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REPORT FROM THE COMMISSION
14th ANNUAL REPORT
ON THE IMPLEMENTATION OF THE STRUCTURAL FUNDS

GENERAL SUMMARY

The year 2002 saw the finalisation of programming, mainly for Objective 2 but also the Community Initiatives. Programme implementation reached a generally satisfactory cruising speed with a rate of execution comparable with the previous programming period.

The first operations connected with the mid-term review were launched at the end of 2002 so as to be able to have the results of the evaluation in the second half of 2003.

On 7 October 2002, a ministerial meeting organised by the Commission was the occasion for the Member States to scrutinise the Commission's concrete proposals for improving the management of the Structural Funds. These proposals were designed to meet repeated requests from the Member States for greater simplification in the management of the Structural Funds and to reduce the slowness of procedures at both national and Community level, which had been largely the cause of a very slow start-up of programmes.

The deadline for the submission of final payment requests for 1994-1999 programmes was 31 March 2003. However, by the end of 2002, only few assistance packages had been closed. Similarly, the deadline of June 2002 for sending documentation enabling the closure of programmes was met only in rare cases.

ERDF

With respect to Objective 1, the rate of implementation is satisfactory and has made it possible to avoid automatic decommitments under the n+2 rule¹. However, there are big variations from one region to another and even within programmes.

Analysis of programming complements shows that one third of ERDF assistance is going to projects in the productive environment and two thirds to basic infrastructure projects.

Objective 2 shows an implementation rate lower than Objective 1 because programming under Objective 2 did not finished until 2002 with the adoption of the last programmes and the Commission's reception of the programming complements. This longer programming phase was basically due to the process for designating eligible areas. As a result of the floods in Germany and Austria, those countries had to partially revise their programmes.

It is interesting to note that the allocation of assistance between the productive environment (two thirds of assistance) and basic infrastructures (one third) is exactly the reverse of the situation for Objective 1.

EAGGF

The Objective 1 programmes under the EAGGF show an satisfactory rate of implementation overall (19.1%) even if this is slightly lower than the average for the Structural Funds. However, four programmes (NL, UK, IRL) run the risk of automatic decommitment under the n+2 rule because of insufficient payments.

¹ Under Article 32(2) of Regulation (EC) No 1260/1999 containing the general provisions on the Structural Funds, the Commission automatically decommits any parts of commitments not executed by the end of the second year following the year of commitment.

Assistance from the EAGGF² under Objective 1 is divided up as follows: 45.5% for restructuring in the agricultural sector (mainly investment in farms and the processing and marketing of agricultural products), 41% for the environment and the management of natural areas and 13% for development and diversification of the rural economy.

ESF

Under Objective 3, the ESF has concentrated on supporting the European Employment Strategy. However, measures are distributed across all five fields of action provided for in the ESF regulation. The main measures, none the less, do cover the promotion of reintegration of the unemployed and those not gainfully active into the labour market.

Implementation of these measures is generally well under way, at a speed which made it possible to make up the initial delays in adopting programmes. With two exceptions, no automatic decommitments will have to be carried out.

At annual meetings, a large number of Member States discussed in depth the links between programmes under the ESF, the European Employment Strategy and national action plans on social inclusion.

FIFG

The main event in 2002 was the reform of the common fisheries policy (CFP), finally approved by the Council on 20 December 2002. The goals of the CFP were reviewed and redirected, firstly, towards the sustainable exploitation of living aquatic resources, on the basis of properly founded scientific advice and the precautionary principle as applied to fisheries management, and secondly towards sustainable aquaculture. The management of fisheries will be better able in future to ensure the long-term viability of the industry by sustainably exploiting resources.

The new measures came into effect on 1 January 2003, They replace the ground rules which have governed the CFP since 1993 and amend substantially the rules on structural measures in the fisheries sector as provided for under the Financial Instrument for Fisheries Guidance (FIFG)³.

The main changes introduced by the reforms include the discontinuation of aid for the renewal of fishing vessels and the permanent transfer of Community vessels to non-member countries, which is no longer allowed from 2005. Assistance for modernising fishing vessels may be granted only to vessels at least five years old; this must be designed to improve on-board safety, the quality of products or working conditions, to switch to more selective fishing techniques or to equip vessels with the vessel monitoring system (VMS). It may not be used to increase the catch capacity of vessels.

The reform also introduces changes in the terms and conditions for aid from Member States to fishermen and shipowners who temporarily cease their fishing activity. Aid for the retraining of fishermen is widened to include diversification into other activities while they continue to fish part-time.

² These percentages include the EAGGF Guidance and Guarantee Sections. The accompanying measures (early retirement schemes, less-favoured areas, agri-environmental measures, woodland management) under Objective 1 are financed by the Guarantee Section.

³ Regulation (EC) No 2369/2002 of 20 December 2002, amending Regulation (EC) No 2792/1999.

Community Initiatives

Out of a total of 72 Interreg programmes, 15 of the 18 remaining to be approved were adopted in 2002. This meant that inter-regional cooperation could get properly off the ground with the launch of the first call for project proposals at EU level. It is also worth noting the adoption of the Interact programme, the purpose of which is to make implementation of the Interreg Initiative more effective.

All the programmes of the Community Initiative Leader+ were also adopted in 2002, and the first steering committee meeting took place in November.

In the context of the Urban Initiative, it is worth noting the adoption of the Urbact programme, designed to facilitate sharing of experience and best practice among the towns and cities involved in the previous versions of Urban.

14TH ANNUAL REPORT ON THE IMPLEMENTATION OF THE STRUCTURAL FUNDS IN 2002

1. GENERAL ASSESSMENT

1.1. OBJECTIVE 1

ERDF

The year 2002 saw the application for the first time of the so-called “n+2” rule. This requires the Commission to automatically decommit parts of commitments of funds which have not been executed by the end of the second year following the commitment. Generally speaking, the pace of implementation has been satisfactory and made it possible to avoid such automatic decommitments. The average implementation rate of payments by the end of 2002 was 21.5% across all approved assistance. Rates vary among Member State from 7% in the Netherlands to 36% in Ireland, but for half of them the range is between 22% and 27%.

However, the rates of implementation are vary very much from one region to another, from one programme to another or inside the same programme. Measures aimed at creating new infrastructure are generally progressing well while those involving the participation of the private sector are proceeding more slowly. The economic climate in 2002 may partly explain this observation.

According to the annual reports received, the rates of execution (allocation of funds to projects and payments to projects) are very variable. Some regions have already allocated two thirds of available funds to projects (B, FIN, S) and payments are also flowing well. Changes to SPDs have been relatively limited.

Most of them have been the result of the adoption by the Council, on 28 June 2001, of amendments to Regulations (EC) No 1260/99 (general regulation on the Funds), (EC) No 1257/99 (rural development) and (EC) No 2792/99 (fisheries) to allow higher assistance rates in the outermost regions.

An analysis of programming complements shows that ERDF assistance is split into one third for the productive environment and two thirds for basic infrastructures. The “transport infrastructure” category accounts for the biggest share at 31% of all assistance. This is followed by assistance for small businesses and the craft industries (16%) and for the environment (water, waste, etc.: 13%). The extensive sector of R&D, telecoms and the information society accounts for 12% of ERDF assistance⁴, while the field of social and public-health infrastructures gets 6%.

All Member States have started initial operations for the mid-term review. In the regions most advanced, contracts with evaluators have already been concluded.

⁴ This assistance is integral to the first stage of the Lisbon strategy (encouraging the transition towards a knowledge-based economy, in particular by investment in information and communication technologies and in R&D). The share of these fields in all ERDF assistance should be seen against the fact that the majority of the programme complements were drawn up out before the Lisbon strategy was set out (March 2000).

EAGGF

The overall rate of execution is satisfactory, even if it is slightly lower than the average for the Structural Funds as a whole. The overall average level of payments against the total of assistance granted was 19.1% at the end of 2002, compared with 21.8% for all the Structural Funds. Among Member States, the execution rate varies from 7.8% (Netherlands) to 29.2% (Austria).

In Germany, programmes do not seem to have been affected by the floods since the execution rate is one of the highest at 25%.

Four programmes (Flevoland - Netherlands, Highlands and Islands - UK), Border, Midland and Western Region (Ireland) and Southern and Eastern Region (Ireland) could not manage an adequate level of payments and are in danger under the “n+2” rule of seeing a corresponding part of the commitments decommitted. Regarding the latter two programmes, the Irish authorities have submitted a request for exemption for “force majeure” because of the effects of the foot-and-mouth disease epidemic. This request is being examined by the Commission.

The programming complements show that EAGGF assistance⁵ splits as follows: 45.5% for restructuring in the agricultural sector (investment on farms, processing and marketing of agricultural products), 41% for the environment and the management of natural areas and 13% for the development and diversification of the rural economy.

The operations required for the mid-term review have been started and results are expected by the planned deadlines.

FIFG

The overall execution rate is satisfactory, falling within the average for all the Funds. An analysis by country however shows some variations. The satisfactory overall speed of implementation is due to the rapid execution of the FIFG programme in Spain (payments cover 26% of assistance granted), which accounts on its own for 60% of assistance granted. In eight Member States the rate is low, ranging between 7% and 10%.

On the basis of programming complements, one can see that renewal of the fishing fleet, vessel modernisation and new construction accounts for 22% of FIFG assistance while aquaculture is allocated 10% of assistance and “processing and promotion of fishery products” 15%.

ESF

On the whole, programme execution is satisfactory with payments accounting for 24% of the total of assistance granted, a level higher than the average for all the Funds. Some delays have occurred, however, particularly in the Netherlands (payment rates: 7%).

⁵ These percentages include the EAGGF Guidance and Guarantee Sections. The accompanying measures (early retirement schemes, less-favoured areas, agri-environmental measures, woodland management) under Objective 1 are financed by the Guarantee Section.

The introduction of new fields for assistance under the ESF (e.g. lifelong learning, adaptability) could explain, at least in part, some of the delays observed since these fields require longer preparation than the usual fields of ESF assistance. It is also worth noting that measures involving equal opportunities show an execution rate lower than the average.

On the basis of the programming complements, it appears that ESF assistance is distributed in a relatively balanced way among the labour market (29%), training (26%) and workers' adaptability (21%).

1.2. OBJECTIVE 2

The Objective 2 programmes show an average execution level lower than for Objective 1 because the programming phase was longer, in particular because of the procedures for designating eligible areas. In a number of cases, programmes were approved only at the end of 2001 or at the beginning of 2002, with the programming complements being finalised during 2002. This largely explains the payments rate of slightly less than 14% compared with assistance granted. The Member States where programmes were adopted at the end of 2000 obviously present execution rates that are among the most favourable (Sweden and Finland: 22%; Denmark: 17%). It should however be noted that Spain has the highest execution (26%) and that Germany has managed a level equivalent to Denmark, despite its programmes being adopted later.

ERDF

The Member States which finalised their programming in 2001 show satisfactory rates of implementation: up to 60% of assistance budgets have already been allocated to projects. In others, progress is sufficiently steady to enable them to catch up their initial delays.

Some countries have encountered individual difficulties. Germany and Austria had to review some of their programming to take account of the floods in the summer (inclusion of flood prevention measures). The Italian programmes started only very late because the process of designating eligible areas caused many difficulties.

In some cases, the bad economic climate made it more difficult to implement measures involving private part-financing.

It is interesting to note that the programming complements show a split of assistance between field of assistance of two thirds for the productive environment and one third for the basic infrastructure, i.e. the opposite proportions to Objective 1. Measures for small businesses and craft industries are receiving 36% of ERDF assistance, while the sector of R&D, telecoms and the information society accounts for 15%. The two other fields accounting for significant shares of ERDF assistance are tourism (9.5%) and the environment (6.4%).

The preparation of the mid-term review was in hand in all the Member States by the end of 2002.

ESF

The rate of execution is on the whole slightly lower than for the ERDF.

ESF assistance is mainly directed at operations supporting the adaptability of labour force (33%) and training (27%).

The ESF programmes have also seen the launching of the initial operations required by the mid-term review.

EAGGF

Outside the Objective 1 regions, activities connected with rural development are part-financed by the Guarantee Section; they are spread across the 20 Objective 2 SPDs in France.

1.3. OBJECTIVE 3

The prevailing feature of Objective 3 programming is that most measures are focused on support for the European Employment Strategy, although with different priorities across the Member States, according to the identification of their needs. At the same time, measures are spread across all five policy fields of the ESF Regulation.

Among the most prevalent measures are those to promote the reintegration of the unemployed and the non-gainfully active into the labour market. While these tend to operate through training and activation activities, such activities are not exclusively focused on reintegration. Most Member States have activities involving training for particular groups, lifelong learning and modernising the public employment services. Other activities which are highlighted in several Member States are those relating to gender issues, social exclusion and health.

Implementation of these measures is generally on track, and in many Member States, progress is being made in catching up on the delays in the initial adoption of programmes which were noted in the previous two years.

Differences remain in the speed and difficulties of implementation across the Member States. For example, training measures in Italy have proved difficult to implement, and the reintegration schemes in the Netherlands are showing under consumption. In Austria, the lifelong learning programme is the only one with delays. Gender activities seem to be posing problems of implementation in most Member States where they exist. It is evident that the programmes which are lagging behind in their implementation are those which require the most intensive preparation, or which are more focused on particular targets, such as the health programme in Greece, or the job rotation scheme in Sweden.

The degree of progress being made is reflected in the assessment that in the great majority of Member States, no decommitments under the n+2 rule will be necessary. Two exceptions to this are Denmark, where there will be a small decommitment, and the Netherlands. Programmes in the Netherlands were severely delayed by the problems with irregularities in earlier years, and 2002 was the first full year of implementation, such that absorption is considerably below what is planned. More decommitments under the n+2 rule are therefore likely. In other Member States, transfers between programmes have been carried out to smooth out differences in absorption rates.

Most Member States held annual meetings in 2002 which were used to address a number of issues. In many Member States they discussed consistency between ESF

programmes and the European Employment Strategy and the national action plan for social inclusion. They were also used to identify problems and weaknesses in implementing programmes, and subsequently to put in place measures to deal with these problems, and to propose solutions. In some cases, this led to transfers of funds between programmes, or changes to the programme complements or proposals for changes to SPDs.

Closure of programmes from the 1994-1999 period is, however, a considerable cause for concern in all Member States. In 12 of the 15 Member States, no requests for closure, or the final documents, had been received by the end of the year, despite the fact that the final date for submission is 31 March 2003. In the remaining three countries, only in Greece was there already significant progress with only 2 out of 24 programmes remaining to be closed at the end of the year. In Germany and Spain, a small number of requests had been received

1.4. FIFG outside Objective 1 regions

The Commission committed appropriations to the third tranche for the eleven programmes of regions outside Objective 1, totalling €68.9 million. The first tranche of €4.6 million for the Netherlands programme was also committed using appropriations carried over from 2001.

On the basis of the programming complements, it is evident that renewal of the fishing fleet, vessel modernisation and new construction accounts for 24% of FIFG assistance while aquaculture gets 7% and “processing and promotion of fishery products” 23%.

1.5. Community Initiatives

1.5.1. INTERREG

Following adoption on 28 April 2000⁶ of the guidelines for Interreg III in 2000-2006(€4.875 million at 1999 prices), Member States were invited to submit detailed proposals within six months of the date of publication of the final communication in the Official Journal⁷.

The majority of the 72 programmes initially envisaged had already been approved in 2000 and 2001. The year 2002 saw the adoption of seven additional programmes in Strand A (Ireland/United Kingdom, Greece/Albania, Greece/FYROM, Greece/Cyprus, Morocco/Gibraltar-UK, Italy/Albania and Italy/Adriatic, covering cooperation between the Italian regions on the Adriatic with those in the countries of former Yugoslavia). Four programmes in Strand B were approved, including in particular the Atlantic Area, North-West Europe, the Caribbean and the Programme for Réunion/Indian Ocean. The last two programmes in Strand C on inter-regional cooperation were also approved, the Southern and the Western programmes. Finally, both programmes under Article 53 of the Interreg guidelines (networks) were approved - the ESPON programme (European Spatial Planning Observatory Network) and the Interact programme. Only three programmes remain to be adopted in 2003 - the Archimed programme of trans-national cooperation between Greece

⁶ OJ C 143, 6.5.2000.

⁷ OJ C 143, 6.5.2000.

and Italy and both programmes of cross-border cooperation involving Greece-Italy and Greece-Turkey.

The most outstanding feature of 2002 was the approval of the Interact programme. In order to establish a supporting framework for efficient implementation of Interreg III, the Commission and Member States agreed to the Interact programme (standing for **INTERreg** - Animation, Coordination, Transfert). With its approval by the Commissioner, Mr Barnier, on 16 December 2002, the Union acquired a new tool for improving the effectiveness and quality of the Interreg III programmes. Given the considerable challenges facing the implementation of this Community Initiative, Interact will be an essential element in further simplifying procedures under the Interreg III programmes, in particular with a view to the programming period after 2006.

The Interact programme was presented by one of the Member States - Austria as coordinating country - in the name of all the Member States. The Austrian Federal Government was therefore designated as management and payment authority for Interact. The total cost of the Interact programme is €35.1 million, the ERDF contribution to which of €25 million.

Another important event was the start of inter-regional cooperation, since all the programmes had been finally approved. It was therefore possible to launch the first call for project proposals at European level on 10 October 2002. Altogether, the four programmes amount to an ERDF contribution of more than €300 million for interregional cooperation (see [http:// www.interreg3c.net](http://www.interreg3c.net)).

A last outstanding event was the approval of the ESPON/ORATE programme. This programme is aimed at promoting a forward-looking and quantified view of spatial development trends in Europe, bringing in both neighbouring countries (including Switzerland and Norway) and the applicant countries. Luxembourg has been designated as management and payment authority for this programme and its joint secretariat is also located in Luxembourg. The total cost of the programme is €12 million, the ERDF contribution being €6 million.

Otherwise, the concrete implementation of the adopted programmes continued and intensified on the ground. The Commission took part in several monitoring and steering committee meetings, as provided for in the Fund regulations.

1.5.2. LEADER+

Leader+ is aimed at encouraging and supporting integrated pilot strategies for local rural development. At the end of 2002, 73 programmes under Leader+ had been approved. Nine Member States chose to have a national programme. In the six other Member States, 61 regional programmes were submitted and three of these Member States presented a national programme for a national network.

In 2002, the procedure to select local action groups (LAGs) was still being finalised in some Member States. Of the 938 LAGs expected, 692 have already been selected.

A first meeting of the Leader+ steering committee took place on 26 November 2002. This committee, chaired by the Commission and comprising representatives of

national civil services and national networks, concentrated on the progress so far achieved in the implementation of this Community Initiative.

The priorities set by the Commission in its Communication on Leader+ have been taken up by the LAGs as follows: making best use of natural and cultural resources and in particular developing sites (33% of all the LAGs), improving the quality of life in rural areas (24%), developing local products (21%) and using new knowledge and technologies to increase the competitiveness of goods and services in rural areas (10%). The total Community assistance for Leader+ in 2000-2006 is €2.1 billion and it will be financed by the EAGGF Guidance Section.

For 2002, an amount of €356.80 million was committed and payments totalling €74.89 million were carried out.

1.5.3. EQUAL

The year 2002 was a key one for the Community Initiative EQUAL, which saw the start on the ground of the development partnerships and the take-off of the Initiative.

The selection phase was completed as of 15 November 2001, and the development partnerships made a start on Action 1 by mid-May 2002. This period enabled the project sponsors to finalise their national programmes, and to establish their transnational partnerships with at least one development partnerships in another Member State.

Slightly more than 1 500 EQUAL development partnerships throughout Europe began implementing their work programmes by the end of Action 1. They comprise some 13 000 partners and, seen overall, it is worth noting the leading place of public authorities, training bodies and bodies specialising in disadvantaged groups. However, it should also be noted that firms run the partnership in more than 8% of cases.

The distribution among themes appears uneven, the first theme of the “Capability for occupational integration” pillar accounting for almost a third projects. The geographical basis for development partnerships is less great than anticipated. The initial forecasts suggested a ratio of 80%: 20% as between geographical partnerships and sectoral partnerships. The development partnerships centred on “*specific discrimination problems*” account for almost two thirds of the sectoral development partnerships. This no doubt reflects an underlying continuation of ADAPT- and EMPLOYMENT-type projects.

At transnational level, approximately 450 transnational cooperation agreements were concluded with an average of three development partnerships per agreement, the record to date being a partnership of right development partnerships.

The EQUAL Initiative, in both its objectives and its architecture, gives pride of place to capitalising on the innovative elements and on their dissemination. At project level via the transnational cooperation partnerships, at regional and/or national level via the national thematic networks and at European level via the European thematic groups, with the aim of collecting, discussing and evaluating the most promising practices and findings from the grassroots and preparing their dissemination and integration into policy-making.

At European level, it is the role assigned to the six European thematic groups (employability, entrepreneurship, adaptability, equal opportunities, asylum seekers, partnerships), the foundations for which were laid at the Barcelona conference in May 2002 (Networking for inclusion) when almost 400 people took an active part in the debates.

Finally, in connection with enlargement, it is worth noting the participation of the Czech Republic (16 development partnerships) and Hungary (5 development partnerships) in this first round of projects as well as the active preparations for the inclusion of the applicant countries in the next call for proposals. In this context, the Copenhagen conference in November 2002 (EQUAL and enlargement) brought together 150 participants representing both current and future Member States of the Union to prepare for the EQUAL Community Initiative in an enlarged Europe.

1.5.4. URBAN

In 2002, the Commission adopted the Urbact programme aimed at sharing experience and best practice among towns and cities that took part in Urban I, Urban II or an urban pilot project. Urbact was presented jointly by all the Member States (except Luxembourg) and represents the last programme for implementation of the Urban II Initiative, with 70 programmes in declining towns and urban districts already having been approved during 2001.

These 70 programmes met all the regulatory deadlines in 2002: all adopted and sent to the Commission their programming complement and installed their Monitoring Committees, and 21 of them sent in their annual implementation report by the required date.

All the programmes received payment of the advance (7%) in 2002, and 26 have already received intermediate payments.

A first assessment of the programmes was presented by in a Communication from the Commission called “The programming of the Structural Funds 2000-2006: An initial assessment of the Urban Initiative” (COM(2002)308 final). This document was the subject of a wide-ranging debate between Commissioner Barnier and 600 Mayors and representatives of local authorities, during the conference “Cities and Cohesion” organised by the Commission in London on 8 and 9 July 2002.

1.6. Innovative actions and technical assistance

ERDF

A total of 50 regions applied for a regional programme of innovative actions in 2002, of which 45 were deemed of sufficiently high quality to be awarded ERDF part-financing. This was in addition to the 81 successful programmes submitted in 2001, meaning that by the end of 2002, 126 of the 156 eligible regions had already benefited. In addition, 3 specific network programmes were approved to foster cooperation between regions i.e. one for each of the three strategic themes eligible under the programmes a) research and technological development, b) IT at the service of regional development and c) regional identity and sustainable development.

The implementation of the pilot projects under Recite (47 projects) and Terra (15 projects) continued and led to the closure of three projects under Terra. At the end of 2002, all the projects had sent in a final report and requests for payment of the final balance. The closure of four Recite projects was also advancing at a good pace.

FIFG

On 4 June 2002, under Article 22 of Council Regulation (EC) No 1260/1999, DG Fish launched its call for proposals 02/C 132/11 for trans-national projects as innovative actions in the fisheries sector. After analysis and examination of the 46 proposals received, DG Fish selected ten projects and undertook the ten financial and legal commitments for a total amount of € 114 858. The principal topics of the projects are socio-economic diversification in areas dependent on fishing, enhancement of the value of fishery and aquaculture products, improvement of the image of the industry, and vocational and continuing training in all the trades within the industry. The first intermediate reports will be available during 2003 and the final reports are expected during the first six months of 2004.

The technical assistance programme was carried out as planned in 2002, with a volume of €34 811 (see Table in Annex 3).

ESF

Innovative measures and technical assistance under Article 6 of the ESF Regulation

A call for proposals on the theme “local employment strategies and innovation” was published in the Official Journal on 31 October 2001⁸. The aim of this call for proposals was to assist innovative actions in developing local employment strategies in order to support the implementation of the European Employment Strategy at local level. Among the fields covered by the call for proposals are e.g.:

- development of partnerships at local level;
- development and implementation of local employment strategies;
- monitoring, benchmarking and evaluation;
- exchange of information, dissemination and networking.

Applications must be aimed at applying the priorities of the national (or regional) action plan (NAP) for employment in a given territory in the form of local employment strategies. The proposal can be of **two types**:

- to develop and implement a single strategy in coherence with the existing regional or national NAP;
- to develop a coherent series of individual strategies at a lower territorial level within the territory.

⁸

OJ C 306, 31.10.2001.

Each proposal aiming to develop and implement either a single territorial strategy at regional or provincial level (Type 1) or a series of local strategies (Type 2) should contain a number of **common elements** to make sure there is a level of consistency in approach across all of the strategies that will help to identify and compare good practices and lessons for the mainstream ESF and the European Employment Strategy. These common elements include the following:

- Each employment strategy must be developed, refined and implemented through a specific partnership, which includes representatives from as many of the relevant actors as possible.
- Local employment baseline analysis: each local employment strategy must be based on an analysis or diagnosis of the local labour market and employment situation. This will act as a baseline of the situation against which progress can be measured and evaluated.
- The eventual strategy or strategies must address each of the four pillars of the European Employment Strategy.
- The gender dimension/equal opportunities should be integrated into the local employment strategy at all stages, including the baseline analysis and diagnosis of the territory.
- Links with other sources of Community and national financing, and other Community programmes: the local employment strategy should act as an overarching framework for all employment activities in the territory.

In 2002, a **total budget** of €34.06 million was allocated to projects funded under this call. The Commission part-finances actions up to a maximum of 75% of the total eligible costs, between a minimum of part-financing of €300.000 and maximum of €3 million over a two-year period.

44 grant agreements for successful applicants under the first round of applications were signed in October 2002, with projects starting between 1 November and 31 December 2002.

In its *Second Annual report on the implementation of innovative measures under Article 6 of the European Social Fund Regulation*⁹, the Commission announced “innovative approaches to the management of change” as the overarching theme for the remainder of the current programming period. Within this theme, two more specific strands for innovative actions have been identified:

- the management of demographic change
- the management of restructuring

⁹ Presented to the ESF Committee on 17 December 2002, link:
http://europa.eu.int/comm/employment_social/esf2000/documents/report_2002_en.pdf

EAGGF

In 2002, commitments worth a total amount of €1.13 million were made within the framework of technical assistance.

1.7. Complementarity with other instruments

a) Cohesion Fund

The assistance granted by the Cohesion Fund allows the financing of transport infrastructures projects contributing to the implementation of the trans-European networks and of projects in the field of the environment enabling the countries concerned to progress towards implementing the goals of the environmental policy of the European Union. The Cohesion Fund enables the four eligible Member States to sustain a major effort of public investment in these two fields of common interest, while respecting the targets for reducing budget deficits as set out in the convergence programmes drawn up in the context of Economic and Monetary Union.

