	130	-	67	2	341	343	4	213
Spain	168	99	69	103	46	57	54	11	65	54	11
France	107	-	71	14	-	14	-	93	93	-	56
Italy	124	-	98	64	-	57	-	60	60	-	41
Luxembourg	9	-	-	-	-	-	-	9	9	-	-
Netherlands	41	-	-	41	-	-	-	-	-	-	-
United Kingdom	322	-	245	62	-	43	131	129	260	-	202
Total	1 365	104	850	505	46	305	187	672	859	58	545

* New Länder

BC-NET	Business Cooperation Network
I.C.	Community Initiative
BRE	Enterprise Linking Bureau (<i>Bureau de Rapprochement des Entreprises</i>)
C.P.	Community Programme
CAP	Community Agricultural Policy
CEMR	Council of Europe Municipalities and regions
COMECON	Council for Mutual Economic Assistance
COMETT	Action programme of the Community in Education and Training for Technology
CSF	Community Support Framework
DOM	French overseas territories
EAGGF	European Agricultural Guidance and Guarantee Fund
ECOS	Cooperation network with East European cities
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EIB	European Investment Bank
ENVIREG	Commission Initiative on the regional environment
ERASMUS	European community action scheme for the mobility of university students
ESF	European Social Fund
ERDF	European Regional Development Fund
ERGO	Community programme aimed at the long-term unemployed
EUROFORM	Initiative for the development of new skills and new employment opportunities
EUROPARTENARIAT	Promotion of contacts between enterprises in assisted regions and enterprises in other parts of the Community or non-member countries
EUROTECNET	Community programme of pilot training projects in the field of new technologies
FORCE	Community action programme for the development of continuing training

GDP	Gross domestic product
GNP	Gross national product
HELIOS	Community action programme aimed at the handicapped
HORIZON	Community initiative for handicapped persons and certain other disadvantaged groups
I.C.	Community Initiative
IDO	Integrated Development Operation
IMP	Integrated Mediterranean Programme
IMPACT	Information Market Policy Actions
INTERREG	Community initiative for border areas
IRIS	European network of training programmes for women (1989-1992)
IULA	International Union of Local Authorities
LACE	Observatory on transborder cooperation
LEADER	Community initiative for links between activities for the development of the rural economy
LEDA	Programme for local employment development
LINGUA	Promotion of the teaching and learning of foreign languages in the EC
LTP	Long-term unemployed
MOP	Multi-fund operational programme
NCI	New Community Instrument
NOW	Community initiative to promote equal opportunities for women the field of employment and vocational training
NPCI	National Programme of Community Interest
NUTS	Nomenclature of Territorial Statistical Units
N.Q.	Non-quota Community programmes
O.P.	Operational programme
OVERTURE	Cooperation network with East European regions
PEDAP	Specific programme for the development of Portuguese agriculture

PEDIP	Specific programme for the development of Portuguese industry
POSEIDOM	Programme of specific options aimed at remote and isolated departments
PRISMA	Community initiative for preparation of firms for the Single Market
RACE	Research and development programme in Advanced Communications technologies for Europe
RECITE	Community initiative for regions and cities for Europe
RECHAR	Community initiative for the economic conversion of coalmining areas
REGEN	Community initiative concerning energy supply networks
REGIS	Community initiative for the remoter regions
RENAVAL	Community programme concerning conversion of shipbuilding areas
RESIDER	Community programme concerning conversion of steel areas
SAVE	Special action programme for vigorous energy efficiency
SMEs	Small and medium-sized enterprises
STAR	Community programme : Special Telecommunications Action For Regional Development
STRIDE	Community initiative : Science and Technology for Regional Innovation and Development in Europe
TELEMATIQUE	Community initiative to promote the use of advanced telecommunications services in regions whose development is lagging behind, including improved access to advanced services located elsewhere in the E.C.
UETP	University-Enterprise Training Programme
VALOREN	Community programme for exploiting endogenous energy potential