The main coordination instrument between the Cohesion Fund and the Structural Funds is the strategic reference framework (SRF). Presentation by these Member States to the Commission of an SRF is the logical corollary of the new legal provision governing the operations of the Cohesion Fund. Regulation (EC) No 1265/1999 stipulates that *“Member States shall also provide the results of the environmental impact assessment in conformity with the Community legislation, and their consistency with a general environmental or transport strategy at administrative unit or sector level.”*

Moreover, the “Cohesion Fund Vade-mecum 2000-2006” sent to the national administrations of the four eligible Member States stipulates in particular that the strategy should be defined and formalised in an outline document which constitutes the 'frame of reference' for the assistance from the Cohesion Fund. This frame of reference, to be defined at the most suitable level, should comprise the following elements: a definition of long-term objectives; an indication of the individual projects; the specification of intermediate objectives to be achieved by 2006; the identification of the projects to be carried out in order to attain them; for each project, an initial indication of the investment costs and indicative planning of the sources of funding

The four Member States qualifying for the Cohesion Fund presented their SRFs for the environment and transport sectors at the end of 2000. In certain cases, these reference frameworks form an integral part of the programmes approved under the Structural Funds for 2000-2006, reinforcing the coordination between the Cohesion Fund and operations under the Structural Funds.

Finally, two meetings took place with the Member States during 2002 to coincide with meetings of the CDCR (the Structural Funds committee), making it possible to further strengthen the consistency between these financial instruments.

b) The European Investment Bank (EIB) and the European Investment Fund (EIF)

Under the terms of the cooperation agreement between the Commission and the **EIB** covering Community structural operations in 2000-2006, a contact interface was set up between the Commission and the EIB. This interface functioned satisfactorily and

led to specific coordination contacts in the field of major transport projects (Spain and Greece). These two countries expanded their cooperation with the Bank in the fields of PPP and the participation of the Bank in monitoring TENs projects.

As a result of the high-level meeting on 26 March 2002, particular emphasis was given to improving and refining the EIB's statistics on the regional impact of projects. The improvement to regional indicators will make it easier to gauge the regional impact of the EIB's interventions.

The year 2002 saw closer cooperation between the EIB and the candidate countries. Special attention was given to projects, their part-financing, their evaluation and cooperation in the field of PPP.

Under the framework contract between the Commission (DG Regional Policy) and the EIB in 2000-2006 for the evaluation by the EIB of various major projects submitted for funding by the Structural Funds by the beneficiary countries, 37 rapid evaluations (17 ERDF, 20 CF and 2 ISPA operations) and two detailed evaluations were carried out in 2002.

Turning to cooperation priorities, close attention was paid to major transport projects, the i2i initiative and innovative financial products, namely venture capital and global loans, in the framework of the first priority which is effective support for regional development.

A new method of part-financing was launched. This method involves part-financing by the EIB of regional Operational Programmes. Such funding, carried out especially in Italy, has proved a major success.

As regards the EIB's activities in 2002, it devoted €3.4 billion to projects within the Union, as against €1.2 billion in 2001. In the candidate countries, the EIB financed investment contributing to the preparation of enlargement with a total of €3.6 billion compared with €2.7 billion in 2001. EIB support to the regions least-favoured regions came to €2.5 billion in individual loans compared with €1.5 billion in 2001. The impact of global loans in the less-favoured regions is put at about 60%.

The main countries benefiting from EIB loans are Germany, Italy, Spain, the United Kingdom and France.

Within the EIB group, the EIF is now exclusively in charge of all guarantee operations for small businesses and for venture capital (Community resources and EIB/EIF resources).

In its fields of assistance, the EIF took part in 68 operations in 2002, of which 36 involved venture capital and a total participation of €471.5 million. The total amount of assistance signed in 2002 amounted to €1.707 billion.

The interventions in regional development, research and in particular biotechnology also included the candidate countries.

As a result of the conclusions of the European Councils in Nice and Stockholm, close attention was paid to the knowledge-based society.

The Commission makes sure that these contributions to regional development have their proper place in overall assistance.

Finally, an initiative for strengthening cooperation between the Commission and the EIF in connection with the assisted regions was given concrete expression in an agreement on assistance and advice to be provided by the EIF to regions requesting them.

c) Trans-European Networks - energy and transport

Coordination between the budget for the trans-European transport and energy networks (TENs) and the Structural Funds, in particular ERDF resources, is important in Objective 1 and 2 areas and the cohesion countries because these Community financial instruments take into account the need to link to the central regions of the Community those regions suffering from a structural handicap or from their status as islands, landlocked areas or remote regions.

While both transport and energy TEN projects of common interest are financed from the TEN budget line, the Cohesion Fund provides specifically for transport infrastructure and the ERDF for both transport and energy. Article 2 of the ERDF Regulation (EC) No 1783/1999) provides that in achieving Objective 1 the Fund is to contribute to financing investment in infrastructure contributing to the establishment and development of trans-European networks. In this connection, the Community also encourages public-private partnerships by, inter alia, providing a higher rate of intervention where its aid takes a form other than a cash grant.

The TENs Regulation does not allow the same phase of a single project to be financed both by the TENs budget and from other Community sources but, in some cases, feasibility studies financed through the TENs budget may be followed by support from the ERDF and the EIB for the (part-)financing mainly of construction works of the actual investment. Frequently, in the area of transport, the ERDF finances works designed to give “access” to the trans-European transport network, which itself is financed from the TEN budget line and/or the Cohesion Fund.

The TEN Financial Regulation (EC) No 2236/95) was amended by Regulation (EC) No 1655/1999) to provide for medium-term planning via indicative multi-annual programmes for Community funding (MIP) and for the encouragement of public-private partnerships, together with the use of a small amount of the budget line (1-2%) to support projects involving venture capital.

The MIP proposal for 2001-2006, adopted by the Commission in September 2001, foresees a total of about €2.8 billion for 11 priority projects (Essen projects), the project of Global Navigation Satellite Systems (Galileo) and four groups of projects of “common interest”.

In 2002 a total of €563.4 million in commitment appropriations was allocated to TEN-T projects under the MIP, the Galileo project and projects of common interest outside the MIP. In addition €7.0 million were transferred to the venture-capital facility to contribute to financing TEN-T projects under a PPP concept.

Concerning the distribution of support in 2002 by transport mode, by the far greatest part of Union spending on transport under the TEN-T budget was concentrated on rail projects (almost 47%), followed by Galileo (30%) and roads (4%).

1.8. Closure of preceding programming periods

For all operations in the 1994-1999 programming, the regulatory deadline for the closure is 31 March 2003, In principle, by that date the amounts of all assistance for which the Commission has not received a full and correct closure dossier (final report, final payment request, "Article 8" audit statement) must be decommitted.

ERDF

At the end of 2002, some assistance packages were closed. In certain other cases, the closure files were sent during 2002 but too late to be processed before the end of the year. Very often dossiers are incomplete or have to be queried.

By 24 April 2003, out of a total of 942 assistance packages, 194 had been closed, 727 were in the process of scrutiny and 21 closure files had still to reach the Commission or to be amplified so that they could be processed.

EAGGF

In general, a very small number of cases could be enclosed by 31 December 2002. Closure work was none the less well on track since the necessary files had been sent for a majority of assistance packages.

Out of the 402 programme closure files which the Commission had received by the end of 2002, 142 were complete and 27 of these were closed (22 for Italy). The 260 remaining documents for programmes to be closed were received by the deadline of 31 March 2003 and thus avoided automatic decommitment.

FIFG

In 2002, several requests were received for the closure of programmes from previous periods. Thorough analysis of these requests did not enable these to be closed because some information was still missing.

By 31 March, all the files for 54 assistance packages had been received by the Commission.

ESF

Closure work seems to have accumulated major delays in the vast majority of cases because very few closure dossiers were forwarded to the Commission.

By 31 March, 16 dossiers out of a total of 754 were closed and 539 in the process of closure, while 53 files had still to reach the Commission and 162 still needed more documentation.

2. CONSISTENCY AND COMPLEMENTARITY

2.1. The Structural Funds and environmental policy

The *protection and improvement of the environment* is one of the tasks of the Structural Funds in pursuing the three priority Objectives set out in Regulation (EC) No 1260/99 (Article 1). Among the means listed in Article 2 of the Regulation, specific mention is made of *integrating the requirements of environmental protection* into the implementation of the Funds.

Direct investment in the environment

Altogether, the regional and national authorities inserted about €20 billion for environmental direct investment in their 2000-2006 programming, which is slightly more than 10% of the overall envelope of the Structural Funds. This will be used, for example, to finance infrastructure in the field of water supply and treatment, purification of waste water, disposing of and recycling waste, and protecting the soil and natural sites.

Most of this investment is planned in Objective 1 regions, but there are major delays in these areas in particular because of the scale of investment required.

Compliance with environmental legislation

Operations part-financed by the Funds must comply with Community legislation in force, including environmental legislation. This resulted, in some Member States, to start-up being slowed down or even stopped by the lack of an environmental legal framework in conformity with current legislation.

The main fields in which there have been failures to comply with the legislation either because it has not been transposed into national law or because the provisions of the Community legislation were not being complied with are the following: solid waste (three Member States were found by the Court of Justice in 2002 not to have introduced plans for waste management in accordance with the legislation on solid waste), water pollution by nitrates from agriculture (several adverse judgements from the Court of Justice), the treatment of urban waste water, water quality and, finally, compliance with the procedure for environmental impact assessments for various public and private projects.

Natura 2000: in 2002 the remaining difficulties linked to insufficient designation of sites were overcome with the submission of supplementary notifications. Integration of the environment into various operations

Integration of the environment into various operations

Taking the environment into account in the programmes of the Structural Funds has led to increasing integration of environmental considerations, both in the design of programmes and in their implementation. This increasingly applied principle is reflected in various forms at the various stages of programming: *ex-ante* environmental impact assessments of all programmes when they are drawn up, systematic evaluation of the environmental impact of projects covered by Directive 85/337/EEC and the introduction of an environmental criterion into the selection criteria for projects at the call for proposals stage.

In the *industrial* field, the integration of environmental considerations has taken place for example in the choice of environmentally friendly methods or products that encourage a sustainable use of natural resources, cutting down and recycling waste or cutting down emissions to the atmosphere. In this context, aid granted by the Funds for productive activities encourages investment based on a preventive approach, higher aid rates for such investments in some Member States. In the field of *transport*, integrating the environment into programmes has enabled some Member States to carry out the necessary improvements to transport infrastructure without detriment to the quality of the environment, i.e. by encouraging environmentally friendly modes of transport (priority for public transport and railways and intermodal operations).

Participation of the environmental authorities

Some Member States such as Italy, Spain and Portugal have used technical assistance to set up a *Task Force* of environmental experts who take on a role alongside the management authorities as environmental authorities. They take part in the management of funds and ensure, at the most suitable level, that environmental considerations are taken into account in the implementation of programmes.

Mid-term review

The mid-term review of the efficiency of programmes which started at the beginning of 2003, and which may lead to proposals for revising some programmes, should provide an occasion for taking better account in the operations Structural Funds of the priorities set out in the Sixth Action Plan for the environment and in the Commission's Communication on a *European Union strategy for sustainable development*.

Innovative actions

Sustainable development is one of the three eligible themes for experimentation in the regional programmes of innovative actions. To date, 49 of the 126 benefiting regions have opted to explore this theme in their programmes, including various operations related to the environment but also encompassing transport, cultural heritage, delivery of social services, etc. with a total volume of around €80 million. It is intended that the lessons drawn from these programmes should be incorporated into the mainstream Structural Fund programmes.

2.2. The Structural Funds and transport and energy policy

On 12 September 2001, the Commission adopted a White Paper on transport which makes improving transport conditions one of the main subjects for reflection axes, based on the following points:

- reduction of congestion;
- creation of new infrastructures, in particular railways;
- tariff-setting as a means of rebalancing different modes of transport and of financing of infrastructures.

To achieve these ambitious objectives, the Commission will be relying on the funding available under the TEN-T budget, the Cohesion Fund and the ERDF, and on ISPA for the future Member States.

2.3. The Structural Funds and competition policy

Under Article 87(1) of the Treaty, state aid is normally considered not to be compatible with the common market. This principle of incompatibility is not however an absolute prohibition, and the Commission pays close attention to the potentially beneficial effects of aid intended to facilitate the economic development of the most disadvantaged regions, provided competition and trade between Member States are not affected to a degree contrary to the common interest. Since a large part of the assistance of the Structural Funds directly benefits individual businesses, it is essential to ensure that the Community's regional policy is conducted in full compliance with the rules on competition.

On this subject, the General Regulation governing the Structural Funds contains a significant number of provisions stipulating, in particular, that the operations approved by the Commission must include, within each measure, the details necessary for *ex-ante* appraisal of the compatibility of the state aid element with the common market. In this context, and following finalisation of the scrutiny of measures planned under single programming documents involving assistance from the Funds in the Objective 2 regions in 2000-2006, the Commission focused its attention during 2002 on the appraisal of various major projects eligible under Articles 25 and 26 of the General Regulation, which should be made simpler by the adoption of the new multisectoral framework on regional aid for large investment projects¹⁰.

The new framework brings together some sectoral rules which were scattered elsewhere (on cars, synthetic fibres and the iron and steel industry), introduces an automatic system for determining intensities of aid according to the amount of the investment which functions as a progressive tax rate, and sets a higher individual notification threshold than in the past. At the same time, the framework also recognises that some major investment projects may indeed contribute to regional development and provides that, as from 2004, a cohesion premium may be granted for major projects exceeding €100 million part-financed by the Structural Funds. The new system will thus take into account the value added by these major projects using an approach which makes it possible to reconcile the aim of reducing state aid involving the most serious distortions, on the one hand, and the goals of economic and social cohesion, on the other.

The Commission also continued its work on reforming the relevant rules of procedure in the case of aid schemes less likely to create distortions of competition. A new set of rules was adopted in 2002 making exemptions for aid to support employment¹¹, which should result in simplifying the Community's part-financing procedures for certain aid schemes throughout the current Structural Fund programming period. This regulation introduces an exemption from prior notification for aid schemes involving job creation, as well as for schemes to encourage the

¹⁰ OJ C 70, 19.3.2002.

¹¹ OJ L 337, 13.12.2002.

recruitment of disabled and disadvantaged persons and in particular an increase in intensities of aid intended to create net employment in assisted regions.

2.4. The Structural Funds and policy on public procurement

Article 12 of the General Regulation on the Structural Funds stipulates that operations receiving Community funding must “*be in conformity with the provisions of the Treaty, with instruments adopted under it and with Community policies and actions, including the rules on [...] the award of public contracts*”. Greater decentralisation has been introduced into the management of the Structural Funds, increasing the responsibility of the Member States and in particular the management authorities when contracts financed by the Community Funds are being awarded. To ensure the conformity of these procedures with Community rules, the Commission encourages the national authorities to adopt various preventive measures such as appropriate training for staff involved in awarding contracts and issuing guide and vade-mecums on contracting procedures. As part of its general tasks, the Commission also ensures that procedures for awarding contracts are in conformity with Community law by checking on the transposition of the relevant Community Directives and by making use of its powers to intervene when Community law is breached. In this context, the Commission examined more than 400 cases in 2002 of inadequate transposition or potential misapplication of the relevant Community provisions.

2.5. The Structural Funds and the information society

The development of the information society is an integral part of policy for the Structural Funds in 2000-2006, with a view to exploiting all the social, economic, cultural and political benefits of the revolution in communications and information processing. The European Council in Lisbon adopted an ambitious strategy to make the European Union “*the economy based on the most competitive and dynamic knowledge in the world, capable of sustainable economic growth, with better and more jobs, and greater economic and social cohesion*” between now and 2010. The conference in Lyon took up this challenge, declaring that the information society was “*a means to an end*” and its aim was to “*carry out the competitiveness of the regions and the creation and the maintenance of stable jobs*”. The key message was that the regions should design and implement an integrated and common strategy on the information society.

A recent study¹² shows that in 2000-2006 the direct Community contribution to the information society under the Structural Funds will come to some €10 billion, i.e. 4.5% of total expenditure on Objectives 1 and 2. Structural priorities, broadly consistent with the eEurope action plan 2002 aiming at wider-scale connection with the Internet, run from the modernisation of access infrastructures to general participation in the knowledge-based economy, support for the use of electronic trading by small businesses, new types of qualifications and working patterns, and finally e-governance. It is also worth noting the adoption by half of the regions studied of a strategic and planned approach to the information society.

¹² Thematic evaluation of the information society , Technopolis, October 2002.

The successor action plan eEurope 2005 was adopted at the European council in Seville in June 2002; it concentrates on full use of the Internet and sets out to stimulate the development of secure services, applications and contents which exploiting the broad-band infrastructure already widely available. These new priorities put user and uses in the foreground and concern the regions even more directly. In a particularly difficult economic climate affecting some sectors particularly, the renewed risks of a digital divide led the Commission to take action in 2002 in the following fields:

- the development of infrastructures for broad-band access in the regions with low population density, where the market is not in a position to supply a suitable solution. State aid for investment in such infrastructures and the conditions for topping up from the Structural Funds call for new guidelines, work on which started in 2002 and will need to be finalised at the latest in the first half of 2003.
- the social integration of the tools of the information society. Several measures to counter the digital divide were implemented at regional level in 2002 and should be continued if access to the information society is not to create two groups of ‘haves’ and ‘have nots’ in the future.
- the capacity of regions to organise and formulate an integrated strategy on the information society which meet the needs of users and is based on wide inter-regional cooperation. Although good results were already apparent in 2002 in half the regions, the other half has not given enough priority to developing the information society and are likely to be excluded from the cooperation networks which are emerging at international level.
- the national development plans (and operational programmes) sent in the applicant countries, as far as they cover the information society, reflect very specifically the risks described above and show little consistency with policies adopted within the framework of eEurope+. The fragmentary nature of the measures concerning the information society in various sectors of activity call first of all for a suitable coordination mechanism to be set up, to include the regional level, and at a later date a strategic and structured approach based on real capacity for analysis and management at regional level.

Finally, a coherent reference framework is needed for regional policy on the information society and an approach needs to be found involving indicators and data gathering which is better attuned to regional priorities.

Innovative actions

Information society is one of the three eligible themes for experimentation in the regional programmes of innovative actions. To date, 92 of the 126 benefiting regions have opted to explore this theme in their programmes, including diverse actions focusing on IT at the service of regional development with an total volume of around €240 million. It is intended that the lessons drawn from these programmes will be incorporated into the mainstream Structural Fund programmes.

3. EVALUATION AND FINANCIAL CONTROL

3.1. Evaluations

a) ERDF

Evaluations launched in 2002

In 2002 DG REGIO launched five studies concerning regional policy and the Structural Funds, two of which were completed in the course of the year. The studies are:

- Ex-post evaluation of Objective 6, 1994-1999, aimed at measuring the success of the objectives and strategies of the two Objective 6 programmes in Finland and Sweden, and appraising the systems for implementing them.

This evaluation showed that, although the funds allocated to these two programmes had had a beneficial effect on the regions concerned, they were not sufficient to alter the depopulation trend in those Objective 6 areas.

The conclusions of this evaluation will be taken into account when the two Objective 1 programmes for 2000-2006 are adapted in 2003.

- Interim thematic evaluation on sustainable development.

The purpose of this study was to identify instruments which can assist the regions of the Member States in assessing their sustainable development plans. The results of the evaluation will be used to raise the profile of sustainable development in the 2000-2006 Structural Funds programmes, particularly in the context of the mid-term evaluations.

This evaluation showed that, on the whole, the Structural Funds make a positive contribution towards sustainable regional development, but that there is still room for improvement.

In 2002 a further three studies were launched, the results of which will become known in the course of 2003; they are:

- Ex-post evaluation of the Interreg II Community Initiative, 1994-1999, aimed at evaluating, for strand A (cross-border cooperation) and strand B (completion of energy networks), the degree to which these strands have made an effective contribution to promoting cross-border cooperation, to helping the border areas of the European Union overcome the specific problems stemming from their relative isolation from national economies and the Union as a whole, and to filling in the missing links in the trans-European energy distribution network.

For strand C of Interreg II, the evaluation is to indicate to what degree this strand has helped launch and/or improve the targeting of strategies and processes to rebalance and plan the territory of the Union.

The conclusions of this evaluation will be used in particular to learn lessons for the future of the Interreg Initiative after 2006.

- Ex-post evaluation of the Urban Initiative, 1994-1999, which will have three objectives:
 - * determining the impact of the Community Initiative on improving the socio-economic development conditions in areas covered by the programme and its role as a catalyst;
 - * identifying the Community added value obtained as a result of Structural Fund investment;
 - * identifying the lessons which have relevance both for the 2000-2006 programming period and for planning for the Structural Funds post-2006 in the context of enlargement.
- Finally, the Directorate-General for Regional Policy has launched a study on the efficiency of the method used to implement the Structural Funds, including Objectives 1, 2 and 3, and the Community Initiatives.

This evaluation will be used to assist the Commission, in the context of the reform of the Funds, in drawing up proposals for implementing procedures after 2006.

Lessons from the evaluations launched in 2001 and finalised in 2002.

The conclusions of two evaluations launched in 2001 and completed in 2002 may be summed up as follows:

- Thematic evaluation on the information society.

On the basis of seventy regional programmes (as well as three national programmes on the information society), the Structural Funds appear to have made a significant contribution in both financial and strategic terms.

However, only a few programmes were able to implement horizontal approaches, as for example in the case of the information society, mainly on account of major differences in the regions' capacities and programming.

- Input-Output study on the economic impact of Objective 1 assistance for the period 2000-2006.

This study demonstrated the extent of the impact of the Structural Funds on the GNP of Member States benefiting from Objective 1, as well as the effect of the feedback - 24 % on average - towards the more developed regions of the Union via imports of equipment and services by the less developed areas.

In addition, two important studies, one an ex-post evaluation of Objective 1 programmes for 1994-1999 and the other an ex-post evaluation of Objective 2 programmes, both of which were launched at the end of 2001, will be completed at the beginning of 2003.

Other activities in the evaluation field.

- Cost-benefit analysis.

Article 26 of the General Regulation on the Structural Funds stipulates that Member States must notify the Commission of major projects and that information must be supplied on the cost-benefit analysis, and the impact on employment and the environment.

In 2002 DG REGIO analysed and issued an opinion on some 110 major projects submitted to it, mostly associated with the environment and transport infrastructure.

In order to improve practice in this area, which varied widely between Member States, DG REGIO published an update of its guide to cost-benefit analysis in 2002 with the assistance of an external consultant.

- Update of the methodological evaluation guide “MEANS”.

In 2002, DG REGIO launched a call for tenders to update the MEANS methodological guide in order to take account of the experience acquired and the developments in techniques in recent years.

- Definition of the indicators necessary for the implementation of the performance reserve.

During 2002, DG REGIO specified the criteria for the use of the indicators provided for implementing the performance reserve in accordance with the provisions laid down in Article 44 of Regulation (EC) No 1260/1999, and in the context of the simplification exercise decided on by the Commission in agreement with the Member States.

- Appraisal of the calls for tender for the *ex-ante* evaluations of the national development programmes and operational programmes presented by the applicant countries.

In 2002, DG REGIO appraised the terms of reference for the *ex-ante* evaluation of the national development programmes and operational programmes submitted by the applicant countries, resulting in redrafting in certain cases where weaknesses were identified.

Compliance with the principle of additionality 1994-1999

Among the general principles underlying the operation of the Structural Funds, additionality, which is governed by Article 9 of the coordinating Regulation (EEC) No 2082/93, is aimed at preventing resources from the Community Funds being used as a substitute for eligible national public expenditure in joint assistance areas.

Pursuant to this Article, each Member State must maintain for each Objective, in the whole of the territory concerned, its public structural or comparable expenditure with the exception of the Structural Funds contribution and in real terms, at least at the same average level as in the previous programming period, taking into account the macroeconomic circumstances in which the funding takes place, as well as a number of specific economic circumstances, namely privatisations, an unusual level of public structural spending in the previous programming period and business cycles in the national economy.

Ex-post checking of compliance with the principle of additionality can be conducted only after the closure of the programming period. A check on the 1994-1999 period had to be carried out on the basis of actual eligible public or comparable spending between 1994 and 1999.

At the end of 2001 the Commission asked the Member States to supply information on actual spending under Objectives 1 and 6. This information was to be accompanied by details of information sources, the deflators applied and any methods used to estimate data. Any discrepancies are estimated by comparing average actual expenditure in the 1994-1999 period and ex-post expenditure in the preceding period.

As at the end of 2002, ex-post checking of compliance with the principle of additionality for the period 1994-1999 has been completed for nine Member States; it has been completed for Objective 1 in the case of seven Member States, namely Austria, Belgium, Germany, Greece, Netherlands, Portugal and Spain, and for Objective 6 in the case of Finland and Sweden.

For seven Member States a significant increase of between 10% and 30% was noted in national public spending in real terms as compared with the 1989-1993 period.

In two cases, namely Germany and Spain, the decrease of 20% and 2.4% respectively in public spending in relation to the 1989-1993 period does not call into question the principle of additionality in view of the unusual level of public structural spending in the previous programming period.

In the case of Ireland, although the Irish authorities have still to send the most recent information, the principle of additionality would appear to have been complied with for the 1994-1999 period.

Although complete, final information has not yet been received for Italy, particularly as regards the final expenditure of the municipalities, the average annual level of eligible public spending in the Objective 1 regions for the 1994-1998 period is below the average annual level for the 1989-1993 period.

The information received for France and the United Kingdom do not make it possible to establish whether the principle of additionality has been complied with at this stage.

b) FIFG

An ex-post evaluation of the FIFG programmes for the 1994-1999 period has been launched at EU level by DG FISH. The contract was signed in December 2002 and the final report is expected in October 2003. Several Member States have launched their own evaluations, the final reports of which should also be available by the end of 2003.

During 2002, several Member States embarked on the mid-term review exercise. A seminar organised on 24 February 2003 brought together the parties responsible for the mid-term review of the FIFG programmes for the 2000-2006 period in the Member States, enabling them to discuss the terms of reference and methodologies adopted. Despite significant delays in the cases of some programmes, most of the final reports should be available by 31 December 2003 in accordance with Article 42 of Regulation (EC) No 1260/1999.

c) EAGGF Guidance Section

Ex-post evaluations for the 1994-1999 programming period:

Most of the ex-post evaluations were finalised by the Member States and regions and sent to the Commission. In all, the Commission received seventeen *ex-post* evaluation reports for Regulation (EC) No 950/97 (Measures for improving the efficiency of agricultural structures, under Objective 5a), twelve reports for Regulation (EC) No 951/97 (Improving the processing and marketing of agricultural products, under Objective 5a), fifty-two reports for Objective 5b measures, and eighty-two reports for the Leader II Community Initiative. Some reports were still awaited in 2003.

The Commission launched four EU-level synthesis evaluations, which will be carried out by external evaluators. Four contracts were drawn up to carry them out, covering *ex-post* evaluations of Regulation (EC) No 950/97, Regulation (EC) No 951/97, Objective 5b and Leader II. Final reports for these four evaluations will be available during the third quarter of 2003.

Mid-term evaluations of the 2000-2006 programming period:

The mid-term evaluations are under way in all Member States and are scheduled to be completed by 31 December 2003. The Commission finalised and disseminated guidelines for the evaluation of rural development measures with a view to achieving a coordinated approach to evaluation, which would allow EU-level synthesising of evaluation findings. Programmes involving the EAGGF are to apply these guidelines to the greatest possible extent. Guidelines were also drawn up for the mid-term evaluation of the Leader+ Initiative.

d) ESF

As scheduled, an ***ex-post* evaluation of the 1994-1999 programme** for Objectives 1, 3 and 4 began in September 2002. The final results are expected by September 2003.

The aim of the exercise is to assess the results and impact of ESF action in the areas described. The main emphasis is on quantifying and qualifying the impact on individuals (direct beneficiaries) and systems (including indirect beneficiaries). The Community added value of the assistance will be determined in so far as possible. The results of the evaluation are intended to be used in the: (i) drafting of the next report on economic and social cohesion, (ii) implementation of the ESF in 2000-2006, (iii) policy development for the future of the ESF, (iv) negotiation of ESF programmes with new Member States following EU enlargement, and (v) analysis of the ESF contribution to the European Employment Strategy.

During 2002, DG Employment continued to support the preparation of the **mid-term evaluation** of ESF programmes under Objectives 1, 2 and 3 for the 2000-2006 programming period. These evaluations are organised by the Managing Authorities in partnership with the Commission. By the end of 2002, mid-term evaluations had been launched in the case of almost all Member States and programmes. The Commission participates in the Steering Groups monitoring these evaluations.

The work of these Steering Groups has consisted mainly in drafting technical guides to facilitate the evaluation of programmes belonging to a single Community support framework, and in discussing both the evaluators' methodological reports and the initial evaluation results on specific or horizontal aspects. In certain countries, the different players involved in Objective 3 have actively contributed to the evaluation reports for the first five years of the implementation of the European Employment Strategy.

For its part, the Commission has organised periodic meetings with Member States and evaluators to promote exchanges of information and experiences. In 2002 work focused on methodological notes on the contribution of the Structural Funds to the European Employment Strategy and the criteria for assessing Objective 3 monitoring systems. In addition, discussion notes on the evaluation of ESF horizontal priorities (equal opportunities for women and men, local development and the information society) were drafted and discussed in order to foster exchanges between Member States and evaluators.

Specific assistance to the **candidate countries** has been provided in the form of fact-sheets providing guidance on *ex-ante* evaluation and specific indicators for monitoring ESF assistance.

As regards the **evaluation of the Equal Community Initiative**, the Commission expected all the evaluators to be appointed early in 2002. In most cases appointments were delayed, but most of the national evaluators for the Community Initiative programmes were already in place by the end of November 2002. In September 2002, the Commission launched the EU-wide Equal evaluation to synthesise national evaluation results, to evaluate transnationality, mainstreaming and networking at EU level, and to foster coordination among the national evaluators. The reports, expected by February and December 2003, will serve as a basis for the revision of the programmes.

As regards the evaluation of **innovative measures** under Article 6 of the ESF Regulation, the on-going appraisal of the 1998 pilot projects on local social capital was completed at the close of 2002. The evaluators consider that the exercise succeeded in reaching out to disadvantaged groups and helping them move closer to

employment. The method used to achieve these results was the decentralised delivery model: Intermediate Bodies gave both advice and micro-grants to small-scale projects. Participants achieved high rates of success and the initiative generated positive results for both the partnerships and areas involved. The evaluators suggest that the Local Social Capital approach may circumvent problems and limitations in conventional programmes by combining continuous support and grants with rapid payment and less red tape for micro-projects. These results are relevant to several fields (i) European Employment and Inclusion strategies, (ii) European Social Fund and use of global grants and (iii) project partnership development and operation.

The evaluation of the Article 6 projects on the New Economy in the context of Social Dialogue effectively started in 2002 and will end in 2004.

A call for tenders has been launched for the evaluation of Local Development Strategies and Innovation 2002 Projects, and evaluators will be selected by the end of 2002.

3.2. Controls

a) Inspections carried out by OLAF

In 2002, OLAF carried out twelve inspection missions in the Member States in connection with structural measures.

Four missions focused on the ESF (relating to cases initiated in 2002). Another four involved the EAGGF Guidance Section and concerned investigations launched in 1998. Three were in the ERDF area (two relating to investigations opened in 2002 and one to an investigation opened in 2000). Lastly, an FIG inspection mission related to an investigation opened in 2001.

In addition, between November 2002 and January 2003, OLAF conducted a joint audit with the Directorates-General responsible for the Structural Funds on the implementation by the Member States of the provisions of Regulation (EC) No 1681/94 on the systems and procedures for notifying and following up irregularities, as well as the application of Article 8 of Regulation (EC) No 438/2001. The conclusions of this audit will be transmitted to the Member States, Council, European Parliament and Court of Auditors.

Moreover, for 2002, Member States notified the Commission, pursuant to Regulation (EC) No 1681/94, of 4652 irregularities involving a total of €604 466 000.

Compared with 2001, the number of irregularities notified and the amount involved more than tripled¹³. This may be accounted for by the fact that 2002 was the last year for carrying out inspections before the closure of the programmes for 1994-1999.

It should also be noted that Articles 3 and 12 of Regulation (EC) No 1681/94 lay down that the Member States must notify the Commission of all cases of

¹³ 2001: number of cases notified: 1190; total amount involved: €199 120 000

irregularities involving amounts of €4 000 or more¹⁴. This Regulation does not distinguish between fraud¹⁵ and other types of irregularity.

It should also be pointed out that significant progress was achieved in 2002 in applying Article 5 of Regulation (EC) No 1681/94, which obliges Member States to inform the Commission of individual proceedings initiated in connection with the irregularities notified and of any significant changes occurring in those proceedings. However, in certain cases, the Commission has not been informed of the follow-up action taken in the cases notified. A large number of cases have been notified without any indication of the action taken. They are mainly programmes from the first programming period, although the deadlines for closing certain programmes have expired.

In closing the programmes for 1994-1999, a process currently under way, both the Member States and the Commission have made an effort to ensure that the majority of cases notified under Article 3 of Regulation (EC) No 1681/94 are settled by the time of closure. In the case of irregularities for which legal proceedings are still under way at national level, final settlement of the amounts involved will have to be suspended until these proceedings have been completed.

The new Regulation (EC) No 448/2001 links application of the financial correction to the reports sent by the Member States pursuant to Regulation (EC) No 1681/94 and requires Member States to transmit to the Commission once a year a statement of recoveries pending. Application of this Regulation will facilitate the financial monitoring and charging to the Member State of amounts lost as a result of its negligence. This will make correct application of the Regulation a priority for the Member States.

b) Checks carried out by the operational DGs

ERDF

Audits on the application of Regulation (EC) No 2064/97

For the ERDF (1994-1999), the systems in the Member States are known as a result of audits in earlier years, particularly systems audits carried out in 2001 on the application of Regulation (EC) No 2064/97. Audit activity in 2002 focused on following up major findings with an impact on Member States' readiness to close programmes. Nine follow-up audits were carried out to check on the remedial action taken. In addition, three Interreg programmes were checked and a fact-sheet was subsequently drawn up to provide guidance for Member States in applying Article 8 of Regulation (EC) No 2064/97 to such programmes. In general, satisfactory measures have been taken to deal with the principal deficiencies. In specific cases there are still problems which have not been effectively addressed.

The programmes concerned will receive particular attention at the time of closure and if adequate guarantees are lacking, payment of the final balance will be suspended. The methodology for the closure of audits carried out in order to verify

¹⁴ For a definition of "irregularity": see Article 1(2) of Regulation (EC, Euratom) No 2988/95.

¹⁵ For a definition of "fraud": see Article 1(1) of the Convention on the protection of the European Communities' financial interests.

that Member States have followed a correct and reliable procedure in closing their programmes has been finalised.

Audits to close programmes in the 1994-96 period

Seven closure audits on Objective 2 programmes for 1994-96 closed in 2001 were carried out as a pilot exercise. Significant irregularities were detected in programmes audited in two Member States (Spain and Italy). Following the completion of the contradictory procedure with the authorities, financial corrections may be made and consideration may be given to extending the scope of the audit work to other closed programmes from that period. This pilot audit exercise also made it possible to identify certain types of problem which will be taken into account in the checks to be carried out on the closure process in 2003.

Audits of 2000-2006 programmes

Desk checks have been carried out on the Article 8 declarations received during the second half of 2002. In over 50% of the files, it was found that the declaration could not be accepted, generally because there was insufficient supporting information and payment was therefore suspended.

FIFG

In 2002 DG FISH carried out eleven on-the-spot checks in the following Member States: Spain (4), France (1), Portugal (1), Italy (1), Ireland (1), Germany (1), Greece (1) and Finland (1). The following types of control were carried out:

- three systems audits for the 1994-1999 programming period, including preparations for closure (EL, F, IRL);
- five audits concerning the management and control systems for the 2000-2006 programming period (D, E, P);
- one check on projects involving aquaculture, processing and the modernisation of fishing vessels (FIN);
- two checks on compliance and accounting operations (E, I).

ESF

In 2002 thirty inspection missions were carried out in the Member States, their essential purpose being to evaluate the systems for the new 2000-2006 period, following the receipt between June and December 2001 of descriptions on paper of the management and control systems set up in the Member States.

The inspections relating to the new 2000-2006 period may be broken down as follows:

twelve preventive audits relating to Objective 1.

fifteen preventive audits relating to Objective 3.

three preventive audits relating to the Equal Community Initiative.

The objective of carrying out at least one ESF preventive audit in 2002 was achieved (six Member States audited once, nine Member States audited twice or three times).

These inspections made it possible to conduct an on-the-spot practical evaluation of the descriptions of systems presented by the Member States (Article 5 of Regulation (EC) No 438/2001). The essential conclusions of these inspections were communicated, inter alia, at the coordination meetings held on 28 February (twelve of the fifteen Member States), while the inspection reports were transmitted to the Member States within an average of 8.7 weeks, i.e. in keeping with the good practice laid down by the Commission in the context of the simplification exercise.

Four audits were carried out for the purpose of pursuing the checks initiated in 2001 on the implementation of Regulation (EC) No 2064/97, which were aimed at assessing the state and quality of preparations for closure in the Member States (which, for example, made it possible to detect in time and radically change the Article 8 certification procedures in the United Kingdom (Northern Ireland)).

Two further audits were carried out on 1994-1999 programmes (including support for the national control authorities in France in connection with closure procedures).

EAGGF Guidance

During the first half of 2002, DG Agriculture continued the control enquiry into 1994-1999 programmes begun in 2001 with a view to examining the Member States' management and control systems prior to closure, with special emphasis on the application of Regulation (EC) No 2064/97. In 2002, the enquiry included thirteen inspection missions in twelve Member States (A, D, DK, E, F, FIN I, L, NL, P, S, UK). In all, the enquiry into the 1994-1999 programmes prior to closure carried out by DG Agriculture in 2001-2002 included twenty-seven missions and covered all Member States.

The problems detected during the control missions carried out in 2002 were similar to those detected in 2001, i.e. late or unsatisfactory application of Regulation (EC) No 2064/97, reconciliation of expenditure problems, cases of ineligible expenditure or projects, etc. All the problems detected are being (have been) taken into account in the closure of the programmes.

During the second half of 2002, DG Agriculture made all the appropriate preparations for the closure of the 1994-1999 programmes, including the examination of some 100 control statements (out of a total of some 380) presented by Member States under Article 8 of Regulation (EC) No 2064/97. The quality of the first control statements was not satisfactory and for this reason, DG Agriculture had to ask for additional information or clarifications from Member States. The quality of the statements was gradually improved in the course of the year.

Furthermore, in 2002, DG Agriculture launched a tender for the appointment of an external audit firm to assist it in examining the descriptions of the management and control systems for the 2000-2006 programmes and its inspection missions. The selection procedure and the signature of the contract was concluded in early 2003.

4. COMMITTEES

4.1. Committee for the Development and Conversion of the Regions

This Committee acts as a management committee when it deals with rules implementing the Structural Funds Regulation (EC) No 1260/1999 and as a consultative committee when dealing with other points. In addition, it acts as a forum for information on and discussion of any specific points relating to the implementation of the Structural Funds, in particular the European Regional Development Fund (ERDF). Overall, in the ten meetings of the CDCR and the five meetings of its working group on urban and territorial matters, some 75 dossiers were treated.

The year 2002 was in particular marked by discussion of the Commission's proposals for simplifying, clarifying, coordinating and flexibly managing the structural policies. Most of the CDCR's work during the second half of 2002 was concentrated on these issues. For one them, namely the proposed modification of the implementing regulations on eligibility, a vote by written procedure within the CDCR became necessary in view of widely divergent views amongst Member States.

The results of these discussions shaped the Communication from the Commission on simplification, adopted by the Commission on 25 April 2003.

4.2. European Social Fund Committee

The ESF Committee held four plenary meetings in 2002, and the Technical Working group met seven times.

The Committee gave its opinion on two procedures: the revision of Regulations (EC) Nos 1685/2000 and 485/2001, and the Further Indicative Guidelines for Candidate Countries.

The Committee addressed a wide range of issues relating to the operation of the ESF during the year. In particular it discussed the outcome of the evaluation of the European Employment Strategy and the proposed revision to the procedure and the timetable to bring it into line with the Broad Economic Policy Guidelines. It also spent a considerable amount of time discussing evaluation issues, not only relating to the ESF directly, but also other programmes where evaluation reports have recently been concluded. Similarly, it also received reports on the progress of Article 6 activities, both in terms of the launching of calls for tender and the Annual Report. It received a report on the study carried out for the Commission on the implementation of the ESF in the 2000-2006 programming period, which analysed the support given in programming documents for the European Employment Strategy. It was regularly informed about progress in the negotiations on enlargement. The last meeting of the year was attended by representatives of candidate countries, and was largely devoted to discussions relating to the implementation of the ESF in those countries after accession.

The main issue discussed by the Technical Working Group during the year 2002 was simplification, which culminated in the joint meeting of all the Structural Fund Committees in November. The Group also discussed other issues relating to the administrative and financial implementation of the ESF.

4.3. Committee on Agricultural Structures and Rural Development (STAR Committee)

The STAR Committee (agriculture and rural development) met 13 times in 2002 and acted as a management committee under the procedure provided for in Article 47(3), giving a favourable opinion on Regulation (EC) No 2251/2002 amending Commission Regulation (EC) No 2759/1999 laying down the rules for the application of Council Regulation (EC) No 1268/1999 on Community support for pre-accession measures for agriculture and rural development in the applicant countries of Central and Eastern Europe in the pre-accession period.

The Committee gave favourable opinions on 47 rural development plans under Article 44(2) of Regulation (EC) No 1257/99 and on 15 amendments to rural development plans under Article 4 of Regulation (EC) No 1268/99.

The Committee furthermore held extensive discussions over five meetings during 2002 on the simplification of the Community's rural development policy, which led to the presentation of detailed legislative proposals by the Commission in December 2002.

4.4. Committee on the Fisheries and Aquaculture Sector

During 2002, the Committee on the Fisheries and Aquaculture Sector met seven times and was consulted once by written procedure (amendments to Regulation (EC) Nos 1685/2000 and 438/2001).

In particular, it was informed about:

- details of the ex-post evaluation and mid-term review of FIFG programmes
- the communication of irregularities concerning the operation of the Structural Funds and closure of 1994-1999 programmes
- The closure of the OPs/SPDs and the N+2 rule
- the implementation of MAGP IV and associated aid schemes
- Commission proposals to simplify the management of the Structural Funds
- the results of the call for proposals for “innovative actions”
- the Communication on further indicative guidelines for candidate countries (Structural and Cohesion Funds).

5. RELATIONS WITH OTHER INSTITUTIONS

European Parliament

The on-going dialogue with the European Parliament took place both during the plenary sessions and in connection with the work of the Parliamentary committees, in particular the Committee on regional policy, transport and tourism (RETT), the

Committee on Budgets (COCOBU) and the Committee on Constitutional Affairs (AFCO).

In the **plenary sessions**, it is worth noting the adoption of the following resolutions:

- EP resolution of 13 June 2002 on European Parliament resolution on the Communication from the Commission on the impact of enlargement on regions bordering candidate countries, on the basis of the Sommer report adopted by RETT on 21 March 2002;
- EP resolution of 13 June 2002 on the twelfth annual report on the Structural Funds (2000); on the annual report of the Cohesion Fund 2000; on the annual report of the Instrument for Structural Policy for Pre-Accession (ISPA) 2000. This resolution accompanied the Turco report, adopted on by RETT 22 May 2002;
- EP resolution of 7 November 2002 on the first progress report from the Commission on economic and social cohesion, on the basis of the Schroedter report adopted by RETT on 10 October 2002;
- EP resolution of 20 November 2002 on the proposal for a Council decision concerning the dock dues in the French overseas departments, on the basis of the Sudre report approved by RETT on 8 October 2002;
- EP resolution of 20 November 2002 on the proposal for a Council regulation concerning Community financial contributions to the International Fund for Ireland, on the basis of the Caveri report approved by RETT on 8 October 2002.

With regard to the first progress report on economic and social cohesion, in addition to the RETT the Agriculture and Foreign Affairs Committees also gave opinions.

The Schroedter report supported the positions of the Commission on a number of points: the need to maintain a strong cohesion policy based on solidarity and partnership, in the context of enlargement and the persisting inequalities within the EU; not going below 0.45% of the Union's GDP in order not to challenge the credibility of cohesion policy; the need to adapt cohesion policy to the conditions which will prevail in the enlarged Union; the need to promote sustainable development and territorial cohesion in Europe and reinforce the polycentric, harmonious and balanced development of the Union, in accordance with the guidelines of the ESDP; support for areas with specific handicaps (with special mention of the outermost regions); strengthening cross-border cooperation; opposition to any renationalisation of cohesion policy; the importance of partnership and the value of considering tripartite agreements with the regions and Member States.

The report also reflected other concerns: taking account of other indicators than GDP to determine eligibility for Structural Fund assistance; improve the consistency of employment policy, the common agricultural policy, environmental policy, transport policy and economic policy with a view to sustainable regional development; increasing the administrative capacity of the applicant countries; defining the more flexible methods of implementing assistance with a view to gradual decentralisation

of the management of the Funds, subject to effective and rigorous monitoring; raising the assistance for regional competitiveness; allowing the regions to implement their own development strategies; introducing the principle “one programme – one Fund”, by giving more responsibility to the regions for implementation.

The report called on the Commission, before its Third Report on economic and social cohesion, to present:

- a proposed timetable designed to ensure that programming for 2007-2013 could really start to be implemented with effect from 1 January 2007;
- proposals to improve the consistency of the EU policies affecting economic and social cohesion;
- proposals on the future of the Community Initiatives and Objective 2.

Committee of the Regions

Following the signature on 24 September 2001 of the cooperation protocol between Presidents Prodi and Chabert, the Commission adopted a guide in April 2002 covering the different aspects of the Commission’s policy with regard to the Committee of the Regions and the practical application of the programming of and participation in the proceedings of the Committee of the Regions.

Within this framework, Commissioner Barnier on 12 July 2002 asked the new President of the CoR, Mr Bore, for an opinion in the form of a “forward-looking report” on the implementation of the Structural Funds, focusing on how the management of cohesion policy could be simplified after 2006. This forward-looking report was prepared by Mr Fitto (PPE/Italy) and Mr Van Cauwenberghe (PSE/Belgium) and presented by the rapporteurs in Helsinki on 4 December.

On the same day, the COTER committee gave an opinion on the Urban Initiative, on the basis of a report submitted by Mrs Sally Powell (ESP/UK).

In November 2002, the Commission took part in a discussion of the working paper drawn up by the chairman of the Committee on constitutional affairs at the European Parliament (Mr Napolitano), on the basis of which the CoR adopted its own report drawn up by Lord Tope (ELDR/UK). The Tope report found that the local and regional authorities should have the right to make referrals to the Court of Justice under the subsidiarity principle and that the CoR itself should be given the status of a European Institution.

The COTER committee also produced an opinion in 2002 on the first progress report on economic and social cohesion. The rapporteur, Mr D’ambrosio (PSE/Italy), particularly stressed the disparities which remained at regional level and the marginalisation of the less-favoured regions.

Finally, the Commission undertook follow-up work in 2002 to the CoR’s opinions on cross-border and interregional cooperation in an enlarged Europe and on the island regions of the EU and their prospects in the context of enlargement.

The European Economic and Social Committee

Following the signature on 24 September 2001 of the cooperation protocol between Presidents Prodi and Frerichs, the Commission adopted a guide in April 2002 covering the different aspects of the Commission's policy with regard to the European Economic and Social Committee and the practical application of the programming of and participation in the proceedings of the Committee.

Within this framework, Commissioner Barnier on 23 July 2002 asked the President of the EESC, Mr Frerichs, for an opinion in the form of a "forward-looking report" on the contribution of the other Community policies to economic and social cohesion. The preparation of this report was entrusted to Mr Dassis (GR/II).

Mr Malosse (F/II) supplemented the opinion adopted in April 2001 on the Second Report on economic and social cohesion with an opinion on the future of cohesion policy from the point of view of enlargement, adopted unanimously at the plenary session in July.

Mr Christie (UK/I), produced an own-initiative opinion on the strategy for economic and social cohesion which stressed inter alia the specific needs of the thinly populated island, mountain and outmost regions.

Mrs Lopez Almendariz (E/II) produced an own-initiative opinion on the future strategy for the outermost regions of the European Union which was adopted at the plenary session in May.

The opinion of Mr Vassilaras (GR./III) on small businesses in the island regions was approved at the plenary session in April. Another opinion on the future of mountain areas produced by Mr Bastian (F/III) was approved during the plenary session in September.

Finally, the Commission took action in 2002 on five opinions of the EESC.

6. INFORMATION AND COMMUNICATION

ERDF

The priorities of the communications strategy for regional policy in 2002 reflected the priorities of the DG as a whole, i.e.

- to provide increased visibility for structural policy and its added value for the citizens of the Community (the 'general public'), and
- to improve results by ensuring optimum dissemination of information and best practice to the actors involved (the 'informed public').

These tasks are shared between the Commission, the Member States and the regions, reflecting the different primary target audiences of each. The Managing Authorities in the Member States in particular have the responsibility under Regulation (EC) No 1159/2000 (information and publicity) to inform the citizen about Structural Fund activities and projects. An increased effort was made in 2002 to assist and coordinate these activities and to pass on best practice with the organisation of a major

conference in March called ‘Working together: successful communication on the Structural Funds’ which concentrated on Objective 1 and covered the ERDF, EAGGF (Guidance) and ESF. Following this meeting a working group (*SFIT: the Structural Funds Information Team*) of national and Commission officials responsible for information met on two further occasions to make recommendations on various issues. An electronic ‘platform’ was set up to facilitate day-to-day contacts between members of the team and other interested parties.

The focus for specific actions in 2002 was better visibility for the Community added value of cohesion policy, preparing the future of this policy in an enlarged Union and developing the effectiveness of networks involving EU relays and the media. Highlights of activity related to regional policy include:

- Publication of the **first progress report on economic and social cohesion**, bringing the debate on the Second Cohesion Report up to date and inspiring a great deal of press and media coverage.
- The level of interest during 2002 in the redesigned **Inforegio web-site**, placed it in the top third of all EUROPA sites.
- The Inforegio **newsletter** continued to be produced on a monthly basis and distributed to over 60 000 readers. Inforegio **Panorama** is produced every three months.
- Increased use of the ‘**news room**’ of the Inforegio web-site in the second half of the year with immediate placement of current event items and news releases.
- Several **major events** were organised over the year including the ‘added value’ conference in Brussels (part of a cycle of such events following up issues raised in the Second Cohesion Report or the first progress report.); the ‘Cities for Cohesion’ event in London - launching the debate with local authorities about the urban content of future cohesion policy - and the mountain seminar in Brussels, examining aspects of territorial cohesion raised in the Second Cohesion Report.
- A number of special events were organised for the **regional press**: seven in Germany, one in Seville to coincide with the Spanish presidency of the EU and one in Aalborg to coincide with the Danish Presidency. All of these were organised jointly with the Commission’s representative offices in these countries.
- The series of special seminars which DG REGIO organises for the **representation offices** of the regions in Brussels continued with meetings covering the first progress report on cohesion, the Urban Community Initiative, the information and publicity rules and Interreg.
- 34 other **events organised by outside bodies** took place, at which DG REGIO contributed speakers and/or exhibition stands and which attracted some 17 000 participants overall.

FIFG

The information and publicity actions in the fisheries and aquaculture sector were set within the framework of the reform of the common fisheries policy (CFP), the first package of proposals for which was submitted by the Commission in May and adopted by the Council at the end of December. Throughout the summer, teams of speakers (called 'blue teams') went round the Member States explaining to the circles concerned and to the media the challenges of this reform and, in particular, its consequences for structural aid in the fisheries sector. The overcapacity of the fishing fleet in relation to available resources and the impact of this imbalance on the commercial profitability of the sector and employment has brought about a reorientation of aid which required a major effort in terms of dialogue and communication with and between all the circles concerned. A chat session (direct dialogue on the Internet) with the Commissioner, Mr Fischler, was organised in June.

The production of a new version of the booklet "Financial Instrument for Fisheries Guidance - Instructions for Use" « L'Instrument financier d'orientation de la pêche: mode d'emploi » incorporating the changes made to the FIFG Regulation as a result of the reform of the CFP was started for planned publication in 2003.

Image banks were set up for use in audio-visual communication about structures in the fisheries sector. Footage was shot in Spain, Italy and Scotland. These images are made available to the media free of charge.

Geographical maps were produced in the form of posters with information on two spheres of activity in full commercial expansion: the industry processing fishery and aquaculture products (output, employment figures, etc.) and the aquaculture sector itself (species farmed by country).

Targeted activities continued, in particular:

- participation in the "European Seafood" international fair (Brussels, April), devoted to processing and trade in fishery and aquaculture products;
- information via the periodic magazine "Fishing in Europe";
- material on Community structural aid in the fisheries and aquaculture sector on the Internet site devoted to the CFP.

EAGGF

The Commission continued its efforts in the field of information and communication about rural development operations funded by the EAGGF. The instruments used were in particular the section on "rural development" on DG Agriculture's website and the monthly newsletter of the same Directorate-General, which reported on rural development on various occasions during 2002.

The year 2002 was marked by the presentation of the Commission's Communication on the mid-term review of the common agricultural policy. The Commission published this Communication on its website and in the form of a booklet including a part on the impact of the reform on rural development policy.

ANNEX 1
COUNTRY FACTSHEETS

BELGIUM

1. OBJECTIVE 1

ERDF

In 2002 the Walloon Region notified the full list of Natura 2000 network sites, which made it possible to lift the payment suspensions for two measures under each SPD in Wallonia.

The programming supplement to the Objective 1 Hainaut SPD was amended following Commission approval of the financial engineering arrangements.

Two Monitoring Committee meetings were held in 2002: the first, on 27 June, was for Monitoring Committee members to examine and adopt the 2001 annual report. The Committee initially refused to approve the annual report because it did not contain updated information on the ESF. The Commission received the finalised report on 20 September and approved it on 25 October, subject to further information being provided on a project (PASS) regarding which it had been aware of financial difficulties.

The second Monitoring Committee meeting, on 17 December, was an opportunity - at the Commission's instigation - to debate, in addition to the usual management points, the quality of assistance by means of a thematic discussion concerning innovation and research & development. The debate also encouraged participation by the socio-economic partners.

Projects already approved continued to be implemented, and selection of projects for the amount of part-financing from the Structural Funds remaining under the programme - i.e. about one third of the available budget - started with the task force examining proposals.

At the end of 2002, the level of expenditure presented for payment from the ERDF exceeded €3 million - i.e. around 23% of the assistance available. The expenditure forecasts, which had been brought into line with the commitments profile so as not to lose appropriations following application of the N+2 rule, were adhered to. However, the last request for payment was submitted after 31 October - the date set by Regulation (EC) No 1260/1999 as the deadline for submission.

FIFG

Under the 2000-2006 Single Programming Document for Objective 1 regions, adopted by the Commission on 16 May 2000, €1.7 million was allocated to FIFG measures, mainly for investment relating to processing of fish and fishery products.

By the end of 2002 the Belgian authorities had not yet made any commitments in respect of that allocation. As regards application of the N+2 rule, apart from the payment on account no payment was made in respect of this fund. €1 200 of FIFG assistance is due to be decommitted in 2003.

EAGGF

The procedure for implementing Priority 3 measures for the EAGGF part of the Objective 1 Hainaut SPD is set out in the Walloon Rural Development Plan. The SPD provides for an allocation of €41.572 million under Priority 3. At the end of 2002, commitments and payments came to €16.320 million and €7.532 million respectively.

ESF

Two years after approval of the SPD phasing out Objective 1 in Hainaut, more than 150 projects were approved for total Structural Funds part-financing of over €110 million - i.e. more than two thirds of the budget available under the programme. The main measures forming the subject of project commitment decisions were investment aid measures in industry and services, financial engineering, support for centres of excellence (research centres) and maximising the potential of tourism and culture. The level of expenditure is still quite low at €30 million, i.e. 5% of the funding available.

The ESF is contributing €191.9 million to the Objective 1 Hainaut SPD. That amount is earmarked for implementing a specific measure under priority 2 (maximising and pooling human resources for research) and fully implementing priority 5 (preventive approach vis-à-vis the job market) and priority 6 (improving professional reintegration and social inclusion) of the SPD. For example, the priority 2 measure made it possible to offer young researchers 39 supplementary training opportunities in firms, and 15 other similar offers will be made in 2003. Overall, ESF assistance within this framework developed satisfactorily and in accordance with the objectives set. At the end of 2002, 40% of the ESF amounts programmed were committed.

2. OBJECTIVE 2

ERDF

In the Walloon Region, programming supplements for both Objective 2 programmes were approved by the Monitoring Committee on 22 April 2002 and presented on 23 May to the Commission, which approved them on 9 July. The annual reports were brief because they covered a very short period, since the SPD had been approved in December 2001. The project selection procedure was not yet very far advanced at the end of 2002.

A steering committee was set up to draft the tender specifications for interim assessments of the SPDs in Wallonia. The tenders received were examined and a proposed assessor for each SPD was submitted for the Finance Inspectorate's approval by the end of the year.

For the Brussels Capital Region, 2002 was the year in which the programming supplement was implemented and the first actual projects were carried out. The Region was therefore able to submit to the Commission its first two interim requests for reimbursement.

The Monitoring Committee, which met in June and November, undertook an in-depth partnership discussion about financial engineering, and particularly the pump-priming fund promoted under the Objective 2 programme.

The Committee also validated the specifications for selecting an evaluator whose job it would be to conduct the mid-term evaluation of the programme; the evaluator was to be chosen in early 2003 and the evaluation finalised in autumn 2003.

For the Flemish Region, 2002 really marked the start of the four Objective 2 programmes, particularly for the areas receiving aid from the European Structural Funds for the first time: the programming supplements had been approved by the Commission in October 2001 for two of them, and at the end of November for the other two.

Implementation enabled the Flemish Region to submit an interim payment request for the four programmes, thereby avoiding decommitment in time - 18 months counting from the decision to part-finance from the Funds.

Apart from difficulties relating to the rules on part-financing by the Flemish Region for urban programmes (in Antwerp and Ghent) and a clear problem with setting up projects under the ESF part of the West Flanders programme, the programmes progressed without giving rise to specific comments - except for a risk of the N+2 rule being applied to the ESF in West Flanders.

For the four programmes, the Monitoring Committee met three times in 2002: in April, June and November. At the last meeting, there was a discussion and an exchange of views on optimising the use of natural and cultural heritage in order to promote tourism. Each meeting of the Monitoring Committee was combined with a visit to projects in the area covered by the host programme, the visits enabling both the Commission and the representatives of other programmes to be aware of the nature and progress of projects in Flanders. In addition, a meeting between the Commission and the Managing Authorities and a visit to projects were arranged in Limburg Province (January 2002) and the City of Ghent (October 2002). Lastly, at the invitation of the Prime Minister of the Flemish Government, the Commissioner visited projects in Limburg Province on 14 June 2002.

The November 2002 meeting of the Monitoring Committee awarded the contract for mid-term evaluation of the four programmes (plus the Antwerp Urban II programme). Prior to that meeting the Commission representatives, the Managing Authority and the programmes' secretariats had met to compare the tenders.

ESF

Six programmes were adopted for Belgium under **Objective 2** and transitional support from former Objectives 2 and 5(b).

Two Objective 2 programmes are being carried out in the *Walloon Region*: one relates to the Meuse-Vesdre basin (ERDF and ESF assistance: €158.3 million) and the other to the Dinant-Philippeville rural area (ERDF and ESF assistance: €58.4 million).

The main aim of the *Meuse-Vesdre Objective 2* plan for 2000-2006 is to strengthen the eligible area's economic and social prosperity by affirming its metropolitan

status. The Objective 2 SPD comprises five priorities (plus technical assistance): to diversify the economic base; to enter the knowledge society; to enhance employability and know-how; to consolidate the area's international role; and to promote sustainable urban development.

The general aim of the *Dinant-Philippeville Objective 2* plan is to stimulate and provide a framework for endogenous development of the area. The plan comprises three priorities (plus technical assistance): to encourage and support endogenous development of economic trade activity; to structure the rural area; and to enhance employability and know-how.

Flanders has available a total Community allocation of €186.4 million, comprising €148.2 million for all the areas eligible under Objective 2 proper and €38.2 million as transitional support, divided among four programmes (one per province, except for Flemish Brabant), adopted in May/June 2001.

The structural measures are directed at areas undergoing redevelopment, particularly the former Flemish coalfield and the Belgian coast, urban areas in difficulty (Antwerp, Ghent) and rural areas.

Each of the four province-based programmes can in fact be subdivided into two entirely separate subprogrammes:

- Limburg: the programme represents EU financial support of €2.7 million (€2.1 million from the ERDF and €0.6 million from the ESF). In addition to this European funding there will be €119 million in investment from the Flemish public sector and €28.7 million from the private sector, giving total expenditure of €240.4 million. The programme's priorities are: initiatives to promote private investment and employment; optimisation of overall conditions for the local economic framework; integrated rural development of Haspengouw.
- Kustgebied-Westhoek (West Flanders): the programme represents EU financial support of €3 million (€0.5 million from the ERDF and €2.5 million from the ESF). It covers the coastal area, which is facing special difficulties due to the decline of the fishing industry and is therefore eligible under Objective 2 of the Structural Funds, and the Westhoek, a former Objective 5(b) area now eligible for transitional support. In addition to this European funding there will be €70.6 million in Flemish public investment and €13.7 million from the private sector, giving a total programme cost of €117.4 million. The programme centres around the following priorities: developing tourism; strengthening the local economic fabric; sustainable inter-sectoral development and qualitative improvement of the area as a place in which to live and work; training and the job market.
- East Flanders: the programme comprises €3.6 million of EU part-financing (ERDF only). In addition to this European funding there will be €2 million in Flemish public investment and €13.5 million from the private sector, giving a total programme cost of €59.1 million. The programme centres around the following priorities: developing enterprise and employment, improving services and quality of life in urban and rural centres, stimulating development of tourism in rural areas.

- Antwerp Province: the programme represents €47 million of EU financial support (€1.6 million from the ERDF and €5.5 million from the ESF). In addition to those amounts there will be €1.5 million of Flemish public investment and €7.3 million of private investment, giving a total programme cost of €35.8 million. The programme centres around two geographically-defined priorities. Kempen: measures to develop and redevelop industrial sites, to increase cooperation between local SMEs, to promote ITC and innovation - particularly through exchange of know-how between firms and networking, to develop training and research infrastructures, and to promote a better-integrated tourism product. North-east Antwerp: this priority comprises measures to promote training and to improve the local population's skills, to rebuild and make more attractive the city's public spaces, to improve the quality of local public services and to promote cooperation in locally important sectors such as the food industry or fashion and design.

For some of these programmes, implementation of the ESF measures is proving more difficult, particularly because of the limited geographical area.

3. OBJECTIVE 3

The 5 SPDs adopted under Objective 3 in Belgium for vocational training and employment, totalling €765 million, each contribute towards implementing in Belgium the European strategy for employment.

- Federal Ministry of Employment and Work SPD: €69.1 million. Half that budget is earmarked for measures to re-integrate disadvantaged groups into the job market. Other measures are aimed at consolidating employment in local services and promoting equality between men and women in the job market. Implementation built up steadily and reached a satisfactory cruising speed in 2002.
- Flanders SPD: €376.2 million, of which 48% are earmarked for preventive measures to improve vocational integration capacity and 21% are for measures to re-integrate the long-term unemployed. All the appropriations available for these two priorities were committed until 2003. The other priorities of this programme are to encourage firms' and employees' adaptability, to develop enterprise and to strengthen equal opportunities. All these priorities have now reached a satisfactory level of implementation.
- Wallonia/Brussels SPD (apart from Hainaut): €285.5 million were invested by the ESF, of which 43% were committed at the end of 2002. Combating unemployment and improving training networks continue to be this programme's main priorities.
- Brussels Capital SPD: €23.7 million. Although the country's main source of jobs, the region has the highest unemployment rate in Belgium. The programme's main priorities cover combating exclusion from the job market, measures to prevent unemployment, and improving coordination of employment policies at local level. The level of implementation is generally in line with the initial programming.

- German-speaking Community SPD: €10.7 million. The aid is directed at reducing long-term unemployment, encouraging the integration of disadvantaged groups into the job market, promoting education and training, developing adaptability and enterprise, and promoting equality between men and women. The programme's implementation is progressing according to plan.

4. FIFG OUTSIDE OBJECTIVE 1 REGIONS

The 2000-2006 Fisheries Structural Programme for regions outside Objective 1 was adopted by Commission decision of 21 December 2000. It provides a total FIFG allocation of €35.3 million for the above period and focuses in particular on fish processing and on the renewal and modernisation of the fishing fleet.

All the necessary administrative aspects (programming documents, Monitoring Committee, etc.) are in place.

Implementation is progressing rather slowly. In all, reimbursement claims for about 4% of the total FIFG allocation were submitted to the Commission. Most of that amount related to the temporary laying-off premium for the cod recovery plan.

The 2000-2006 Fisheries Structural Programme is in three parts: Flanders, Wallonia and the Federal Government.

Under the institutional reform of Belgium, which entered into force in 2002, fisheries became a Flemish Government responsibility.

That institutional reform, which entailed major staff reallocations, is one of the reasons for the programme's low implementation rate.

The new approach about simplification has not yet had any major impact in 2002.

5. COMMUNITY INITIATIVES

5.1 LEADER+

Two Leader+ programmes were approved by the Commission in December 2001, providing for a total allocation of €15.9 million comprising €4.3 million for the Flemish programme and €11.6 million for the Walloon programme. Both Programming Supplements were approved by the Monitoring Committees in 2002. 20 local action groups (LAGs) were selected: 15 for Wallonia and 5 for Flanders.

5.2 EQUAL

French- and German-speaking Belgium

Of the 43 EQUAL Development Partnerships selected at the end of 2001, 38 were confirmed and started implementing their work programme in May 2002. The pillar devoted to vocational integration capacity represents 50% of the projects and of the budget.

The year saw the adoption and launch of the thematic operation aimed at capitalising on projects' innovative aspects, with particular focus on equal opportunities for women and men.

Dutch-speaking Belgium

As of mid-2002, in total 20 projects were accepted and € 968 897.78 committed. Most of the projects form part of the employability pillar. A mainstreaming strategy was proposed and its implementation started.

At European level the Managing Authority decided to be joint leader, with Germany, of the European thematic group on entrepreneurship.

5.3 URBAN

There are 3 Urban II programmes in Belgium. The programmes for Brussels, Antwerp and Sambreville were all approved on 12 November 2001. Each programme is receiving €7 066 million from the ERDF. The total budget for Brussels is €14.8 million, for Antwerp €22.8 million and for Sambreville €16.2 million. The programming supplement for Brussels was received on 25 April 2002, for Antwerp on 4 April 2002 and for Sambreville on 20 April 2002. Only Brussels was required to submit an annual report for 2001, which was accepted in 2002.

For all three programmes, the Managing Authority is the region. The Monitoring Committee for each programme met at least once.

Payments of 7% on account were made at the end of 2001; a first payment request has yet to be submitted.

6. CLOSURE OF 1994-1999 PROGRAMMING PERIOD

ERDF

For the Walloon Region, the first final reports accompanied by certificates of final expenditure and audit declarations in accordance with Article 8 of Regulation (EC) No 2064/97 were sent to the Commission from December 2002 onwards. The various documents closing those operations will be examined by the Commission at the beginning of 2003.

The Brussels Capital Region is involved in three Community Initiative programmes to be closed for that period (payment of final balance): URBAN Brussels, URBAN Anderlecht and KONVER II Brussels. But no formal closure request was presented to the Commission in 2002. The Brussels authorities undertook to do so by 31 March 2003, the deadline stipulated in the rules.

For the Flemish Region, all the final reports (Objective 2, Objective 5(b), the Leader, Urban, Konver, SME, Retex and Rechar initiatives, except for reports relating to Interreg programmes) were sent to the Commission from November 2002 onwards. Final expenditure certificates and final audit declarations followed as they were drawn up by the authorities responsible. All those documents are currently being examined by the Commission.

EAGGF

In total, 16 programmes are to be closed for a total outstanding balance of €28.356 million. In 2002 the dispatch of documents relating to closure was confined to draft final reports for 8 of those programmes.

ESF

The closure of Structural Funds programmes for the 1994-1999 period is still in progress. Since final examination of the various programmes' results has not yet been completed, the observations below are still provisional.

The still provisional balance sheet for the **Objective 1 Hainaut** SPD shows a commitment rate of over 98%. Measures providing direct aid to firms (aid for investment and research), measures providing indirect support for economic development (converting industrial areas) and optimising the use of human resources were the main forms of assistance from the four Structural Funds. Developing and equipping research centres and centres of excellence continued successfully. The record on jobs created is favourable. Available estimates suggest that 12 000 jobs may be reasonably expected.

It was possible to carry out education modernisation measures, together with training teaching staff in new technologies. In the ITC field, special attention was paid to young people, job seekers and older employees of SMEs. That assistance gave rise to new structures, such as the centre of excellence for industrial maintenance and the advanced technologies centre. Five high-performance skill centres were also set up, in order to provide Hainaut with a skilled workforce.

The measures taken under the **Objective 2 Meuse-Vesdre** SPD continued and the infrastructure projects (improving access, reception infrastructures, R&D, tourism projects, redeveloping disused sites) were mostly completed. Under the Aubange SPD, construction of the data communications assistance centre and the economic development projects were completed.

In **Flanders**, all the appropriations available for the two **Objective 2** programmes (Limburg and Turnhout) were committed. For both those areas the programmes centre on promoting the service sector, and particularly generating additional jobs for women.

The **ESF/ERDF integrated measures** on enhancing research centres achieved satisfactory results under **Objectives 2 and 5(b)** and, with regard to human resources, the measures on specialised training for employees and job seekers and the measures on training in new technologies were highly successful. The measures to develop the social economy are expected to yield a positive result, but considerably below the objectives sought.

Under **Objective 3**, all the resources of the five Belgian programmes were used, particularly on measures for the long-term unemployed, ex-prisoners, immigrants, the handicapped, and people with little schooling or few skills.

Thanks to **Objective 4**, significant work was undertaken in employee training. Despite successes, it can already be predicted that all the appropriations of the five programmes implemented under this Objective will not be used in full.

As regards the structural programme for fisheries (Fisheries **Objective 5(a)**), almost all the FIG allocation of €25.4 million was committed. To judge from initial information, the programme was almost fully implemented.

7. EVALUATION AND FINANCIAL CONTROL

7.1 Evaluations

ESF

In 2002 the assessment groups' work focused on formulating the assessors' methods.

7.2 Controls

ERDF

Flanders -19 and 21 June 2002 (follow-up to a previous visit):

The criteria used by the Economic Inspection Unit to select a 5% sample of transactions to be monitored do not ensure a representative sample of projects from each form of assistance, since the samples mainly include large-scale projects and exclude from the outset all projects already monitored previously by the European Economy Unit. Moreover, the sample was made up without taking risk analysis into account.

DENMARK

1. OBJECTIVE 2

For the current programming period there is only one Objective 2 Programme for Denmark. The Programme totals €17 million, of which €189 million from the Structural Funds (€27 million are for phasing-out regions), €206 million comes from the national public sector and €22 million comes from the private sector.

The Programme aims at creating the conditions for self-sustained growth in the regions of Denmark that are facing structural difficulties. The Programme combines actions under the European Regional Development Fund (ERDF) (71%) and the European Social Fund (ESF) (29%).

The eligible areas consists of five geographical sub-regions:

- * Bornholm (Objective 2)
- * Lolland, Falster and Møn (Objective 2)
- * Nordjylland (Objective 2 and Phasing-out)
- * Parts of the counties of Viborg, Århus, Ringkøbing and Sønderjylland (Objective 2 and phasing-out)
- * Sydfyn and islands not covered by the regions mentioned above (Objective 2).

The reasons for this model are mainly the small size of Denmark and the fact that the sub-regions are situated in different parts of the country, each with their own specific socio-economic characteristics.

During 2002 one Programme Monitoring Committee (PMC) meeting was organised, in the autumn. The meeting focused primarily on the state of play of the implementation, including the n+2 rule, and the information and evaluation activities. The Commission aired some worries that only one PMC meeting is organised a year, but the PMC decided to maintain this model, unless further meetings become necessary.

The annual meeting between the Managing Authorities and the Commission was held 21 November 2002. It was generally perceived that the Programme was progressing well, ERDF better than ESF, as far as the financial and physical implementations are concerned.

By the end of 2002 the Commission had paid out €32.3 million (ERDF and ESF) which was 17% of the total allocation. Since this was more than the year 2000 allocation, no money had to be returned under the n+2 rule. However, a substantial effort is needed in order to pay out also the 2001 allocation, by the end of 2003. This is mostly the case for ESF but may also become an issue for ERDF. But the Danish authorities have expressed confidence that this will be achieved and the Programme, especially ERDF, does not seem to face any substantial at this stage.

The actual realisation of the ERDF part of the Programme was as follows:

334 ERDF projects have received a grant totalling €24,2 million, covering 43% of the total Programme allocation. Almost one third of the projects concerns support to investments in businesses, although this only covers around 19% of the total grants. The measure that has absorbed the biggest amount of money, namely app. 43% of the total grant, concerns infrastructure investments in the development of the regions. In this measure 50 projects received the money.

The actual realisation of the ESF part of the Programme was as follows:

One of the four priorities in the programme is development of competencies which is financed by the ESF. The three measures under this priority are 1) development of competencies in companies etc. 2) development of strategic infrastructure and 3) optimising quality of ESF.

By the end of 2002 some 136 projects has been supported by the ESF programme. Approximately 75% of the projects were approved under the measure concerning the development of skills within companies and in connection with new start-ups, whereas only approximately 25% of the projects concerned the measure on the development strategic infrastructure and networking.

As by end 2002 total payments for the Objective 2 programme amounted to €8.136 million. No decommitments as a consequence of the “n+2 rule” was necessary in 2002.

2. OBJECTIVE 3

A €379 million seven years programme to support education, training and employment in Denmark was approved by the Commission on 24 October 2000. The programme sets out **five priorities**, reflecting the country's 1999 National Action Plan for Employment:

- Strengthening active labour market policies to prevent long term unemployment and to improve labour market structures;
- Promoting equal opportunities for all in accessing the labour market;
- Developing skills and training;
- Encouraging entrepreneurship and innovativeness.
- A further 3% of the budget (€12 million) is set aside for technical assistance to manage, implement and evaluate the results of the programme.

The National Labour Market Authority within the Ministry of Labour is responsible for the day-to-day co-ordination, management and monitoring of the programme. The Regional Social Fund Committees of the counties are responsible for the implementation of the decentralised Funds which amounts to about 75% of total Funds.

The last meeting in the Monitoring Committee was scheduled for 24 January 2003. The second Annual Review meeting with the Managing Authority was held on 5 December 2002.

By the end of 2002 some 600 projects have received support from the ESF programme. By the end of 2002 total payments amounted to €2.587 million or about 98.9% of the 2000 commitment. As a consequence of the “n+2 rule” a decommitment of about €0.6 million will have to be made.

The evaluators was appointed in mid 2002 and the first evaluation report was submitted in December. The 2002 evaluation covered the programme and project administration and focused on the prospective aspects. The report presents a number of proposals for improvements of the programme and project administration. The report covers the following themes: planning and kick off, distribution and spending of funds regionally and centrally, innovation and coherence between Objective 3, NAP and EES.

3. FIFG OUTSIDE OBJECTIVE 1 REGIONS

The Commission on 8 August 2000 had adopted the structural programme for the period 2000-2006. An amount of €205 million is available from FIFG and total investments of €1000 million are envisaged. The major focus areas are processing, port facilities and the fleet which is in need of modernisation in order to improve working conditions, sanitary conditions and selectivity of the fishing gear. The implementation of the programme has started as expected.

4. COMMUNITY INITIATIVES

4.1 INTERREG

There are four INTERREG IIIA Programmes together with Germany and Denmark (continued from previous period). Denmark also participates of INTERREG IIIB and IIIC Programmes.

4.2 LEADER+

The total public cost of the Danish Leader + Programme 2000/2006 is €34 million, including an EU contribution of €17 million. The Commission accepted the programming complement the 29th April 2002.

As result of public tender 12 local actions groups have been selected. The groups cover 11 500 sq. km or approximately one fourth of the territory with a population of 593 000 inhabitants.

The national Leader+ Programme (EAGGF) was approved in 2001. This Programme has a budget of €5.1 million, of which only the 7% advance has been paid by now.

4.3 EQUAL

There is one EQUAL Programme (ESF) (adopted in 2001). The budget is €29.9 million, and by the end of 2002 slightly more than 7% had been paid.

After the preparatory Action 1, a total of 19 Development Partnerships were approved for Action 2 in Denmark. A major focus of the Danish EQUAL programme is the integration of refugees, immigrants and their descendants. Other issues covered by the programme are the gender divided labour market, the socially marginalised and disabled and asylum seekers.

The national thematic work started with a seminar in Odense in June 2002. There all Development Partnerships took part in the discussions on the contents and working methods of the national thematic networks. In the end four networks were set up; One on the issue of partnership, one on diversity, one on skills accreditation and finally one on gender issues.

On a European level Denmark is co-leader of the Employability European Thematic Group.

The Danish evaluator was appointed in mid 2002 and the first evaluation report of four was submitted in December 2002. The evaluation themes for 2002 were; lessons from the preparation stage, establishment of national and transnational partnerships, development of guidelines for the evaluation of projects, innovation and the coherence between the EQUAL programme, the Danish National Action Plan and the European Employment Strategy.

4.4 URBAN

The Århus URBAN II programme, approved in December 2001, is the only one in Denmark. The ERDF will contribute a total of €5.3 million to this programme, whose total cost amounts to €12.0 million. The programme complement was approved by the Monitoring Committees and submitted to the Commission in August 2002. The annual implementation report for 2001 of the Århus URBAN II programme was submitted to the Commission in July 2002.

The Managing Authority for the programme is the Danish Agency for Trade and Industry and the functional day-to-day management is delegated to URBAN Secretariat in Århus. The Monitoring Committee has met twice during 2002.

Advance payment, amounting to 7% of the total ERDF contribution to the programme, was made in March 2002. No interim payment requests were received in 2002.

5. CLOSURE OF 1994-1999 PROGRAMMING PERIOD

ERDF

By the end of 2002 there were 14 Programmes open involving Denmark. They were 2 Objective, 2 Programmes, 1 Objective 5(b) Programme, 7 INTERREG Programmes (for six of which the Managing Authorities were situated in Denmark; for the seventh the Managing Authority was situated in Germany) and 4 other Community Initiatives Programmes (SME, URBAN, PESCA and Leader). It has not been possible to close these Programmes as the necessary documentation either had not reached the Commission by then or were incomplete.

An ex-post evaluation of the two Objective 2 Programmes showed that almost 6.900 jobs were created during the period, which was slightly above the target. According to the evaluation ESF faced some problems with the absorption rate for the period 94-96, but this improved so that for the period 1997-1999 app. 95% of the allocation was spent. ERDF did not face the same problems, but as some projects withdrew at the end of the period, only 93% of the money was spent. As far as the Community Added Value is concerned the evaluation also showed that the structural fund resulted in investments which probably would not have taken place otherwise. There was also a strong indication that the structural funds interventions led to increased networking and partnerships, both between private enterprises and between local authorities.

EAGGF

A total of 4 programmes have to be closed. The majority of the documents concerning the closure was received in the second half of 2002 and they are under examination.

ESF

There are 5 programmes to close for the 1994-1999 programming period. As of end 2002 the Commission did not receive any closure files from the Danish Managing Authority. Denmark has informed the Commission that these documents and the final payment claims will be submitted by end March 2003.

6. EVALUATIONS

The preparation for the mid-term evaluations for ESF part of both Objective 2 and Objective 3 are well underway. Terms of reference was agreed with the Commission in the spring 2002 and a call for tender was launched by the Managing Authority in April 2002. A contract was finally concluded and signed with an external consultant in June 2002. A first evaluation took place during the second half of 2002 and the report was sent to the Commission in December 2002.

GERMANY

1. OBJECTIVE 1

ERDF

The nine operational programmes in the CSF aim to create and contribute to a total of 370 000 full-time permanent jobs, as well as limited jobs equivalent to 265 000 full-time jobs. Around 1.35 million people will benefit from measures to improve skills financed under the ESF.

The floods in Germany, in particular in Saxony and Saxony-Anhalt as well as Bavaria, in the summer of 2002 caused damage amounting to over € billion, most of it in the field of infrastructure and productive investment.

The public budgets of the affected regions - Saxony and Saxony-Anhalt in particular - were overburdened in coping with the damage. A large number of Structural Funds part-financed projects were either destroyed after completion or interrupted during the construction period.

Even before the floods reached their climax, President Prodi, together with Commissioners Barnier, Verheugen and Schreyer, accepted an invitation from the German Government to visit some of the most seriously affected sites. In view of the disaster the Commission promised a speedy reaction with the minimum of bureaucracy. As a first step, the operational programmes for the affected regions were to be amended and a new instrument, the Solidarity Fund, established.

Saxony, where two thirds of the damage occurred, presented a request to amend the operational programme under Objective 1 following informal consultations with the Commission on 3 October. The Commission decision accepting the proposed amendment was taken on 28 October. The main features of the amendment were to shift funds from the priority for productive investment to infrastructure measures, including waste water plants, road construction and railway reconstruction. A new "flood prevention" measure was introduced. In the agricultural sector higher aid was to be available temporarily. The part-financing requirements for ERDF measures were reduced to the minimum necessary, 25% of total eligible costs, freeing funds from the public budgets for other measures not eligible under Structural Funds programmes.

A similar request was presented by Saxony-Anhalt at the end of the year, followed by the announcement of new preventive measures under other Objective 1 programmes.

The programme for Saxony had already been amended earlier in 2002 to take account of the changed socio-economic circumstances, reflected in the rising unemployment figures. This request had been made in 2001.

The Monitoring Committees for all the operational programmes under Objective 1 met up to six times in the year. The programme complements for a small number of programmes were amended.

The Monitoring Committee for the CSF was convened twice (in Quedlinburg and Görlitz). The social and economic partners were directly involved in these CSF meetings, implementing a recommendation from the Commission.

Five more major projects were submitted during the year under the 'Transport Infrastructure' horizontal programme under Objective 1 and three under the operational programme for Saxony-Anhalt. The Commission approved four major projects (Highway A 17 in Saxony, Federal Road B6n in Saxony-Anhalt, Highway A 113 in Berlin and Railway Berlin-Frankfurt/O).

The mid-term evaluation team was selected for the CSF as well as for all the operational programmes. Data for the mid-term review will be made available by the management authorities simultaneously for all programmes by 15 February 2003. The interim reports at OP level should be prepared before the 2003 summer break, so that management authorities can submit requests for amendments for the end of 2003.

The Commission checked the financial inspection systems at an early stage and sent comments for improvements.

Annual reports for all programmes under Objective 1 were checked on the basis of the common structure devised in cooperation with the national authorities.

The annual meeting for 2000 had been delayed at the request of the German authorities and was held in April 2002. The major issues were information and communication, operational problems in the early stages of implementation and the possible consequences of the N+2 rule. For 2002 and 2003 no losses of funds under the N+2 rule are expected.

The yearly meetings for 2001 were held in Brussels in December 2002 for all German Objective 1 programmes, except the federal programmes for human development and fisheries, which had been convened earlier. The main issues were the implementation of the horizontal themes, in particular "gender mainstreaming" and "sustainable development". For both themes more detailed descriptions would be prepared for future reports.

Payments for all Objective 1 programmes picked up speed in 2002. After a slow start, programme implementation in general has been running at full speed in 2002.

EAGGF

Six German Länder are classified as Objective 1 regions. The programmes were approved at the end of 2000. By December 2002 20% of the budget allocated for the whole period was paid.

The Objective 1 programme for Saxony was amended twice in 2002. At the beginning some minor amendments concerning renovation and the development of villages were made. In 2002 flooding in some regions of the eastern part of Germany caused enormous damage amounting to some € billion. The Commission had to react promptly to enable the necessary amendments to be made. A second amendment was made to the programme for Saxony therefore to take account of the flooding.

FIFG

The Commission adopted the operational programme for fisheries within the Community Support Framework for the Objective 1 regions for 2000-2006 by decision of 30 August 2000. It covers the whole of the Objective 1 area in Germany and includes an FIFG allocation of €105.2 million for the period 2000-2006, focusing particularly on processing and investment in fishing ports.

By the end of 2002 about 43% of the FIFG funds had been committed and 26% had been paid.

The new approach about simplification has not yet had any major impact in 2002.

ESF

In the CSF for Objective 1, the ESF is concentrated on one priority. The ESF allocation is €5.629 billion (= 66.34% of total public and private costs, altogether amounting to €8.485 billion). In addition, 4% of the ESF is to be spent on technical assistance.

All seven OPs which include ESF (six multifund programmes at Länder level and one monofund federal ESF programme) had already been adopted between 1 August 2000 and 1 February 2001; consequently, ESF part-funded measures could be implemented at full speed in 2002.

The programme complements for Brandenburg, Mecklenburg-Western Pomerania, Saxony-Anhalt, Saxony and Thuringia and the federal OP had already been approved in 2001. However, most of them were subject to amendments and changes in the course of 2002, affecting among other things the ESF measures.

The overall implementation of the ESF priority in the Länder OPs and the Objective 1 federal OP was satisfactory. Naturally, some measures showed a higher degree of implementation and higher spending rates than others. The latter cover those areas which are new for the ESF and which required more time for preparation (e.g. lifelong learning and adaptability). Good progress was made in the areas of information and publicity in most of the German Objective 1 areas.

One key area of joint effort between the Commission and the Member State was the further development of the common monitoring system for all ESF programmes in Germany where good progress was made.

As in the previous year, the Commission and the Länder authorities undertook additional efforts to step up the involvement of the Länder in the European Employment Strategy and the National Action Plan for Employment (NAP). The aim was to strengthen the way the ESF in those regional programmes underpins the German NAP process. At the same time, the discussions with federal and regional authorities and funds managers on the impact of ongoing labour market reform in Germany on ESF provision continued as well.

In relation to OP amendments, two changes affecting the ESF have been agreed for Saxony whilst discussions with Saxony-Anhalt continued at the end of 2002 in order to respond with the ESF to the flood disaster of summer 2002 which had particularly affected those two Länder (see above).

In 2002 ESF commitments were booked by the Commission departments and interim payments continued to be paid to the Member State. Total ESF payments for Objective 1 programmes in Germany to the end of 2002 amounted to nearly €2 billion.

2. OBJECTIVE 2

ERDF

In general, the programmes concentrate their efforts on measures favouring SME's. A considerable amount of funding is allocated to business-related infrastructure.

In response to the flood disaster in August, Lower Saxony and Bavaria took steps to utilise the flexibility for reallocating funds offered by the Commission for this purpose. In Bavaria a number of eligible areas were affected; after taking stock of the damage, the Managing Authority decided to reinforce technical flood prevention by about €8 million (of which 50% from the ERDF) by amending the programme complement accordingly. Berlin too amended the programme complement and submitted a request to amend the programme.

Lower Saxony submitted a request to amend the SPD, which was necessary to create a new "flood prevention" measure, with an allocation of €12.3 million from the ERDF. These funds would be used to modernise the dikes on the left bank of the river Elbe. Lower Saxony also requested changes between priorities which were made easier generally - before the mid-term review - by the "simplification" initiative launched by Commissioner Barnier. The priority for competitiveness of enterprises was considered to be oversized, and shortages in supply for infrastructure investments were obvious. Amendments to the ESF parts of the programme were proposed following discussions during the annual meeting in December.

North Rhine-Westphalia also submitted a request for an amendment to the programme (in December), having already amended the programme complement by transferring €15 million between measures in order to meet particularly heavy demand in the area of technological training infrastructure. The aim of the proposed amendment was to ensure that the programme met its original objectives in terms of supporting entrepreneurship despite the harsher economic climate.

Berlin presented a request for the inclusion of a 'Future Fund' in the programme (also Objective 1). This financial engineering instrument should foster research and development in strategic economic sectors.

For most of the 11 programmes the decline in economic activity can be said to have affected the implementation of the measures. One effect of socio-economic change is that requests from enterprises for ERDF assistance as well as for training courses for their employees fell behind expectations. Private part-financing has suffered to a certain extent. Another effect is that the crisis facing public budgets in general undermined public part-financing instruments. This is mainly the case in Berlin. Across Germany planned part-financing by local communities was at risk.

Hamburg reported problems with the implementation of its small programme in favour of the old harbour district of St Pauli. These were primarily due to the fact

that potential beneficiaries in many cases failed to meet all the requirements for obtaining aids.

The two annual meetings with the Managing Authorities and the Fund Managers followed the same structure as those for the Objective 1 regions and were held in Brussels. Since there is no Community Support Framework (CSF) for Objective 2, the two meetings offered an excellent opportunity to exchange views and spread good practice. The Monitoring Committee meetings for the individual programmes normally took place on those occasions.

The last five programme complements (Bavaria, Berlin, Hamburg, Hessen, Schleswig-Holstein) were approved by the Commission in the first half of the year.

The Commission approved two major projects located in North Rhine-Westphalia, the regeneration of Zeche Zollverein in Essen and the propylene pipeline project.

The national financial control systems for the Objective 2 programmes also underwent checks by the Commission departments which helped to optimise the security of financial flows.

For ERDF measures only the Commission committed €0.531 million and paid €0.303 million. For the two Funds together the figures are €0.610 million and €0.343 million respectively.

One of the Council's major objectives in preparing the new Structural Fund regulations was to give more responsibility to the Member States. The programme complements instrument should allow the Managing Authorities (together with the Monitoring Committees) to adapt the rules of programme implementation to a certain degree independently of the Commission. In practice, this has proved not to allow the flexibility Germany had asked for. Even if the role of the Commission representatives in the Monitoring Committees has changed, procedures are quite stable compared with the former programming period. More emphasis was indeed put on project selection procedures.

ESF

Seven Objective 2 SPDs are multifund programmes and include an ESF allocation. After late decisions the programmes started with some delays which meant that not all the committed budget could be spent. During the annual meetings the Managing Authorities reported on the implementation of the programmes and their possible promotion, the complementarity between Objectives 2 and 3 and the monitoring system.

Whilst there was no automatic decommitment of ESF at the end of 2002, there could, however, be a risk of losing funds due to the n+2 rule which needs to be carefully monitored in 2003. One region (Lower Saxony) has submitted a request to amend a programme covering both the ERDF and the ESF, which has been adopted by the Monitoring Committee by written procedure.

The mid-term evaluation has started for all programmes and is well underway.

3. OBJECTIVE 3

Following adoption of the Objective 3 SPD on 10 October 2000, the draft programme complement was adopted in principle by the Monitoring Committee on 30 January 2001 and after finalisation sent to the Commission on 18 April; it was accepted on 23 May 2001. The programme complement has not been changed in the course of 2002.

The first annual review meeting of 2000 had been delayed and finally took place in March 2002. It provided an opportunity for ESF managers at federal and regional level to review the results of the first year of implementation.

The key results of the implementation of assistance in 2001 were then presented at the Monitoring Committee meeting on 31 July/1 August 2002, at which the contribution of the SPD to the National Action Plans for Employment and Social Inclusion was highlighted. In 2000 and 2001 68.2% of the planned overall resources for the year (51.1% of the ESF resources) was spent. Taking into account the late decision on the SPD, in general and taking all the priorities together the ESF results were in line with forecasts.

About 256 000 people (46% women) have taken part in measures. This corresponds to 140% of the planned overall level for 2001. Nearly one half of them engaged in measures undertaken by the federal Employment Office and the other half in measures by the Länder. Within individual priorities and measures, actions did not start in Germany with the same speed and scope, especially as far as the federal level is concerned. Apart from certain financial bottlenecks, this was mainly due to the fact that measures under priorities 3, 4 and 5 (lifelong learning, adaptability and entrepreneurship, equality) especially needed more intensive preparation than other measures under, for example, priority 1 (active and preventive labour market policy).

By the end of 2002, a total of €1 316 million had been paid for the Objective 3 programme, i.e. 27.7% of the total allocation for the SPD.

Lastly, the mid-term evaluation process was launched in 2002 and a contract with a research team concluded by the Managing Authority. The mid-term evaluation for the Objective 3 SPD will be conducted along with the evaluation of the federal Objective 1 OP to allow a joint evaluation exercise of the programmes part-funded under both forms of assistance.

4. FIFG OUTSIDE OBJECTIVE 1 REGIONS

The Structural Programme for fisheries for the regions outside Objective 1 was adopted by Commission decision of 28 September 2000. It provides a total FIFG allocation of €11.1 million for the above period and is mainly focused on processing and marketing of fish and the renewal and modernisation of the fishing fleet.

The rate of implementation of the programme is rather low. By the end of 2002 about 7% of the FIFG allocation had been committed and about 3% had been paid.

The concentration of investment projects at the end of the previous period and the general economic climate were presented as main reasons by the German authorities.

The new approach about simplification has not yet had any major impact in 2002.

5. COMMUNITY INITIATIVES

5.1 LEADER+

The 14 Leader+ programmes are operational but progress is lagging behind compared to the budget. Owing to the delay in the approval of the programmes payments for the national observatory only were executed.

The Commission has received the programming complements that were considered satisfactory. The selection of LAGs started in 2001. By the end of 2002, 137 LAGs had been selected.

5.2 EQUAL

In early 2002, the German Equal Programme selected 110 Development Partnerships for support in the preparatory strategy development phase (Action 1), all of which could be confirmed in May for funding of its experimental actions and transnational cooperation work (Actions 2 and 3). These Development Partnerships cover all Equal themes, with a focus on the Employability pillar. In late 2002, 14 national thematic networks were established with the aim of exchanging experience and results, and disseminating good practice. A key event had been the official launch conference for Action 2, with Commissioner Diamantopoulou and Minister Riester presenting keynote speeches.

5.3 URBAN

The 12 Urban II programmes for Germany had been approved between October and November 2001. The ERDF contributes €148.7 million to the German Urban II programmes. The six programmes for the former eastern part of Germany receive €14.87 million and the six programmes for the western part of Germany receive €9.913/9.914 million from the ERDF. The total cost of all 12 German Urban II programmes is €273.3 million. All programme complements have been received between February and early June 2002. All programmes presented an annual report for 2001 which had been accepted in June 2002.

The management authority for all programmes is at “Bundesland” level but some cities tend to take over the tasks during the programming period. The Monitoring Committees met between two and three times: at the end of 2001/beginning 2002 and late 2002. One city met only once in February 2002 but sent all related information in a written procedure to the members of the Monitoring Committee.

Advance payments of 7% had been made at the end of 2001, a first payment request has been sent by one city in 2002. All other cities have sent or will send their payment requests in 2003.

6. CLOSURE OF 1994-1999 PROGRAMMING PERIOD

ERDF

Closure was being prepared for all Objective 1 programmes (1994-1999) and Objective 2 programmes (1997-99). Effectively, only the Konver programme Hamburg and the two Objective 2 programmes in Saarland and Hessen of the former programming period 1994-96 were closed in 2002. For all other programmes the management authorities informed the Commission that the deadline permitted (31 March 2003) for the submission of final reports, payment claims and Article 8 declarations would be imposed.

EAGGF & LEADER

Final claims, final reports and Article 8 declarations under Regulation (EC) 2064/1997 were submitted for three Objective 1 programmes (Brandenburg, Saxony-Anhalt, Saxony) two Objective 5(b) programmes (Lower Saxony, Schleswig-Holstein) and six Leader II programmes (Brandenburg, Saxony-Anhalt, Lower Saxony, Rhineland-Palatinate, Schleswig-Holstein and national network)

ESF

In 2002, only very few closure files and final ESF payment claims have been submitted by the German authorities to the Commission - three for Objective 2, two for Objective 1 and one for Objective 5(b). Thus, only one final payment for the ESF could be executed and no programme could be fully closed by the end of 2002.

This means that at the present time there is a huge delay in final requests because the deadline for submission is 31 March 2003.

7. EVALUATION AND FINANCIAL CONTROL

7.1 Evaluations

EAGGF & LEADER

The *ex-post* evaluations for the Leader II and Objective 5(b) programmes were received.

Germany has started the preparation of the mid-term evaluation of Leader+. Many regions already have launched the call for tender.

ESF

The procedure for selecting the Objective 3 evaluator had to be relaunched on account of administrative problems. The evaluator was appointed at the end of 2002.

7.2 Controls

ERDF

Audits on the application of Regulation (EC) No 2064/97

Saxony-Anhalt, 9 - 10 April 2002, Thuringia, 11 - 12 April 2002 and Berlin, 22 - 23 April 2002:

All three Länder have made substantial efforts to address the shortcomings found during the previous audit mission and to implement the recommendations made. The Land of Saxony-Anhalt had still to revise its 5% checks due to significant deficiencies found in the preceding audit. It was advised to include in the closure statement sufficient explanations of the checks carried out and the findings and conclusions. In this respect, reference is made to the Commission's "*Guidance Document on Closure Statement under Article 8 of Regulation 2064/97 for Closure of Programmes for the 1994-1999 Period*" which has recently been distributed to the Member States.

INTERREG II C Inundation RHINE-MEUSE ("IRMA"); 28 - 29 May 2002

The coordination of the implementation of this Interreg programme has been undertaken by the Joint Secretariat of IRMA in The Hague. However, the financial control measures provided for in the Regulation were the responsibility of the participating Member States which could not agree on common or coherent procedures. This has resulted in an increased risk that adequate checks may not have been carried out consistently throughout the participating Member States.

The Article 8 body, established at the level of the federal Ministry of Economic Affairs, had only just started to carry out the control work which will be the basis for the closure declaration. It has still to satisfy itself of the adequacy of the control work carried out by the authorities of the Länder responsible for the implementation and control of the operations in Germany, including the 5% checks. With regard to the latter, the audit raised doubts as to whether the two 5% checks carried out would satisfy the requirements of the Regulation, and whether the sample selected for Germany would be sufficient.

GREECE

1. OBJECTIVE 1

ERDF

CSF III and the OPs were approved during 2000-2001. 2002 then saw an acceleration in implementing or launching the OPs adopted later in 2001 (the environment and technical assistance OPs).

Community assistance covered thirteen regional and thirteen national OPs. One OP remains to be adopted, on implementation of the national land register advocated as a result of the procedure laid down in Article 24 of Regulation (EEC) No 4253/88 under the environment OP (1994-1999).

The programme complements for all the OPs were received and verified. All the 2001 annual reports were submitted and approved by the Commission.

The CSF Monitoring Committee met in Athens on 25-26 April 2002. The Monitoring Committees for the various OPs subsequently held meetings in May and June 2002. Topics discussed covered measures on speeding up the progress of operations, activation of integrated actions in urban, mountain, and less-favoured areas, the mid-term evaluation and the performance reserve, setting up websites to provide private individuals with information on the management of assistance, and on the treatment of income-generating projects. The issue of reforming the system for producing public works was also examined.

In April 2002 a national evaluation committee involving representatives of the Structural Funds was set up to act as a support tool for the interim evaluation exercise.

One major event was the organisation of a seminar on State aid involving representatives of the Competition, Employment, and Regional Policy DGs and the national Managing Authorities. This was held in Athens in February 2002 and resulted in clarification of the two sides' points of view and a better understanding of Community legislation on State aid and its overlapping with CSF III.

In addition, the Commission organised a seminar on methods of evaluating financial risk in Athens in April 2002 involving representatives of the United Kingdom and the Netherlands and Commission officials. The seminar helped the Greek authorities to reinforce their control provisions.

In October 2002, the Director-General of DG Regio had a working meeting with the CSF Managing Authority, the Managing Authorities for the "roads, ports and urban development" OP, the environment OP and the "East Macedonia-Thrace" OP and the unit in the Managing Authority which is the support body for the CSF. He also gave a talk on the future of the Structural Funds.

It transpired that there was a great need to speed up the project selection procedures. By the end of 2002, out of a total of €14 633 500 000 (public expenditure earmarked

by the CSF for the ERDF), there was €4 544 032 000 in commitments and €2 327 073 000 in payments, equivalent to a take-up rate of 15.9%.

The implementation rate of the OPs varied greatly and in some cases was still a cause for concern at the end of the year, in particular the OPs “technical assistance”, “fisheries”, “Thessaly”, “health”, “West Macedonia”, “North Aegean”, “Epirus”, “information society” and “continental Greece”.

There was also an unbalanced implementation rate within several programmes. In general terms, while infrastructure work progressed, measures aimed at involving the private sector were late starting up, as were the new measures such as the information society and promoting entrepreneurship and innovation in the regions. Particular attention also needs to be paid to the starting-up of integrated rural and urban development activities.

The above two findings reveal the need to simplify the administrative and legislative context for the grant of Community assistance. National simplification goes hand-in-hand with the simplification efforts undertaken at Community level. In the past there have been significant initiatives in that direction, but they need to be supplemented by even more ambitious measures particularly where partnership with the private sector is concerned.

EAGGF

The Objective 1 CSF provides for the EAGGF Guidance Section to part-finance the Agriculture and Rural Development priority to the tune of €260 300 000 over the period 2000-2006.

For information, the EAGGF Guidance Section is the only Fund assisting implementation of the rural development OP, to the tune of €1 233 400 000.

Along with the other Funds it is also financing implementation of the regional development priority to the tune of €1 026 900 000.

The Monitoring Committees met and adopted minor amendments to the programme complements for the majority of the OPs. Implementation of the programmes was slow and 2002 was a “real world” test of the CSF III’s implementation mechanisms. Aid schemes for private investments showed the greatest start-up delays. The interim evaluations should have been started before 31 December 2002 but they too experienced delays, the only stage completed being that of drawing up tender specifications. In addition, very little technical assistance was used.

The 2002 annual reports were all presented to the Commission on time and they reflect the situation described above.

During 2002 EAGGF Guidance Section commitments amounted to €385 000 000 and payments to €84 800 000.

FIFG

The programme for 2000-2006 (FIFG contribution €211 100 000) was adopted by the Commission on 28 March 2001 and amended on 23 November 2001. (The allocation for 2000 was redistributed to later years.)

This programme's thrust is similar to that of the previous one (38% on fleet measures, 17% on aquaculture and 18% on processing and marketing), except there is more emphasis on improving the quality of aquaculture products and working conditions and on preventing environmental pollution.

The Monitoring Committee approved the latest programming document on 23 May 2002. Declared FIFG expenditure up to 2002 was 15.68% of the 2000-02 commitments. Although the Managing Authority had already started the majority of the measures, the declared expenditure was only showing progress in five measures (especially withdrawal of vessels).

Fund co-ordination is monitored at Commission and national levels and in the CSF and fisheries OP Monitoring Committees.

ESF

Only the technical assistance OP was approved by the Commission in 2002; its programme complement was also received that year.

All the other Greek CSF programmes were approved in 2001.

With regard to the OPs for which the ESF is lead Fund (employment, education, and health), the Monitoring Committees for those programmes, as part of their powers, adopted the annual reports and made minor amendments to the programme complements which did not require amendment of the OPs.

The amendments were mainly aimed at better defining the content of the measures (final beneficiaries, indicators, etc.).

The commitments and payments made by the ESF as at 31 December 2002 were €1 338 400 000 and €19 600 000 respectively.

In 2002 commitments amounted to €13 500 000 and payments to €295 000 000.

There were problems in implementing the mental health priority of the health programme. Special measures were taken to remedy the situation.

The employment programme gave special priority to modernising public employment services and the education programme focused mainly on innovative action to modernise the education system, in particular on aspects of lifelong learning.

Simplification was applied mainly during the annual programme meetings. These were political meetings and the topics discussed there mainly concerned aspects of policy implementation and of monitoring priorities.

Additionality was taken into account by the inclusion of the European employment strategy and the strategy favouring social integration in the implementation of the various programmes.

An important complementarity factor was the inclusion of horizontal priorities (local development, equal opportunities, NICTs) and their mainstreaming.

In the same vein, local development and rural and urban development activities were given priority in the regional programmes.

2. COMMUNITY INITIATIVES

2.1 LEADER+

The national OP was adopted on 19 November 2001. Its total cost is €92 600 000, with EAGGF part-financing amounting to €182 900 000. The programme is to finance a maximum of 40 local action groups (LAGs). The competent authority in the Member State selected the LAGs and also organised two meetings of the Monitoring Committee, which adopted the programme complement and the criteria for selecting applications during its first meeting and amended the programme complement during its second. However, the programme incurred no expenditure except for a small amount on technical assistance. Implementation of the mid-term evaluation system is also behindhand, having about the same delay as the CSF programmes.

Appropriations committed under the second annual tranche amounted to €26 500 000.

2.2 EQUAL

In Greece, out of 271 applications received in due time, 40 DPs were finally selected in January 2002. The evaluation and selection system included 3 evaluation phases. Objections to the selection procedure or the results of the evaluation were anticipated.

A special law had been issued in November 2001 in order to define the legal status of the DPs and permit co-operation between the public and private sectors.

All of the 40 DPs admitted to Action 1, were also confirmed for participation in Action 2. Most DPs were established in the pillars “Employability”(14), “Entrepreneurship” (11) and “Adaptability” (10), while the “Equal opportunities” pillar (reducing gender gaps and desegregation) included 4 DPs and “Asylum seekers” 1 DP. All DPs have found transnational partners; transnational cooperation agreements are already in force.

In April 2002, the Programme Monitoring Committee approved the Managing Authority’s proposal to organise primarily 3 national thematic networks (a. Social economy, b. Networking and co-ordination of already existing and new employment agencies and their development into “one-stop-shops”, and c. Skill accreditation systems) and it delegated the Managing Authority to organise a fourth one relating to the Reconciliation of family and professional life. The Managing Authority in cooperation with the DPs has classified them in the 4 NTGs, according to the relevance of their projects to the above mentioned thematic networks.

A Guide for Action 3 is being drawn up by the Managing Authority.

2.3 URBAN

URBAN There are 3 URBAN II programmes in Greece. The programmes for Perama, Komotini and Iraklio were approved in December 2001. Perama receives € 550 000 million from the ERDF, Komotini receives €8 million and Iraklio €7 950 000. The total budget for Perama is €13 380 000, for Komotini €12 390 000 and for Iraklio €10 600 000. The three programme complements were received on 5 September 2002 and accepted before the end of the year. None had to submit an annual report for 2001.

For all three programmes, the Managing Authority is the national government. The Monitoring Committees for the three programmes have already met once.

The advance payments of 7% were made in January 2001; all three programmes had sent their first payment request (in April 2003).

3. CLOSURE OF PRECEDING PROGRAMMING PERIODS

ERDF

The situation at 10 February 2003 on the closure of the CSF and the CIP was as follows:

Paid: €15 777 000

Payments requested: €23 076 000

Outstanding commitments: €80 306 000.

EAGGF (1994-1999)

2002 was a period of preparation by the Member State for closure of the 1994-1999 programmes. No complete request for payment of the balance had been presented to the Commission by 31 December 2002 so the Commission has not yet made the final payments to Greece. The Commission reminded the Member State of the final deadline of 31 March 2003 referred to in the second subparagraph of Article 52(4) of Regulation (EC) No 1260/1999 and held long discussions with the national authorities to settle the outstanding problems relating to closure of the programming period.

ESF

1989-1993

5 measures were subject to an Article 24 covering €50 790.

1994-1999

Requests for final payment amounted to 22 out of a total of 24. The remaining two programmes have been extended to 31 March 2003.

At the end of 2002 additional information was being awaited so that the dossiers could be processed.

4. EVALUATION AND FINANCIAL CONTROL

4.1 Evaluations

Invitations to submit tenders for the selection of evaluators were launched in 2002. The latter will be appointed at the beginning of 2003.

4.2 Controls

ERDF

Audits on the application of Regulation (EC) No 2064/97

INTERREG IIA Greece/Italy, internal borders (No 94.00.10.009) and INTERREG IIB Greece/Italy, cable (No 94.00.10.001),

mission of 10/11 April 2002

Two projects selected by the EDEL for 5% checks were part of the audit programme of the former service ESOE (special coordination and control body) before it was abolished in 2001.

The procedures guaranteeing follow-up and correction of irregularities are satisfactory, but systematic irregularities have not been declared to OLAF (Articles 5 and 7 of Regulation (EC) No 2064/97).

Follow-up mission of 8-11 April 2002

On the following two specific points it is still not possible to conclude that the obligations set out in the Regulation have been met:

- Controls for some programmes had not been started by the date of the audit;
- The number of operations controlled for some programmes was very low, thus calling into doubt their representativeness and adequate cover of expenditure.

SPAIN

1. OBJECTIVE 1

ERDF

With the notification by Spain, in April 2002, of its last programming complement (for the operational programme “Information Society”), 2002 marked the end of the first programming phase for the 23 operational programmes (12 regional and 11 multi-regional) that make up the Spanish CSF. The delay in the presentation of this complement was due to the fact that the programme to which it relates was sent by the Spanish authorities later than the other programmes and was therefore not approved by the Commission until December 2001.

As this cycle of programming and its implementation on the ground have now come to an end, we are in a position to draw an initial conclusions - which is not very positive - on the actual time taken to adopt all the programming documents. The procedure used by the Managing Authority to adopt the programming complements (in the standard order: regional programming document - CSF - operational programme) together with the subsequent checks carried out by the Commission drew out the procedure significantly and caused considerable delays in funding take-up.

As regards financial management, the implementation rate for the first three years of operation by the programmes (based on provisional data) is still relatively low (48%). On the whole, this situation, which was discussed with the Managing Authority in the annual meetings, does not seem to be a cause for concern, given that the trend is for the marked pick-up in implementation rates observed in the previous years to continue. What is more, the fund take-up rate will doubtless be boosted by the Commission’s confirmation of the proportion of funding to be provided by the Community for a large number of major projects with sizeable budgets. Sixteen major projects were approved in 2002, with another fifteen still being assessed.

It should be pointed out (see table below) that there are considerable variations in the implementation rate, both between regional (49%) and multi-regional (42.5%) operational programmes and within these two groups. Murcia and Extremadura in the first group and “Information Society” and “R&D and innovation” in the second have significantly lower take-up rates. Even given the corrective measures taken by the Managing Authority in concert with the Commission, the outlook for these two programmes is not all that favourable as regards the possibility of automatic decommitments under the (n+2) rule.

Programme	Programmed 2000 – 2002 (€m)	Implemented 2000-02 (€m)	% implemented
Regional (integrated) operational programmes			
Andalusia	4 867	2 172	44.64
Asturias	891	553	62.06
Canary Islands	1 212	621	51.22
Cantabria	275	162	58.69
Castile-Leon	2 084	1 268	60.84
Castile-La Mancha	1 311	886	67.55
Ceuta	45	21	47.57
Valencia	1 810	855	47.20
Extremadura	1 310	472	36.02
Galicia	2 220	973	43.82
Melilla	35	16	45.14
Murcia	737	239	32.37
Total for integrated regional operational programmes	16 804	8 240	49.03
Multiregional operational programmes			
ERDF – ESF – R&D/innovation	1 012	382	37.84
Information Society	279	22	8.00
Competitiveness	1 124	614	54.64
Local	663	289	43.70
Total for multiregional operational programmes	3 079	1 309	42.53

As in 2001, the Monitoring Committees for both the Spanish CSF and for the Spanish operational programmes met once in 2002, although they were called on to make several decisions using the written procedure, in particular to amend the programming complements. In this connection it should be pointed out that the administrative simplification that was intended to be introduced by the new rules has not always yielded the practical benefits it was expected to. The programming complements, which in theory were supposed to have speeded up the decisions made by the Monitoring Committees have, in reality, been shown to delay matters, with any amendments to them, however minor, leading all too often to new amending Decisions on the related programme.

The annual meetings for this period took place in January 2003. In conclusion, the Managing Authority was asked to (i) ensure that the various economic and social groups were represented on the committees of the Valencia and Melilla programmes,

as they are on all the others and (ii) evaluate the possible consequences of the various outcomes of the litigation concerning Spain's transposal of the Community directives on public procurement and VAT.

At the annual coordination meeting, as well as looking at the results of the field inspections and investigations into irregularities, members underlined the importance of following up the inspections, at both national and Community level.

Given the vital importance of the mid-term review that will be carried out in 2003, a major joint effort was undertaken in 2002 by Spain and the Commission to put into place arrangements that will guarantee the maximum degree of transparency and independence for the interim evaluation and subsequent updates to the conclusions reached, and ensure that the level of quality is sufficient to ensure the results are both credible and delivered within the periods required by regulations. These arrangements consist of three main elements: technical evaluation groups, thematic working groups and a technical "performance reserve" group.

Already decided in 2001, the evaluation methods (one for the CSF and one for each programme) were put to use in 2002 in three key activities:

- drawing up of the terms of reference for the mid-term reviews
- collaboration in the selection process for independent assessors
- compilation of a "Methodology Guide" for evaluating operational programmes. This document is intended to promote a certain degree of standardisation in the programme evaluations, thereby facilitating assessment of the CSF.

Three thematic work groups were set up this year - Equal Opportunities, Environment and Information Society - to provide the CSF Monitoring Committee with the information they deem useful for its decision-making in these subject areas. This will certainly guarantee a greater hearing for these horizontal principles in the reprogramming phase.

Finally, in 2002 the technical "performance reserve" group provided for in the implementing rules for the CSF was also set up to lay down the technical aspects of allocating the reserve, oversee consistency between criteria and validate results. This group has already played a key role in updating the financial and administrative indicators for all the operational programmes.

Another task carried out in 2002 was the *ex-post* verification of the additionality principle in the 1994-1999 period for all Spanish Objective 1 regions. The main conclusion to emerge from the Commission's analysis of the documentation sent by the Spanish authorities was that eligible public spending dropped by 2.4 % from its levels in the reference period (1989-1993).

By way of explanation for this, the Spanish authorities pointed both to the measures adopted in the mid-90s to meet the convergence criteria for membership of the single currency and to the exceptionally high levels of public spending on structural development in the previous programming period. As the latter reason is acceptable under the terms of Article 9(2) of Regulation (EEC) No 2082/94, the Commission concluded that Spain had in fact met its obligations regarding additionality for the 1994-1999 period.

FIFG

In the 2000-2006 period, Objective 1 programmes in Spain will continue to address the same issues as in the previous period, with the exception of Cantabria, which is in the “phasing out” stage. Planned investment totals €122.4 million, of which the FIFG accounts for €1504.6 million. During 2002 (15 October 2002), 31.88% of the total budget for the multiregional FIFG operational programme was committed and 20% of the total implemented.

The priority targets for the planned investment are the processing and marketing of fisheries products and fleet restructuring/renewal. However, budget implementation for the priority area “adapting capacity in the fisheries sector” has barely got off the ground.

The programming complements and the selection criteria for projects were adopted by the Monitoring Committees within the deadlines specified in the legislation. The FIFG programme for Objective 1 regions was amended in response to the adoption by the Council of Regulation (EC) No 1451/2001 of 28 June 2001¹⁶.

As the FIFG and SPD operational programmes are not multi-fund programmes, the Monitoring Committees for them are not concerned. The FIFG programme for Objective 1 regions within the Community Support Framework, however, is coordinated by DG REGIO.

Compliance with additionality requirements is checked in the meetings of the Monitoring Committee by assessing the Objective 1 CSF, and is also addressed in the annual reports. Additionality checks on the SPD are limited to the annual reports.

EAGGF

In 2000 and 2001, the Commission approved two horizontal programmes (a single-fund programme to improve production infrastructure in Objective 1 areas and a multi-fund one for technical assistance), nine regional multi-fund programmes (in Andalusia, Asturias, Castile-La Mancha, Castile-Leon, Extremadura, Galicia, Murcia, Canary Islands and Valencia) and a multi-fund phasing-out programme (Cantabria), together with their respective programming complements.

Three years into the programming period, 53% of the total amount committed since the beginning has been disbursed, a figure of €215 million out of the €984 million committed in 2001 and 2002.

The programming complements were amended for the following Autonomous Communities: Canary Islands (rate of part-financing for measures altered) and Castile-Leon (financing table amended).

¹⁶ OJ L 198, 21.07.2001.

ESF

Part of the delay in implementing the ESF Objective 1 programmes in 2000 was made good by faster implementation rates in 2001 and especially 2002. Most of the different forms of assistance were being implemented at a reasonably satisfactory pace and the programmes could indeed be said to be advancing smoothly throughout this year.

Indeed, the entire programmed ESF budget for 2002 was committed (€ 293 200 000), with the Commission receiving in that year 42 payment requests under the ESF for a total of € 663 million.

The commitments and payments made under that Fund as at 31 December 2002 were € 813.5 million and € 240.4 million respectively.

The Monitoring Committee for the four multi-regional operational programmes overseen by DG Employment (*Iniciativa Empresarial, Lucha contra la discriminación, Fomento del empleo and Sistemas de formación profesional*), which account for 60% of the total ESF contribution for the 2000-2006 period under the Objective 1 CSF, met on 17 July 2002 to adopt the 2001 annual reports and make the corresponding alterations to all the programming complements. The annual meetings of the multi-regional programmes took place on 17 and 18 December 2002. The main subjects discussed were as follows: the implementation rate of the assistance; the implementation of the horizontal priorities; the incorporation of the European Strategy for Employment into the programmes; reviewing and improving the selection criteria; fine-tuning the indicators for the performance reserve, and generally improving the quality of the information in the annual reports. The annual meetings for the other Objective 1 programmes were held in January 2003.

It was mainly the basic education programmes that increased their implementation rates, although the standard vocational-training schemes are now making ground after earlier delays. As regards the equal-opportunities schemes, while rates of funding implementation have varied from one programme to another, on the whole an overall effort still needs to be made. As for the implementation of the measures to help immigrants, these have in general fallen somewhat behind schedule. And the disbursement of the budget for the programme "*Sistemas de formación profesional*" has struggled to make any headway at all as a result of the delay in adopting the law on the National System of Qualifications.

The main areas in which the simplification measures have been applied are the annual meetings for the operational programmes. These meetings concentrated on strategic aspects, with the main issues discussed being the various aspects of implementing policies and monitoring the chosen priorities.

A proactive approach was taken to checking compliance with the additionality principle and assessing the value added by the ESF portion of the part-financing for these programmes. To this end, a number of inspection visits to final beneficiaries were made in 2002.

2. OBJECTIVE 2

ERDF

Implementation rate – general issues

During 2002, seven SPDs continued to disburse funding at the rate achieved in 2001 after a brisk start in 2000. Work progressed as anticipated on creating the regulatory structure necessary for the as programmes to be monitored.

As in 2001, **the SPD Monitoring Committees** met only once, each time in the region in question. These meetings were held between 22 May 2002 (Aragon) and 9 July (Rioja) and were attended by representatives of the relevant national public administrations, administrative staff from the Commission and a wide range of partnership bodies (trades unions, trade bodies, local authorities and other regional bodies responsible for environmental-protection and equal opportunities).

The meetings looked at the **2001 implementation reports** as well as certain aspects of implementation relating to the first few months of 2002.

The observations made by the Commission and other participants were accepted to varying degrees by the Managing Authority, which had communicated these reports to the Commission between 30 July and 2 August. After analysing them as required, the Commission declared them to be satisfactory and informed the Managing Authority to that effect in a series of notifications sent during a period from 25 September (Balearic islands and Basque Country) to 3 October (Catalonia).

The **programming complements** were amended at the end of 2002 to include (i) several aspects of the programmes that had been approved at the above-mentioned meetings of the Committees (improving the selection criteria for projects and tightening up certain aspects of the contents and part-financing for certain measures, etc.), and (ii) the simplified lists of indicators of physical implementation contained in each complement for purposes of allocating the performance reserve at the end of 2003 (as part of the measures to simplify the programmes approved at the end of 2002).

In addition, as a result both of this simplification campaign and of the meetings held between the Commission and the Managing Authority at the end of 2002, the management and financial-implementation indicators applying to the seven SPDs were made more precise. The amending Decision to this effect is due to be signed in early 2003.

At the end of the year, on the basis of (i) the annual reports (ii) other documents relating to the SPDs and (iii) the simplification criteria for the programmes in question, the Commission drew up the supporting documents for the **annual meetings**, to be held in Madrid in January 2003, initially as a plenary session (on issues common to all 7 SPDs) and then splitting into a number of sessions dealing with specific issues.

The **National coordination office** met on 17 October in Madrid. This is an *ad hoc* body in which the regional administrations and the Commission participate, set up by the Managing Authority to coordinate certain aspects of information, monitoring and evaluation for the SPDs. Its meeting assessed the state of play regarding the seven

mid-term reviews (see also chapter on “Evaluation”) and the financial information on the individual SPDs and the other Structural Fund assistance in Objective 2 regions.

Two **amendments to SPDs** were analysed at the end of 2002. The first of these was the Basque Country SPD, which experienced a minor re-allocation of appropriations between funding priorities, to reflect the re-allocation of several infrastructure projects run at local and provincial level to the correct measures. Secondly, the Balearic Islands SPD, where, to improve the management of the assistance, appropriations were transferred from the ESF to the ERDF and alterations made to ERDF appropriations by priority (the budget for the “environment” priority was increased and those for the priorities “competitiveness and employment” and “local and urban development” reduced). The amending Decisions should have been signed by around March 2003.

Implementation rate – take-up of appropriations

By 31 December 2002, out of the total for the 2000-2006 period, the percentage of committed funding disbursed to final beneficiaries varied - for ERDF assistance between 15.92% (Balearic Islands) and 36.13% (Navarre), and for ESF assistance between 3.77% (Catalonia) and 19.60% (Madrid).

SPD	% ERDF	% ESF
Aragon	20.17	13.67
Balearic Islands	15.92	13.53
Catalonia	22.00	3.77
Madrid	19.07	19.60
Navarre	36.13	16.92
Basque Country	32.36	11.81
Rioja	21.08	9.23

The implementation of ERDF assistance can thus be said to be progressing at a satisfactory pace, with even the Navarre and Basque Country assistance packages having by year-end 2002 attained the level of disbursement necessary to avoid any decommitments when funding implementation is checked at the beginning of 2004. The only exception to this generally positive assessment is the assistance for the Balearic Islands, and this will, as pointed out, be amended.

Implementation of ESF assistance, on the other hand, with the possible exception of Madrid and Navarre, is behind schedule. The ESF accounts for only a limited portion of the financing in each SPD (22% for Catalonia, spread across several priorities, and 5-6% for the other regions, all in the funding priority “technology, research and innovation”).

To remedy this situation, a portion of the appropriations originally allocated to the ESF will be re-allocated to the ERDF in 2003. The details of this transfer will be

agreed on in next year's meetings of the Monitoring Committees; some SPDs may even have their ESF funding withdrawn altogether. This transfer has already been confirmed in the amendment to the Balearic Islands SPD.

Even pace of implementation

For the seven SPDs and six priorities funded under the ERDF, implementation is progressing in different ways.

For the SPDs as a whole, disbursements for priorities 3 ("technology, research and innovation") and 4 ("transport and energy") are more advanced, for example, than those for priorities 1 ("competitiveness and employment") and 5 ("rural and urban development").

However, the slower programmes still do not seem to be overly behind schedule; the delays are partly due to implementation periods that are generally longer than the average necessary for aid schemes in the private sector (priority 1) and projects managed at local level (priority 5).

Within each SPD, the disparities between priorities are less marked in Catalonia, Aragon and the Basque Country than in the other regions. It should still, however, be noted that some priorities are making extremely good progress, in particular priority 4 ("transport") in Navarre, but also priorities 2 ("environment") in the Balearic Islands and 1 ("competitiveness and employment") in the Basque Country.

On 31 December, overall expenditure per priority for the 2000-2006 period as a whole was as follows:

SPD	% Priority 1	% Priority 2	% Priority 3	% Priority 4	% Priority 5	% Priority 6
Aragon	22.61	7.98	20.58	23.59	23.98	25.77
Balearic Islands	17.45	56.48	8.52	5.64	3.56	17.93
Catalonia	16.14	16.17	26.13	25.66	19.17	24.02
Madrid	20.66	1.47	23.89	1.48	33.14	11.44
Navarre	27.40	2.78	26.62	93.78	2.99	0.60
Basque Country	40.61	37.90	27.48	31.98	25.25	22.14
Rioja	9.65	2.68	27.88	34.44	7.84	13.13

Finally, even though the amounts of Objective 2 funding earmarked for Spain's transitional areas are low by the standards of other Member States (apart from the Madrid SPD), these areas' disbursement rates lag behind those of areas still eligible for "full" funding.

Mid-term review

Similarly to the arrangements for Objective 1 programmes, the mid-term review of the Objective 2 SPDs is carried out by the technical evaluation groups, the technical evaluation coordination group and the thematic working groups.

Created in 2001, the technical evaluation groups for each SPD, supported by the technical evaluation coordination group (part of the National Coordination Office), carried out the following tasks in 2002:

- drew up the terms of reference.
- helped in the process of selecting independent evaluators
- produced a “Methodological Guide” for evaluating SPDs, in order to clarify the expected content of the evaluations and to standardise the work somewhat.

Two thematic working groups were formed, representing the two horizontal priorities in the programming, equal opportunities and environment. Their remit was to provide information to aid decision-making in these areas and increase the degree to which these two priorities are taken into account in the 2004 reprogramming exercise.

ESF

Implementation rate:

The total amount contributed by the Community for these programmes in 2000-2006 is € 725 million, with the ESF contributing just €336 million (of which €257 million is accounted for by the Catalonia SPD alone).

Most of the programmes are behind in disbursing their funding.

All of the ESF funding programmed for 2002 was committed by DG Employment (€9.08 million).

In 2002, 14 payment requests were received and processed, totalling €1.01 million.

The commitments and disbursements made by the ESF as at 31 December 2002 were, respectively, €144.3 million and €44.5 million.

Given the low implementation rate, in the annual meetings (17 January 2003) the Spanish authorities proposed transferring the ESF portion in measure 3.1 (R&D) to the ERDF for 2003.

Even pace of implementation:

The implementation of measure 3.1 (R&D), present in all the SPDs, is well behind schedule. In Catalonia, the slowest priorities to be implemented are 1 and 5. However, a field inspection in Catalonia in October 2002 confirmed that the problem was mainly due to a delay in certifying expenditure.

Coordination:

The annual meetings discussed the need for a timetable of the Monitoring Committee and annual meetings and the activities of the technical groups, in an attempt to coordinate the dates of meetings for Objectives 2 and 3.

Additionality:

There are seven Objective 2 SPDs (Aragon, Balearic Islands, Catalonia, Navarre, Basque Country and Rioja). In six of these SPDs the ESF contributes only to measure 3.1 (R&D). In the Catalonia SPD, however, the ESF participates in several priorities.

As regards measure 3.1, DG Employment insisted that the Spanish authorities put into place measures to ensure the application of research results in the manufacturing sector, although this proved more difficult than expected.

3. OBJECTIVE 3

Implementation rate:

The Objective 3 CSF takes the form of twelve operational programmes (seven regional and five multi-regional / thematic).

These programmes have a range of goals, including: (i) supporting the development and improvement of vocational training systems (ii) creating jobs and helping reintegrate the unemployed into the labour market by prioritising a pro-active approach in the form of jobfinder schemes, and (iii) local initiatives promoting a series of goals such as employment, participation by women in the labour market (combined with measures to combat gender discrimination), employment opportunities for the socially excluded, entrepreneurship, and lifelong learning for working people.

In 2002, a total of €324.4 million was committed for Objective 3. In the same period, fifteen interim payment requests under the regional Objective 3 programmes were received, totalling €139.1 million, and a further 13 requests for the multi-regional programmes, for a total of €259.6 million.

Commitments and disbursements made by the ESF as at 31 December 2002 were, respectively, €54.3 million and €46.9 million.

Scrutiny of the ESF assistance was guaranteed by a combination of the Monitoring Committees, annual meetings, analysis of the annual reports, field visits and various meetings with the Spanish authorities and the Commission.

On 17 and 18 December 2002, the second annual meetings of the Objective 3 programmes were held, together with those of the four Objective 1 programmes *Fomento del Empleo*, *Sistemas of Formación Profesional*, *Iniciativa Empresarial y Formación Continua* and *Lucha contra la Discriminación*. The idea was to reach some common conclusions and look at which corrective measures could be taken to remedy the weaknesses uncovered. In this connection, the analysis of the annual

reports played a preventive role in identifying problems and proposing possible solutions. The main subjects discussed at these meetings were: (i) how to incorporate the horizontal priorities and the European strategy for employment into the operational programmes, (ii) how to revise and improve the selection criteria, (iii) the state of play regarding the evaluations of the programmes and (iv) generally improving the information contained in the annual reports.

In 2002, the Commission began making field visits to the various programmes. These were intended to gather information on the different programme managers in order to strengthen the partnership, starting in the Autonomous Community of Catalonia and moving on to cover them all. The goal is to improve collaboration between the Commission, the national/regional/local authorities and the different programme managers.

Even pace of implementation:

For the five multi-regional programmes, implementation can be regarded as satisfactory overall, albeit with a certain imbalance between programmes and even between the different priorities within each programme. The implementation of the programme for vocational training systems (*Sistemas de Formación Profesional*) was well behind schedule, due to the delay in the adoption of the law on a National System of Qualifications, a key prerequisite for the implementation of this programme.

As regards the regional programmes, implementation is also satisfactory, although discrepancies exist between individual programmes.

Simplification:

As part of its simplification drive, the Commission, together with the Spanish authorities, overhauled the principles on which the annual meetings are organised. The accent is now on questions of a more strategic nature. The number of points to be dealt with for each strand of assistance has been limited and priority given to points that are strategically important for the assistance in question, by dint either of their contents or their cross-cutting relevance.

Additionality:

A pro-active approach was taken towards checking compliance with the complementarity principle for the ESF portion of part-financing, in particular in the form of field visits to certain final beneficiaries in 2002.

4. FIFG OUTSIDE OBJECTIVE 1 REGIONS

In 2000-2006, the areas not receiving Objective 1 funding in Spain were the same as in the previous period. Planned investment in these areas is set to total €824.5 million, of which €207.5 million under the FIFG. Of the total programmed funding under the Single Programming Document for Spanish non-Objective 1 FIFG regions, 38.26% was committed and 14.89% implemented (15 October 2002).

Planned investment would be concentrated on the processing and marketing of fisheries products and fleet renewal. However, the implementation of the funding priority strand “adapting capacity” barely made any headway.

5. COMMUNITY INITIATIVES

5.1 Leader+

In 2001 and 2002, the Commission approved 18 Leader+ programmes (one horizontal and 17 regional programmes, or one for each Autonomous Community). Of these, 17 were allocated a global grant, with the remaining programme (the Basque Country) receiving a programming complement. In all, 150 local action groups are planned.

After 2 years of implementation, 23% of the total committed since the start of the programming period has been disbursed, equal to €35 million of the €148 million committed in 2001 and 2002. And while most of the programmes were approved in 2001, the financing agreements (which set down the details of the global grants) were not sent to the Commission and concluded until some way into 2002, which explains the delay in implementing the programmes.

5.2 Equal

In 2002 the 160 development partnerships in Spain selected for Action 1 received confirmation of their passage to Action 2 (implementation). Gender equality is the theme chosen by 34% of the selected projects - this accounts for 31% of the total budget for projects and confirms the priority given to equal opportunities issues in the Spanish Equal programme. The Monitoring Committee set up a technical technique evaluation committee, which started work on the evaluations. A working group on “mainstreaming” was also created. As part of Action 3, the plan for spreading and building on good practice is concentrating on three thematic priorities: employability and tackling racism, entrepreneurship and adaptability, and equal opportunities. Promotional measures include the new *Equal* magazine and the presentation of the Spanish Equal Initiative in Andalusia, an event attended by some 500 people.

At European level, the Spanish Managing Authority undertook to jointly lead a European thematic group on equal opportunities, together with its Italian counterpart.

5.3 Urban

All 10 Urban II Programmes for Spain were adopted by the Commission before the end of December 2001.

The total eligible cost of all 10 Urban II programmes is €179 973 333, with a Community contribution of €12 600 000.

The Managing Authority for the Spanish Urban II programmes is the Spanish Ministry of Finance (*Ministerio de Hacienda*) in partnership with the local authorities (*Ayuntamientos*). The Monitoring Committees meet twice a year (Art.7 of their internal rules of procedure) and include representatives from the Ministry and the various city councils.

All programme complements were approved by the Monitoring Committees and sent to the Commission in early 2002. As required by the General Regulation (1260/1999), the annual reports are due in by June 2003 and the mid-term reviews by December 2003.

Advance payments worth 7% were made before the end of 2001. All the Spanish Urban II programmes submitted interim payment requests in 2002.

6. CLOSURE OF PRECEDING PROGRAMMING PERIODS

ERDF

Of the 41 programmes in the Objective 1 CSF, by 31 December 2002 only four had been closed. The rest are still waiting for the statements of validity required by Article 8 of Regulation (EC) No 2064/97 to be produced, and some also for their final implementation report. The whole budget had been committed, and an amount of just over €1.131 million remained to be disbursed.

For the seven ERDF/ESF programmes and the multi-regional ESF programme under the Objective 2 SPD (1997-99), as well as the seven EAGGF-Guidance/ERDF/ESF Objective 5b SPDs (1994-1999), the deadline for accounting for incurred expenditure is 31 December 2001, except for the Objective 2 programmes for Aragon and the Basque Country.

For two of the programmes, the extension requests lodged by the Spanish authorities before the end of 2001 in respect of delays caused by events beyond their control had been approved by the Commission, which decided that they had provided the supporting documentation required by the legislation. The extension Decisions were finally signed in February 2002 for the Aragon programme and June 2002 for the Basque Country programme. These decisions granted the two programmes a nine-month extension of the deadline for financial closure (until 30 September 2002), to give them time to finalise the certification of expenditure.

During 2002 most of final reports on the Objective 2 and 5b programmes were approved by the Monitoring Committees and notified to the Commission. However, the Commission did not receive the audit statements on these programmes required by Article 8 of Regulation (EC) No 2064/97. The documents needed to justify the payment of the balance have to be produced by 31 March 2003.

Overall, by Objective and Fund, the outstanding payment amounts and the percentages these represent of the committed totals are as follows:

Objective	ERDF	ESF	EAGGF-Guidance
2 (1997-99)	€153 m (13%)	€39 m (13%)	---
5b (1994-1999)	€12 m (6%)	€13 m (17%)	€24 m (6%)

EAGGF

The Spanish authorities are preparing to close 47 programmes (15 Objective 1 programmes, seven Objective 5b SPDs, one Objective 5a programme, one Objective 5a SPD, 18 Leader II ICPs, three Interreg II ICPs, one Regis II and one Territorial Employment Pact). The final reports, together with the payment requests, should be validated during the course of 2003.

ESF

For the 1989-1993 period, all the “mainstream” Spanish projects have been closed.

As regards the 1994-1999 period, before the end of 2002 Spain sent 21 payment requests: one for Objective 1, four for Objective 2, 12 for Objective 3, one for Objective 4 and three for Objective 5b. Of these only four are complete and being processed: the others have yet to be completed.

7. EVALUATION AND CONTROLS

7.1 Evaluations

EAGGF

Evaluation working groups have been set up within the CSF Monitoring Committee and all the operational programmes. These groups determined the specifications for the calls for tenders issued to recruit the teams to evaluate the CSF and the operational programmes. The teams were then selected by the Spanish authorities and began work in the autumn. The first progress reports are expected by the beginning of 2003. This work is financed under the different technical assistance strands (both the programmed technical assistance for operational programmes and *ad hoc* funding under the programmes).

ESF

A common methodological guide was adopted for all Objective 3 CSF programmes. This guide identifies which aspects deserve closer attention and lists common indicators for the different operational programmes. At the end of 2002, the process of appointing the evaluators responsible for the INEM programmes was also finalised.

7.2 Controls

ERDF

Audits on the application of Regulation 2064/97

Autonomous Community of Cantabria:

Main findings:

- the audit teams are still understaffed.

- by late October 2002 the audits of the Community Initiative Leader II and the *Proder* programme had still not started, despite the fact that a number of problems had been uncovered;
- there were discrepancies between the expenditure declared to the Commission and that actually incurred.
- ineligible leasing expenditure and VAT had been declared to the Commission;
- the eligibility rule had been incorrectly applied as regards the charging of income obtained from the sale of land for industrial use.

Systems audit on Interreg II A Spain / Portugal programme (14 - 17 May 2002)

Autonomous Community of Extremadura:

- At the time of the audit, the Audit Service had not started the work of reviewing how the managers are implementing their audit findings. This could be a cause for concern, as there is only limited time remaining to carry out this work before the programmes must be closed.

IGAE

- The failure of the Autonomous Communities to report audit data to the IGAE in certain cases makes it difficult for the Article-8 body to systematically monitor the amount of work done by the Communities on closure declarations.
- The IGAE does not keep any centralised records of the follow-up action taken by the regional financial inspectorates for each individual report, since it is the regional inspectors who are responsible for following up their inspections. This is compounded by the fact that, if the IGAE does not receive any further information from an inspectorate within 6 months of the inspectorate producing its report, it assumes that the findings in the report have been corrected.

Procedure for reporting irregularities

- In the procedure implemented by the Autonomous Community of Extremadura to comply with Regulation 1681/94, there is no provision to pass on what is reported by the managing departments to the Audit Service.
- For example, one beneficiary - the University of Salamanca - was potentially liable to have ESP 68 700 413 (€12 897.8) worth of its funding recovered by the Commission for failure to comply with the proper public-procurement procedures. This case should have been reported to OLAF, as required by Article 7 of Regulation 2064/97, since the situation had not been resolved within six months of the apparent irregularity being detected.

FIFG

The management and control systems for the 2000-2006 period are in place. Some clarification is needed regarding the systems established in certain regions.

Documentation submitted to the Commission pursuant to Article 5 of Regulation 438/2001 should be revised.

DG Fish accompanied OLAF on an inspection visit to a single beneficiary to check conformity and accounting procedures in respect of a number of modernisation grants.

Audits of programme closures from the 1994-1996 period

Objective 2 operational programme for Catalonia 1994-1996, 10-14 June 2002

For 8 of the total of 11 projects audited on the ground it was found that the sole criterion used for charging expenditure to the operational program was the payment date (i.e. all payments that occurred between 1994 and 1998 were considered eligible under the programme). However, expenditure incurred in 1997-99 on projects that began or even finished before 1997 was considered eligible for the 1997-99 period only under the following conditions: (i) a decision to include the project in the program must have been taken; (ii) a legal and financial commitment must have been made, and (iii) the projects must have been divided into distinct financial stages - if possible two physical stages for each programming period - to ensure the transparency of implementation and monitoring and facilitate controls. Apparently some projects could not meet these conditions.

For one project, two work contracts worth a total of some ESP 452 million had been signed after 31 December 1996 and were thus regarded as ineligible.

FRANCE

1. OBJECTIVE 1

During 2002, all the annual reports for the 31 Objective 1 and 2 programmes were forwarded to the Commission. Twenty-eight of the reports were judged to be satisfactory and were accepted under Article 37(2) of Regulation (EC) No 1260/1999. The remaining three programmes were accepted at the beginning of 2003 after submission of additional information by the national authorities.

The Commission, in close cooperation with the French national and regional authorities, organised two seminars, one for Objective 1 regions and the other for those responsible for European affairs at the Secretariats-General for Regional Affairs and the Regional Councils.

- Seminar on Objective 1 from 3 to 5 July 2002 in Lille (Nord-Pas-de-Calais)

This seminar dealt with the problems of both Objective 1 regions and regions receiving transitional support under Objective 1 in the areas of industrial conversion, urban restructuring, the information society and financial engineering.

- Seminar for those responsible for European affairs at the Secretariats-General for Regional Affairs and the Regional Councils on 5 June 2002

This seminar covered the implementation of Objective 1 and 2 programmes in France (2000-2006).

1. OBJECTIVE 1

ERDF

In addition to Corsica and Nord-Pas-de-Calais (French Hainault), the two regions eligible for transitional support under Objective 1, Objective 1 in France covers the four overseas departments (Guadeloupe, Martinique, French Guiana and Réunion).

Total ERDF assistance in the six French Objective 1 regions amounts to € 292 million over the 2000-2006 period, including € 908 million (i.e. 83%) for the four overseas departments. These regions received € 84.7 million of ERDF assistance in 2002 or 3.69% of the total allocation. The various interim payments made since 2000 account for 10.85% of the total ERDF budget for Objective 1 regions.

On the basis of a Commission proposal, amendments¹⁷ were introduced on the legal basis of Article 299(2) of the Treaty which allow the seven outermost regions and in

¹⁷ On 28 June 2001, after receiving the opinion of the European Parliament, the Council approved amendments to Regulations (EC) Nos 1260/1999 (General Regulation), 1257/1999 (Regulation on rural development) and 2792/1999 (fisheries) on the basis of the Commission proposals of 29 November 2000.

particular the four French overseas departments covered by Objective 1 access to higher rates of part-financing from the Structural Funds (for infrastructures and productive investments) than those provided for in the Regulations concerned.

On the basis of the amended Regulations, proposals for adjustments to the SPDs were submitted to the Commission for two overseas departments: Réunion and Guadeloupe. The Commission approved these amendments to the SPDs by two Decisions, on 30 August 2002 for Réunion and on 23 December 2002 for Guadeloupe. Guadeloupe also introduced into its SPD the possibility of using global grants and specified measures on “tourism” and “development of the islands”.

EAGGF

Of the budget of €75.95 million for the six regions over the period concerned, a total of €60.298 million had been paid by the end of 2002.

Following the adoption by the Council on 28 June 2001 of Regulation (EC) No 1447/2001 providing for exemptions for the outermost regions, such as an increase in the rate of public funding in smaller agricultural holdings and in the agri-food industries, the different Monitoring Committees approved the amendments to the SPD and programme complement for each of the programmes for the four overseas departments. These amendments were approved by means of new Decisions for Réunion and Guadeloupe. Decisions for Martinique and French Guiana are in the process of being approved.

With regard to Corsica and Nord-Pas-de-Calais, a formal amendment of the Decision has not yet been adopted to incorporate amendments to the EAGGF Guidance Section of the programme, including the reinforcement of technical assistance.

However, the Monitoring Committees approved adjustments to the different programming complements in the case of amendments not requiring an amendment of the SPD.

For three regions (Réunion, Corsica and Guadeloupe), at the end of 2002 the rule on the automatic decommitment of appropriations committed for the EAGGF Guidance Section in 2000 was applied. However, the three regions were able to submit applications for interim payments in time to prevent decommitment.

FIFG

Corsica

The 2000-2006 SPD for Corsica has an FIFG allocation of €2.3 million (an initial payment of €0.26 million has been made). Strategic priorities include preserving employment, better organisation and quality of production, improvement of marketing, as well as increasing production capacity in fish farming whilst respecting the marine environment. The Managing Authority has committed less than 50% of 2000-2002 FIFG funding for projects.

Guadeloupe

The 2000-2006 SPD for Guadeloupe has an FIFG allocation of €6.2 million (an initial payment of €0.26 million has been made). Strategic priorities include

improving port facilities and better marketing. The development of fish farming could reduce imports to cover local needs. At the end of 2002, the Managing Authority had programmed less than 50% of the first three years' funding for action.

French Guiana

The 2000-2006 SPD for French Guiana has an FIG allocation of €7.6 million (an initial payment of €0.9 million has been made). Strategic priorities include improving port facilities, improving processing and marketing, as well as improving production capacity in fish farming. The fisheries sector is one of the region's main economic sectors and its development could increase regional added-value. At 31 December 2002, the Managing Authority had programmed 55% of the 2000-2002 funding for action.

Martinique

The 2000-2006 SPD for Martinique has an FIG allocation of €9.1 million (an initial reimbursement of €0.1 million has been made). The main objectives are to develop employment, regional added-value and fisheries production and improve processing and marketing. The development of fish farming could reduce imports by covering more local needs. The Managing Authority has programmed less than 20% of the 2000-02 funding for action.

Réunion

The 2000-2006 SPD for Réunion has an FIG allocation of €15.6 million (a limited initial payment of €0.08 million has been made). Strategic priorities for the fisheries sector (one of the main economic sectors on the island) include renewing and modernising the fleet, improving processing and marketing, increasing production capacity in fish farming, as well as innovative actions to improve knowledge of the local fishing environment and the best sustainable ways to exploit it. At 19 December 2002, the Managing Authority had programmed about 85% of the first three years' funding for action.

ESF

One or more declarations of expenditure for the ESF were introduced in 2002 for each of the six Objective 1 SPDs. Total justified expenditure at the end of 2002 was 16% of the ESF Objective 1 allocation for France for the 2000-2006 period (excluding the 7% advance) and 33% of the 2000-02 commitments.

There are large differences between the regions in terms of the expenditure already incurred, which ranges from 3% to 26% of ESF expenditure justified (not including the 7% advance) and declared to the Commission. This partly reflects the difficulties experienced by the regions in getting project sponsors to notify expenditure.

In addition, at the end of 2002, three of the six SPDs approved during 2000 were affected by the automatic decommitment rule (N+2). All three regions avoided decommitment. Of a budget of €38.62 million for the 2000-2006 period, commitments totalled €71.04 million and payments €54.45 million at the end of 2002.

Progress on implementing the measures contained in the SPDs varies according to the region and type of measure. Less progress has been made on measures concerning equal opportunities and those concerning NGOs and the local partnership (small grants). A pro-active, targeted approach to promote these measures seems essential.

2. OBJECTIVE 2

ERDF

Total ERDF assistance in the 21 French Objective 2 regions over the 2000-2006 period will be € 380 045 086. In 2002, the ERDF paid these regions €277 967 524.48 or 5.16% of the total allocation. The interim payments made since 2000 account for 12.9% of the total ERDF allocation.

Since the summer of 2002, and in parallel with the simplification measures introduced by the Commission, France has been among the first countries in the European Union to adopt a number of simplification measures designed to increase the flexibility of the national and Community rules on the implementation of SPDs.

These measures essentially involve:

- improvements to management, monitoring and control of Structural Fund assistance, and more particularly to the procedure for amending SPDs, and more effective organisation; and
- simplifying financial circuits.

In 2002, the Commission adopted six Decisions concerning Community contributions to major projects:

- the “Grande Halle d’Auvergne” project, provided for in the SPD for the Region of the Auvergne, for which the ERDF contribution was set at €18.3 million or 18.77% of the total eligible cost (€97.5 million for the project);
- the “Lioran Tunnel” project, provided for in the SPD for the Region of the Auvergne, for which the ERDF contribution was set at €9.056 million out of a total cost of €6.224 million, a part-financing rate of 25%;
- the “extension of the UNILIN factory - Phases 2 and 3” project, provided for in the SPD for the Region of Champagne-Ardenne. The ERDF contribution to this major project was set at €5.110 million. This is 4.62% of the total eligible cost of the project (€10.53 million);
- the “Pilkington - Glass France” project in Seingbouse, provided for in the SPD for the Region of Lorraine, for which the ERDF contribution was set at € 667 858. This is 2.52% of the total eligible expenditure for the project (€105 599 300);
- the “Cap’Decouverte” project, provided for in the SPD for the Region of Midi-Pyrénées, for which the ERDF contribution was set at €15.24 million, which represents 27.77% of the total eligible cost of the project (€54.88 million).

- the “ATMEL electronic circuits factory” project, provided for in the SPD for the Region of Provence-Alpes-Côte d’Azur, for which the ERDF contribution was set at €6.10 million, which is 1.88% of the total eligible cost of the project (€24.72 million).

ESF

One or more declarations of expenditure for the ESF were introduced in 2002 for each of the 21 Objective 2 SPDs. Total justified expenditure under the 21 SPDs at the end of 2002 was 4.5% of the ESF Objective 2 allocation for France for the 2000-2006 period (excluding the 7% advance), i.e. ESF expenditure of 39.231 million.

There are large differences between the regions in terms of the expenditure already incurred, which ranges from 0.37% to 17.5% of ESF expenditure justified (not including the 7% advance) and declared to the Commission. Particular attention will be paid in 2003 to programmes for which there is a major risk of decommitment at the end of the year for the 2000 and 2001 tranches.

Several agreements on global grants from the ESF were concluded in 2002 with regional councils in order to facilitate and accelerate the implementation of ESF Objective 2 financing.

3. OBJECTIVE 3

At the end of 2002, 14% of the total ESF envelope (€4.7 million) was certified by the French authorities as having been spent by the final beneficiaries. Expenditure made by the Commission (including the 7% advance) amounted to €1 007 million. The rate at which expenditure is being declared seems adequate to rule out any risk of automatic decommitment at the end of 2003.

The year thus saw an acceleration in the implementation of the SPD and significant progress was achieved in making up for the delay incurred in 2001. In particular, the decision taken at national level by a circular of February 2002 no longer to subject project programming to the availability of appropriations allowed considerable increase in programming and therefore in results. This distinction between the legal commitment and the financial commitments of measures represented a major positive development in the conditions of implementation of the SPD in 2002.

The progress made on implementing Priorities 1 (“Active labour market policies”) and 3 (“Life-long education and training”) was well above average. On the other hand, there were serious delays with the implementation of Priorities 4 (“Adaptation of workers, business spirit, innovation, research and technology”), 5 (“Improved labour market access and participation for women”) and more particularly measure 10 of Priority 6 (“Support for local initiatives”). Given that measure 10 required a considerable amount of preparation, an acceleration in its implementation can reasonably be expected soon.

On 10 December 2002, the National Monitoring Committee took the initiative to amend the programming complement and propose a number of amendments to the SPD. These involve increasing the ESF contribution rate to measure 7 “Developing entrepreneurship, promoting the creation of businesses and innovation” from 40% to 50% and introducing the French mechanism of “individual training leave” in

measure 6 “Modernising employment organisations, developing skills”. Training leave adds to the possibilities, provided for in the SPD, for supporting the adaptation of human resources, particularly in small and very small undertakings.

The principal decisions taken by the National Monitoring Committee to amend the programming complement involve:

- the introduction of a private counterpart to national part-financing for measures 2 “Supporting Government policies to promote integration and against exclusion” and 5 “Improving information and guidance on and the personalisation of training, in particular using new information and communication technologies, and improving validation”,
- the creation of new types of operation to promote measures under Priority 5,
- the introduction of individual training leave in measure 8 “Improved labour market access and participation for women”.

The Commission obtained confirmation from the French authorities that all the changes decided on or proposed by the National Monitoring Committee respect the principle of additionality.

The Managing Authority launched a national information campaign on the ESF based around a general action plan for the 2002-04 period. This campaign, to be carried out in two phases, includes measures through the media and other measures and will be implemented at both national and regional level.

4. FIFG OUTSIDE OBJECTIVE 1 REGIONS

The 2000-2006 “fisheries” SPD for France outside Objective 1 regions has a Community allocation of €233.7 million (two reimbursements totalling €1.2 million have been paid). Strategic priorities are long-term management of fishery resources, assisting the modernisation of companies to enable them to increase their value-added and reinforcing the socio-economic situation of local communities dependent on fishing or marine stock farming. At 31 December 2002, only €56 million had been committed for projects.

5. COMMUNITY INITIATIVES

5.1 LEADER+

For the Leader + Initiative, the *Centre national pour l'aménagement des structures des exploitations agricoles* (CNASEA) was selected to manage the global grant. A total of 140 local action groups, selected at the end of 2001 and during 2002, will be responsible for implementation. The first action programmes have just been drawn up after signature of the agreements. A seminar was held in December 2002 in Nogent le Rotrou, bringing together all those participating in this Initiative in the west of France.

In financial terms, only the 7% advance was paid, no application for interim payments having been submitted to the Commission.

5.2 EQUAL

In accordance with the programming, many more development partnerships were confirmed for measure 1 than for measure 2. Intensive efforts were made during this preparatory stage to bring the parties together and to carry out studies and development work in order to forge solid projects. Around 230 development partnerships have now embarked on their work programme.

The year also saw an in-depth examination of the organisation of the programme and in particular the mechanism to be set up to ensure that the most innovative practices are efficiently identified. The first networks will relate to “adaptability” (keeping older workers in employment) and “equal opportunities between men and women” (conciliation of private and working life).

5.3 URBAN

The nine French Urban II programmes were approved between September and December 2001 and the ERDF will be contributing €102 million to their total budget of €283.609 million. The programme complements were approved by the Monitoring Committees and submitted to the Commission during the first half of 2002. Annual activity reports have been submitted to the Commission for four programmes (Bastia, Grenoble, Le Havre and Strasbourg).

For four programmes, the Managing Authority is the mayor or the chair of the inter-municipal cooperation structure and for three others this role is played by the prefect of the region. In the remaining two cases, the Managing Authorities are a public body and a public interest grouping, chaired by either the mayor or the prefect. The payment authority is in all cases the *Caisse des Dépôts et Consignation*.

The Monitoring Committees met either once or twice in 2002.

The 7% advance was paid at the end of 2001 or right at the beginning of 2002. Only one application for an interim payment was made in 2002. This was for €357 776.33 for the Grenoble programme.

6. CLOSURE OF PRECEDING PROGRAMMING PERIODS

ERDF

1989-1993 programming period

At the end of 2002, only one measure had not yet been closed: the Regis-Envireg-Stride French Guiana CIP for which a request was made to the Member State for partial closure in 2002.

The other three 1989-1993 period measures still open at the beginning of 2002 (Loire Region 1991 OP, Provence-Alpes-Côte d’Azur Renaval CIP, Upper Normandy Renaval) were closed during the year.

1994-1999 programming period

During 2002, the Commission closed all the 19 Objective 2 1994-96 period SPDs still open.

EAGGF

In 2002, the Member State did not provide the necessary documents for closing the programmes (Objectives 5(a), 5(b) and Leader II). Consequently, this will all have to be done during the first quarter of 2003.

During the year, extensions of the payment deadlines were accepted for reasons of force majeure (storm of 1999 in the case of some Objective 5(b) SPDs, cyclones in the case of two Objective 1 regions). This caused a delay in drawing up the closure reports and applications for payment of the balance for some regions.

ESF

As regards the closure of the 1994-1999 programmes, 17 closure files had been received by the end of February 2003, broken down as follows:

- 1997-99 Objective 2: seven files,
- 1994-1999 Objective 5(b): ten files.

No application for payment of the balance had been received for Objective 3 (1994-1999) by the end of 2002.

7. EVALUATION AND FINANCIAL CONTROL

7.1 Evaluations

ESF

The evaluator issued the first documents in 2002, the “draft evaluation method” on the method for analysing implementation, the “regional monographs” and a national summary providing a progress report on the mid-term evaluation. Two thematic evaluations (equal opportunities and local initiatives) were commenced.

7.2 Controls

ERDF

Audits to close programmes in the 1994-96 period

LOIRE REGION SPD - Objective 2 (1994-96) - missions of 30 September and 4 October 2002

The SGAR made commitments after the deadline of 31 December 1996. Decisions to grant assistance were made during 1997 for a large number of projects under various measures provided for in the SPD.

There were found to be a small number of cases of ineligible expenditure and a lack of supporting documents and publicity, supporting documents for the procedure for the award of public contracts were unavailable and one of the companies to be audited had gone bankrupt.

PICARDY SPD - Objective 2 (1994-96) - missions of 8 and 22 March 2002

Payments still not made: eight projects for which Picardy has not yet made the final payment to the final beneficiary.

FIFG

In the context of the implementation of the “Mini Tranche” in the period 1994-1999, the Member State is requested to verify all relevant dates concerning the applications submitted in view of the eligibility of the projects involved.

In the framework of the closure for the 1994-1999 period, DG FISH insists that the responsible authorities check the amounts of projects in order to avoid similar situations as for Regulation (EEC) No 4042/89.

IRELAND

1. OBJECTIVE 1

ERDF

The implementation of the ERDF in five Irish Objective 1 programmes - Economic and social infrastructure, Productive sector, Technical assistance, Border, Midland and Western region and Southern and Eastern region - continued at a generally satisfactory pace in 2002. However, in view of the reduced level of investment from the private sector, the Commission agreed that the national co-funding of the Broadband measure in the two regional programmes could be adjusted in favour of the public sector. Payments totalling €381 million were made to the programmes. This included an amount of €237 million to the Economic and Social Infrastructure Operational Programme for which the Commission also approved five major projects (one for public transport and four for roads) with a total Community contribution of €248 million. A significant development in 2002 across all the programmes was the commencement of the mid-term evaluation process.

As regards the EU Programme for peace and reconciliation in Northern Ireland and the Border region of Ireland (Peace II programme 2000-2004), there is a rising challenge to avoid difficulties with decommitment under the n+2 rule by the end of 2003, as no payment claims have been submitted by the Irish authorities in 2002. There was progress in implementing the 'distinctiveness' criteria in selecting projects supporting peace and reconciliation in the region.

EAGGF

After the foot and mouth crisis in 2001 that hampered the implementation of investment schemes (farm waste, dairy hygiene) under the two regional OPs, the part-financed measures were fully operational in 2002. Payments on forestry measures are proceeding well.

The Peace II operational programme was approved in 2001. A €13 million EAGGF-Guidance contribution is foreseen for the 2000-2004 period. The programme had a very slow start and no EAGGF expenditure (only €82 000 in advances paid) was recorded up to October 2002. The programme complement has not been accepted yet by the European Commission.

FIFG

Productive sector

For the period 2000-2006 for this operational programme, the FIFG contribution is €12 million (a first payment of €1.8 million has been approved) of which €4.5 million goes to the Border, Midlands and Western region and €7.6 million to the Southern and Eastern region. The Sea Fisheries Development priority funding will be provided primarily to meet the strategic Objective of enhanced safety, quality and competitiveness of the fishing fleet. In June 2002 all public and Community aid for

the fishing fleet was suspended until the national authorities provided an up-to-date and complete fishing fleet register.

Border, Midland and Western region

For the period 2000-2006 for this operational programme, the FIG contribution is €16 million to be expended under the Aquaculture sub-measure of the Fishery Harbours, Gaeltacht/Island Harbours and Aquaculture measure of the Local enterprise development priority (sub-programme). After a slow start spending is starting to pick up (€1.6 million in payments).

Southern and Eastern region

For the period 2000-2006 for this operational programme, the FIG contribution is €9.6 million to be expended under the Aquaculture sub-measure of the Fishery Harbours, Gaeltacht/Island Harbours and Aquaculture measure of the Local enterprise development priority (sub-programme). After a slow start spending is starting to pick up (€9.95 million in payments).

PEACE II

FIG funding has been approved in the Peace II programme to assist cross-border bodies from both Northern Ireland and the six border counties of Ireland to work together to develop fisheries interests, particularly aquaculture. No commitments have been made but the Ireland and Northern Ireland authorities have been working on two major cross-border projects which should see all FIG funding committed in 2003.

ESF

Under the 2000-2006 Community Support Framework, the ESF provides slightly over €1 billion to Ireland, about 34% of the total Structural Funds available. 85% of ESF support is concentrated in the Employment and human resources development OP (EHRD OP), which is structured around the four pillars of the European Employment Strategy. ESF funding in the two regional OPs (the Border, Midland and Western Region (BMW) and the Southern and Eastern Region (S and E)) is about 11% of the total ESF and used for investment in childcare. The remaining 4% are allocated to the Peace OP and a further €34 million is available under the Equal Community Initiative.

Apart from the Peace programme, which is referred to under the UK section of this report, the Irish programmes performed generally according to plan in 2002. The n+2 deadline of 31 December 2002 was met by all programmes in relation to ESF. For the EHRD OP, implementation under the Employment and Adaptability priorities was on schedule. It was somewhat behind under the Entrepreneurship and Equal Opportunities pillars. The actions undertaken by the Managing Authority and the Monitoring Committee should, however, result in a more balanced uptake of funds in 2003. By the end of 2002, the programmes' strategies and objectives were still valid.

Cumulative ESF payments (including 7% advance) made by 31 December:

EHRD OP 2000 IE 05 1 PO 001 €239 009 352

S and E 2000 IE 16 1 PO 005 €10 581 135

BMW 2000 IE 16 1 PO 006 €5 476 924

2. COMMUNITY INITIATIVES

2.1 LEADER+

The Leader+ programme for Ireland was adopted on 3 July 2001 (Commission Decision C (2001) 1296).

The 22 selected local action groups had signed agreements with the Department of Agriculture by November 2001 and commenced activity from this date. The LAGs cover an area of 40 433 sq. km with a population of 1 468 820. Six groups chose theme 1: the use of new know-how and new technologies to make the products and services of rural areas more competitive; nine groups chose theme 2: improving the quality of life in rural areas; three groups chose theme 3: adding value to local products, in particular by facilitating access to markets for small production units via collective actions; and four groups chose theme 4: making the best use of natural resources, including enhancing the value of sites of Community interest selected under Natura 2000.

Projects were being delivered by groups.

2.2 EQUAL

EQUAL The 21 Development Partnerships that had been selected for Action 1 in 2001 were all confirmed for participation in Action 2. Slightly less than 50% of these DPs are within Theme A under the Employability Pillar.

Two National Thematic Networks were established during 2002 to promote the mainstreaming of the results of the DPs. One, dealing broadly with Employability, includes the DPs working under the Employability, Entrepreneurship and Asylum-seeker pillars. The second, dealing with Adaptability, includes DPs from the Adaptability and Equal Opportunities Pillars.

The interim mid-term evaluation report was completed and sent to the Commission in the latter part of the year. This report will comprise the first part of the formal mid-term evaluation of Equal, to be completed in 2003.

2.3 URBAN

The Dublin-Ballyfermot Urban II programme, approved in November 2001, is the only one in Ireland. The ERDF will contribute a total of €5.3 million to this programme, whose total cost amounts to €11.4 million. The programme complement was approved by the Monitoring Committees and submitted to the Commission in March 2002. The first annual implementation report for the Dublin-Ballyfermot Urban II programme should be submitted to the Commission in 2003.

The Managing Authority for the programme is the Dublin Corporation and the functional day-to-day management is delegated to Urban Dublin-Ballyfermot. The Monitoring Committee has met twice during 2002.

Advance payment, amounting to 7% of the total ERDF contribution to the programme, was made in February 2002. No interim payment requests were received in 2002.

3. CLOSURE OF THE 1994-1999 PROGRAMMING PERIOD

ERDF

ERDF During 2002, two Operational Programmes for the period 1994-1999 were closed: Transport and Tallaght hospital. By the end of 2002, the preparation by the national authorities for the closure of the remaining Operational Programmes and Community Initiatives was at an advanced stage.

EAGGF and LEADER (1994-1999)

Final claims and final reports were submitted for three programmes: Leader II, OP for Agriculture, Rural Development and Forestry (including Objective 5(a) measures) and Food sub-programme (EAGGF-funded) under the OP for Industry.

ESF

In Ireland there were six Operational Programmes which included ESF under the 1994-1999 programming period. The Irish authorities were still working to finalise the required documents and reports for closure. At the end of 2002, none of the six programmes was closed.

4. EVALUATION AND FINANCIAL CONTROL

4.1 Evaluations

ESF

In 2002 the Central Evaluation Unit was put into operation and calls for offers were issued to select evaluators. The latter will be appointed at the beginning of 2003.

LEADER

The *ex-post* evaluation for Leader II was received in September 2002.

4.2 Controls

ERDF

Audits on the application of Regulation (EC) No 2064/97

Operational Programmes: Transport, Industrial development, tourism, local urban and rural development - Date of inspection visit: 07-08 March 2002

- The Article 8 body will to a large extent have to rely on the attestations provided by the internal audit units down through the cascade both as to the satisfactory follow-up of all findings and as to the adequacy of the 5% checks. Given the absence of auditors in certain bodies and the diversity of levels of experience, this creates certain risks which will have to be taken into account.
- Given that the IAUs at the different levels are also reporting to their own management, the Article 8 body will have to be satisfied that the confirmations it receives are entirely Objective and independent. It is evident that it cannot rely on affirmations made by the management services in relation to the transaction checks, since it is precisely in relation to the work of these services that it has to draw conclusions.
- The principal shortcomings identified in the 2001 audit - failure to cover pre-1998 expenditure and failure to carry out controls down to the level of the final beneficiary - were accepted by the Department of Finance, even if not by certain Lead Departments. The evidence obtained during the audit was that significant steps have in general been taken to deal with these points. It was not possible to verify this for all implementing bodies.
- Indications remained, however, that checks on expenditure not carried out to the level of the final beneficiary (for example, checks by the DETE and by Enterprise Ireland in the Industry OP) could still be taken into account for the 5% requirement. However, only the expenditure checked at the level of the final beneficiary (directly or on the basis of an adequate sample) can be counted toward the 5% requirement.

The risk inherent in the cascade system of implementation remains, namely that a weakness in one link of the chain may have wide-reaching consequences for the effectiveness of the system.

ITALY

1. OBJECTIVE 1

ERDF

2002 saw the practical introduction of the development strategies mentioned in the CSFs and the fourteen operational programmes (seven regional programmes and seven multi-regional programmes), while expenditure progressed at a pace designed to prevent the automatic decommitment of funds through the application of the 'n+2' rule.

Much of the effort on implementation went into establishing the regional strategy plans for certain kinds of assisted operations (the information society, innovation, transport) and into establishing the bodies and territorial plans needed to fully carry out measures in other key fields, such as water resources, waste management and the clean-up of polluted areas.

There have been delays in establishing the strategy plans mentioned above, particularly in the transport sector, where the coherence of the general assistance policy in the Mezzogiorno still needs to be fully clarified, and partly in the innovation and information society sectors, where certain regions must still finish adjusting their plans to make them fully consistent with the priorities and objectives of the CSF.

In terms of adjustments to the programming documents, the experience gained in 2000 and 2001 made it possible to make further changes to the programme complements. Some operational programmes had to be amended (the regional programmes for Campania and Calabria, and the national local development programme) on grounds of sound management, consistency with new Community legislation (on the EAGGF in particular) or with competition rules, while some types of assistance had to be rejigged in order to make them more consistent with the needs of the area concerned.

In the last two months of the year the national coordinating authorities (the Ministry for the Economy) launched a very detailed exercise to verify programme implementation, in cooperation with the Managing Authorities. This identified the most problematic measures and proposed practical corrective measures, to be discussed and decided on by the programme Monitoring Committees.

Because of the major effort involved in completing the verification exercise by the end of 2002, the meetings of the programme Monitoring Committees planned for November-December 2002 had to be postponed to January-February 2003. The programme Monitoring Committees met only once in 2002, whereas the CSF Monitoring Committee met twice (in February and July).

The second annual meetings were held in Rome in October, at which the Commission thoroughly discussed key implementation issues with the Managing Authorities, in particular:

- better administrative and operating structures within the managing and paying authorities;
- better monitoring and control systems;
- problems in implementing the strategy.

The annual meetings also agreed on a work-plan for 2003 with a view to adopting the necessary amendments to the programmes and programme complements in response to the verification exercise mentioned above and to discussing and preparing the mid-term review, in particular by redirecting the activities of the CSF's sectoral working groups.

The thoughts of the independent operational programme evaluators who worked through 2002 and who have already produced some ideas and suggestions will also help the preparation of the mid-term review. In contrast, the procedure for choosing the independent CSF evaluator started very late and the evaluator has only just been chosen (January 2003).

On 30 September 2002, the national monitoring system reported that commitments and payments represented 31.4% and 8.9% respectively of the total cost of the CSF (most recent available data).

As regards financial execution, the efforts made to speed up expenditure mean that no automatic decommitment will arise on the basis of the expenditure declared on 31 December 2002, the exception being the multi-regional "Security" programme where there is a persistent problem and €1.1 million could conceivably be decommitted under the ESF.

Coordinating the activities of the Structural Funds is having encouraging results. Regionally, and except for some examples (notably Apulia), cooperation between the different offices responsible for the various Funds has improved considerably. Nationally, coordination capacity needs to improve in some sectors between the national and regional programmes (in particular transport, which is the most problematic, then innovation/research and education). There is still appreciable room for improved coordination between the various Ministries responsible nationally for each Structural Fund.

Where simplification is concerned, the new rules introduced by Regulation (EC) No 1260/99 have produced some major changes in management procedures and even in the attitude of the Italian authorities towards Community programmes.

The Managing Authorities certainly now have a greater sense of responsibility, particularly in the Management Committees where the Commission's role is primarily to advise and encourage, thereby facilitating the decision-making process within the Committees. Procedures have become a little more cumbersome relative to the preceding period because of dual programming (SPD and programme complement). The programme complements can be amended quite often, so requiring the Commission to conduct at least a minimum analysis of the new documents each time, in order to ensure consistency with the SPDs and the relevant legislation.

EAGGF

The regional operational programmes approved in 2000 provide for an EAGGF Guidance Section contribution of € 982 626 million for the seven Objective 1 regions: Sicily, Sardinia, Calabria, Basilicata, Campania, Apulia, Molise (where Objective 1 is being phased out).

€19 million was committed in 2002. Total payments reached €245 million.

Before the end of the year all the regions had submitted EAGGF payment applications totalling €238 million, well above the amount needed to avoid a cut in the funds committed by the Commission in 2000.

The 2002 reports describe the first actions and expenditure on measures part-funded by the EAGGF Guidance Section, involving in particular rural infrastructure, forestry, premiums for the installation of young farmers and for investments on agricultural holdings.

Most measures were started both financially and physically in 2002. Expenditure related notably to the measures on water resources, rural villages and investments in the processing and marketing of agricultural products. After initial approval of the programme complements, several amendments and additions were made to them in 2002 in order to ensure better programme implementation.

All the independent evaluators were appointed and an initial report was presented to the Monitoring Committees for most of the programmes.

FIFG

The operational programme for 2000-2006 has an FIFG allocation of €122 million devoted to fleet measures. Strategic priorities include adjusting fishing effort to the fish resources available, renewing and modernising the fleet and technical assistance. Other fisheries measures for Objective 1 regions are contained in separate programmes for each of the regions concerned. €34.318 million had been spent by 31 December 2002, - mainly on the scrapping of boats.

Calabria

The operational programme for 2000-2006 has an FIFG allocation of €18.6 million. As of 31 December 2002, a first intermediate payment of €0.25 million had been reimbursed. Strategic objectives include protection and development of fish stocks, improving port facilities and promoting marketing campaigns.

Campania

The operational programme for 2000-2006 has an FIFG allocation of €38 million. As of 31 December 2002, a first intermediate payment of €0.160 million had been reimbursed. Strategic objectives include support for fishing communities, protection of marine and coastal resources and modernisation of the aquaculture sector.

Molise

The operational programme for 2000-2006 has an FIG allocation of €0.46 million - mainly for aquaculture. Because of late State aid approval and a ban on sea bass and sea bream production, no projects have been approved.

Apulia

The operational programme for 2000-2006 has an FIG allocation of €30 million. As of 31 December 2002, two intermediate payments totalling €0.84 million had been reimbursed. Strategic objectives include improving competitiveness and facilitating the formation of producer associations.

Sardinia

The operational programme for 2000-2006 has a FIG allocation of €27 million. As of 31 December 2002, two intermediate payments totalling €0.965 million had been reimbursed.

Sicily

The operational programme for 2000-2006 has an FIG allocation of €50 million. Strategic objectives include promoting local produce, improving the local fishing environment and better working conditions, production and marketing. Because of late State aid approval, no projects have been approved.

ESF

The gap between the activity rate in Italy (54.8% in 2001) and the European average (64%) is still considerable, particularly where women and ageing workers are concerned. There is still insufficient job creation to overcome the regional differences: while the South suffers from structural employment, the North suffers from bottlenecks and the demand in jobs for some qualifications outstrips supply.

Public and private employment services must thus get involved in a flexible and appropriate way.

ESF assistance to the Objective 1 regions of Italy has supported implementation of the employment strategy in accordance with the commitments made in the Italian national action plan for employment.

The programmes covering the Objective 1 regions are now all operational: in financing terms, overall ESF commitments exceed 25% of all programming, while expenditure is about 7%.

For the authorities managing the regional Operational Programmes, this has meant above all concentrating efforts on improving the quality of the training on offer so that it can keep contributing in a real way to regional development and the fight against unemployment.

In this context the main problem has been opening up the training market (under the Italian CSF, there will be no more direct invitations to tender for ESF funds from

June 2003), a transformation that must occur through the certification of training bodies in accordance with quality criteria established by Italian law.

This process of transformation has required a special effort from the regions with significant public training structures; they must henceforth operate under the same terms as private ones.

Another key goal in 2003 is to support the reform of public employment services. Despite the work done, the Objective 1 regions still lag behind the other regions of Italy, particularly as regards investment in human resources and provision of the necessary facilities.

Lastly, despite the best efforts of the Italian authorities, the strategy to promote equal opportunities and to bring the black economy into the legal mainstream is behind schedule.

Furthermore, some regions have incomplete or inefficient administrative structures.

2. OBJECTIVE 2

The late adoption (July 2000) of the list of eligible Objective 2 areas in Italy for the 2000-2006 programming period meant that the decisions approving the 14 SPDs for the Italian regions concerned were only issued between September and December 2001. The SPDs provide for total public expenditure (Objective 2 areas and areas enjoying only transitional support) of €6.496 million, with a Community contribution of €2.608 million and national public expenditure of €3.888 million. The programmes are funded from a single Fund, the Community contribution coming from the ERDF. Assistance from the ESF and EAGGF is provided under the Objective 3 programmes and the rural development (PDR) and Leader+ programmes.

Assistance thus began to flow in 2002. Once the SPDs were adopted, the relevant Monitoring Committees were established at the end of 2001 or early 2002 and the Italian authorities were able to adopt an initial version of the programme complements for all the Objective 2 SPDs, with the Monitoring Committees' agreement. Following receipt of the complements, the Commission sent letters commenting on their compliance with the SPDs and relevant legislation. A second version of the complements was then drawn up, incorporating a large number of the Commission's comments and remarks.

The first meetings with the authorities managing the SPDs were held in November 2002. These meetings considered, strategy-wise, the progress of the measures, with particular attention being paid to dedicated programme sectors (in particular "water", "waste" and "information society"), as well as the horizontal implementing provisions (in particular, monitoring, information and publicity and controls). The evaluators were appointed in all the regions.

Information on the financial execution of the measures is still rather incomplete because the regional authorities are still finalising the procedures for choosing the projects to be charged to the SPD. The first monitoring data on 30 September 2002 (sent in mid-February 2003) indicate that average payments relative to the amounts programmed vary greatly between the best performing regions of Valle d'Aosta, Tuscany and Lazio, being 13.5%, 5.5% and 3.5% respectively. The data has not yet

been included for four regions. In the case of the priorities, while generalisations are not easy to make and matters need to be looked at in greater detail, it would appear that, in particular for the most advanced regions, progress has been fastest on the environmental measures but slower for the measures relating to aid schemes. Harmonised data on financial monitoring as of 31 December 2002 will be available for all the regions in April 2003.

By 31 December 2002, only one certification of expenditure/payment application had been sent to the Commission; it related to the Province of Trento.

The new rules introduced by Regulation (EC) No 1260/99 have resulted in some significant changes in terms of management arrangements and even in terms of the attitude of the Italian authorities towards Community programmes.

The Managing Authorities certainly now have a greater sense of responsibility, particularly in the Management Committees where the Commission's role is primarily to advise and encourage, thereby facilitating the decision-making process within the Committees. Procedures have become a little more cumbersome relative to the preceding period because of dual programming (SPD and programme complement). The programme complements can be amended quite frequently, so requiring the Commission to conduct at least a minimum analysis of the new documents each time, in order to ensure consistency with the SPDs and the relevant legislation.

As regards coordinating the Community Funds, the Italian authorities have opted for single-Fund (ERDF) SPDs. The requirement to coordinate the Objective 2 measures with those under Objective 3 and the rural development/Leader+ programmes was emphasised in the SPDs. Provision was also made in the context of Objective 3 for a minimum financial concentration 5% above the average for the Objective 2 regions. The programme complements describe satisfactorily (to a greater or lesser extent) the practical arrangements for organising coherence and synergies vis-à-vis the various measures existing in the same area (as regards coordinating the administrative structures and project selection criteria, for example). Close monitoring of these issues in the annual reports is needed if the results of the actual application of these coordination rules are to be evaluated.

3. OBJECTIVE 3

ESF assistance to the Objective 3 regions of Italy in 2002 supported implementation of the employment strategy in accordance with the commitments given in the national action plan for employment.

The fifteen programmes covering the Objective 3 regions are fully operational. In financial terms, overall commitments exceed 30% of the entire programming, while expenditure is around 15% and no Objective 3 programme has suffered automatic decommitment.

As regards the strategy's central themes, most of the Managing Authorities have paid particular attention to social exclusion and measures centred on promoting equal opportunities and opening employment centres, which had fallen behind schedule in the Objective 3 regions but are now back on track.

By way of contrast, the implementation of lifelong learning measures is problematic and behind schedule, especially in the SMEs. This is especially true of training in key fields like research and development or business formation.

Overall, the ESF contribution to the goals of the CSF (in particular the better quality jobs and better vocational integration of disadvantaged groups), plays an important role in revitalising and regulating the jobs markets in northern Italy.

4. FIFG OUTSIDE OBJECTIVE 1 REGIONS

The SPD for 2000-2006 has an FIFG allocation of €99.6 million of which €46 million are for fleet measures. As of 31 December 2002, €18.9 million had been spent - mainly on the scrapping of boats.

5. COMMUNITY INITIATIVES

5.1 LEADER+

The Leader + programme in Italy comprises 21 regional programmes and one national programme (network), public expenditure being €482.262 million with an EAGGF contribution of €284.1 million.

The adoption of 8 Leader + programmes in 2002 (for the seven Objective 1 regions and the national network) has allowed approval of all Italian programmes to be finalised.

The EAGGF Guidance Section committed €64.5 million to the 22 programmes and paid an advance of 7%, i.e. €8 887 000.

Of the twelve regions required to present their first annual report for 2002, Sardinia, Calabria, Umbria and Emilia-Romagna failed to do so.

Monitoring Committees were established for all the programmes and this ensured adoption of the programme complements with account taken of the amendments sought by the Commission to the initial texts presented. The Commission has either not received or not yet accepted four programme complements (Emilia-Romagna, Apulia, Sicily, and Trento).

The procedures for selecting the local action groups and the technical assistance and evaluatory bodies were begun in 2002 but have been completed in only a few Regions.

5.2 EQUAL

The EQUAL Initiative has got off to a very good start in Italy, with 1 333 proposals submitted. Following the selection process, 42 geographical development partnerships (DPs) and 237 sectoral DPs are receiving finance. Several national topic-based seminars have been organised. An information guide and a 2001-2003 compendium, presenting all the sectoral and geographical EQUAL projects, have been published.

Lastly, at European level the Managing Authority agreed to be co-leader (with Spain) of a European Thematic Group (ETG) on equal opportunities.

5.3 URBAN

All 10 URBAN II Programmes for Italy were adopted by the European Commission in November 2001. The total eligible cost of all 10 URBAN II programmes is €264 397 654, with an EU contribution of €14 800 000 and €18 476 573 from the private sector.

The Managing Authority of each Italian URBAN II Programme is the Municipality of the city. So the Monitoring Committees, chaired by the Town Council, are organised at local level and include both institutional bodies and environmental, social-economic partners. Local residents and local partnerships are often directly involved in the programme design and implementation. The Monitoring Committees met twice in 2002.

All programme complements were approved by the Monitoring Committee and sent to the Commission in early 2002. In accordance with Regulation (EC) No 1260/1999, the annual reports are due in June 2003, while the mid-term evaluations are to be submitted by December 2003.

The advance payments of 7% were made before the end of 2001. All the Italian URBAN II Programmes submitted interim payment requests in 2002.

6. CLOSURE OF PRECEDING PROGRAMMING PERIODS

ESF

No application for payment of the balance for the 1994-1999 programming period had been received by 31 December 2002.

EAGGF

Fifty one (51) applications for payment of the balance were submitted in 2002 (including 13 Leader II OPs and one INTERREG II OP). However, only 9 programmes (including one Leader II OP) could be closed in 2002 because the Italian authorities submitted some incomplete or ineligible applications. Through the various Monitoring Committees and meetings the competent authorities were able to indicate how prepared they were for meeting the deadline of 31 March 2003 (most were not).

7. EVALUATION AND FINANCIAL CONTROL

7.1 Evaluations

ESF

2002 saw intense coordination between the various evaluators (the permanent ISFOL structure and independent regional evaluators) in the following areas: placement surveys; indicators; evaluation of implementation; analysis of vocational training quality.

7.2 Controls

ERDF

Audits on the application of Regulation (EC) No 2064/97

Apulia and the Ministry for Productive Activities - the Internal Borders and Cable programmes - missions of 15-16 April 2002 (Internal Borders) and 8 July 2002 (Cable).

The Apulia Region and the Ministry for Productive Activities are the Managing Authorities for several programmes part-funded by the ERDF. It was found that these two administrations have given responsibility for controls and the preparation of the declaration referred to in Article 8 of the Regulation to a different body for each programme that they manage. This practice does not appear to sit well with the principles of sound financial management, prejudices the effectiveness of the controls and, what is more, risks compromising standardised auditing, given the lack of common guidelines. No explanation was given of the grounds for this approach.

The Internal Borders Programme

The Apulia Region was very late in adopting the measures need to apply Regulation (EC) No 2064/97 to the Interreg programmes: at the time of the mission, the audit of expenditure declarations concerned just one project. Moreover, the systems audit laid down in Article 3(1)(a) was not carried out.

Project sampling was not done in accordance with Article 3 of Regulation (EC) No 2064/97: the Commission auditors noted that the selection was made randomly but without taking account of the risk analysis.

There are no procedures for monitoring infringements or for dealing with any system irregularities that might be detected (Articles 5 and 7 of Regulation (EC) No 2064/97).

The administrative departments of the Apulia Region responsible for managing ERDF funds for the Interreg programme do not apply optimal control procedures.

Application of Regulation (EC) No 2064/97 to the 'Cable' programme

The rule contained in point 4.3 of the Annex to Commission Decision (EC) 342/94 of 31 May 1994 on information and publicity measures was not complied with in the

brochure entitled “L’Interconnessione Elettrica Italia Grecia” because the cover page did not make reference to the Community contribution to the project.

See also Greece, 4.2. INTERREG IIA controls

Audits to close programmes in the 1994-96 period

Tuscany SPD for Objective 2 (1994-96) - audit mission of 3 and 7 June 2002

The Tuscany Region overestimated the conversion into euro by 1.19% of all the expenditure contained in the final expenditure declaration.

Expenditure on twelve projects amounting to LIT 60 862 719 020 was checked. The amount of ineligible expenditure discovered amounted to LIT 7 733 725 287, corresponding to 12.70% of the checked expenditure.

The problems encountered involve non-compliance with the rules on commitments and the declaration of ineligible expenditure for ERDF part-funding (simple repair or maintenance work, the purchase of a utility vehicle, rental cases where rent payments paid after the measure was completed were treated as eligible, uncertainty as to whether environmental goals were achieved) and the holding back of 4% of the payments from the ERDF (not in conformity with Article 21 of Regulation (EEC) No 4253/88).

FIFG

Following a case in the Court of Justice, DG FISH checked two aquaculture projects for conformity and accounting compliance.

A further control will probably be required by the Commission in order to establish expenditure eligibility.

LUXEMBOURG

1. OBJECTIVE 1

By decision of 25 February 2000 the Commission adopted the list of the three eligible areas. It approved the SPD for the measures in the three areas selected and the one receiving transitional support on 27 December 2001. The assistance is from a single Fund (ERDF).

The Objective 2 programme (single Fund, ERDF) was formally approved on 27 December 2001, and 2002 was largely devoted to preparing and implementing management tools and tools for the operational monitoring of the programme.

The Monitoring Committee met in February, July and November 2002. The programme complement was finalised in June and contains the project selection criteria and the indicators and quantitative objectives of the programme's various operational measures. The public call for projects was then launched in August by the Ministry of Economics, closed in October and followed by the project selections procedure in late 2002 and early 2003. In addition, the specifications for the mid-term review were validated by the Monitoring Committee, with a view to selecting the assessor early in 2003.

No interim payment requests were submitted to the Commission in 2002 for this programme.

2. OBJECTIVE 3

In line with the national action plan for employment, the programme adopted concentrates on vocational training measures, the modernisation of employment services and support for providing workers with skills, with Community assistance of €39 million. In fact, despite employment growth above the average for EU-15, the labour market in Luxembourg is still suffering from a number of problems, principally the low rate of employment among older workers and the fact that a large number of people of working age leave the labour market early to receive invalidity benefits or take early retirement.

The Luxembourg programme has set four main priorities: (1) preventing unemployment and reducing the number of people dependent on 'passive' arrangements such as early retirement and invalidity; (2) promoting social integration including training, if possible on computers, and aid for integration into the social economy and the open labour market; (3) promoting life-long education and training and the business spirit; (4) increasing the equality of men and women on the labour market.

At the annual meeting in December 2002, the Luxembourg authorities reported that 2002 had seen a great deal of progress in particular in implementing those measures which had yet to be covered at the end of 2001, namely measures relating to equal opportunities in continuing training and to the expansion of child-care facilities. At the end of December 2002, almost 43% of total ESF resources available had already

been committed. The risks of an automatic decommitment at the end of the N+2 period in 2002 did not materialise, and there would not appear to be any such risk in 2003.

3. COMMUNITY INITIATIVES

3.1 LEADER+

The status quo was maintained for Leader+ in Luxembourg in 2002, no programme complement having been submitted to the Commission.

3.2 EQUAL

The three development partnerships chosen by the Member State each cover the two axes of social exclusion and equal opportunities, and also asylum seekers. The agreements have been signed with the Ministry of Labour and Employment, and transnational cooperation has been activated and the work programmes implemented. Luxembourg is not directly involved in a thematic network, but the Managing Authority is planning to distribute the results of the projects and integrate their experiences into national policies, by organising thematic seminars on social exclusion, improved labour market access and equal opportunities for the public at large.

4. CLOSURE OF THE 1994-1999 PROGRAMMING PERIOD

ERDF

Luxembourg is involved in around ten programmes for which the final request for payment must be sent to the Commission by 31 March 2003 at the latest.

The programmes for this period were completed on 31 December 2001 and could have been the subject of a closure request in the middle of 2002. However, the Luxembourg authorities informed the Commission in June that these requests would be delayed but would be submitted before the regulatory deadline.

The Commission did not receive any ERDF closure requests in 2002.

EAGGF & LEADER

Luxembourg has not yet produced the documents required to close the programmes (Objectives 5(a), 5(b) and Leader II). As a result this entire exercise should take place in the first quarter of 2003.

ESF

Objectives 2 and 5(b): The measures to support growth and locally-generated development by expanding human resources aroused considerable interest. The provisional version of the final report shows that virtually all the available funding was used. The final statement and the certification of expenditure are expected by the deadline.

Objectives 3 and 4: The €23 million of ESF assistance has been used, according to the provisional statement. The final statement and the certification of expenditure are expected by the deadline.

NETHERLANDS

1. OBJECTIVE 1

ERDF

The phasing-out SPD for Flevoland is the only Objective 1 programme in the Netherlands; a first modifying decision was taken in 2002 by the Commission in order to bring the national part-financing for the fisheries fleet reduction measure in line with the ceiling imposed by Regulation (EC) No 2792/99. Subsequently, the programme complement has been revised for the same reason.

As regards the financial execution, sufficient expenditure has been declared to the Commission by the end of 2002 to prevent the application of the n+2 rule for the 2000 instalment of the ERDF.

Two meetings of the Monitoring Committee took place. Besides progress of the implementation of the program, national part-financing of EAGGF-part-financed projects and the preparation of the mid-term evaluation have been discussed during the meetings. A thematic discussion around advanced technology clusters has also been organised within this committee.

Following the analysis of the otherwise acceptable annual report 2001, the Commission observed among others that only limited information had been included on the co-ordination with other community policies (employment, rural development plan, ...). The Commission also noted that no notable progress had been made as regards electronic exchange of information with the Commission. The same issues have also been the object of discussion in the annual meeting in December 2002.

EAGGF

Flevoland is classified as a phasing-out Objective 1 region. The programme was approved in July 2000. By December 2002 payment requests were received that did not cover the total budget for EAGGF of the year 2000. Following the N+2-rule the relevant part of the budget will be automatically decommitted.

FIFG

Within the Single Programming Document 2000-2006 for the regions of Objective 1, adopted by the Commission on 27 July 2000, an amount of €6,0 million has been allocated to FIFG-measures.

The envisaged investment mainly concerns the adjustment of fishing effort and the processing and marketing of fish.

2. OBJECTIVE 2

ERDF

For two (“Noord”, “Oost”) out of the four Objective 2 SPDs in the Netherlands, the programme complement has been accepted by the Commission in the first half of 2002. For the other 2 (“Steden”, “Zuid”) this had happened already in 2001. For all 4 programs the annual reports 2001 have been submitted to and accepted by the Commission.

By the end of 2002, all Managing Authorities of the Objective 2 programs indicated, on the basis of the progress up till that moment, not to expect any problems as regards the first application of the n+2 rule by the end of 2003. However, national part-financing problems for the rural development measures in some programs still require close attention of the authorities in order prevent loss of funds in later years. Considerable progress in the phasing out areas appears for some programs to be the short-term escape-route from automatic de-commitments.

As for the Objective 1 program, a series of topics have been discussed during the Monitoring Committee meetings as well as in the joint annual meeting (bringing all Objective 1 and 2 programs together). The “Zuid” committee put the Commission priorities on equal opportunities and sustainable development on the agenda. The authorities of the “Steden” programme (like the other Objective 2 programs with the ERDF as the only structural fund) raised both in the Monitoring Committee meetings and in the annual meeting the issue of eligibility of socially focused projects by the ERDF. “Noord”, in financial terms the most advanced of the 4 programs (more than 80% of the 2001 ERDF instalment had been paid by end December), discussed during a committee meeting the experience of the social partners in the implementation and oversight of the SPD. The Monitoring Committee meetings of “Oost” dealt among others with the particularly problematic rural development measures as well as with communication and publicity. The Committees of all 4 programs met twice, with the exception of “Zuid” (3 times).

3. OBJECTIVE 3

As a result of the irregularity problems in the previous period the start of the programme was very much delayed. 2002 has been the first full year of implementation. So it not a surprise that the absorption of funds is much lower than is foreseen in the financial plan. Already an amount of €2.183.486,64 will have to be decommitted as a result of the application of the N+2 rule for the 2000 tranche.

The under-consumption is concentrated in the first two measures of the programme, which are aimed at the reintegration of unemployed and inactive. The other two measures aimed at training of workers and at early school-leavers are performing up to expectations.

The Dutch authorities are of course very aware of the under-consumption problem and have taken various steps to increase the usage of the fund. They have, among other things, increased the number of final beneficiaries to all the municipalities in the Netherlands. And recently they have asked the Insurance Agencies for Worker

Benefits (UWVs) to become final beneficiary under Objective 3. Training of worker projects is successful so currently the idea is developed to link the reintegration of unemployed and the training of workers into one project.

Although these steps will certainly help to increase consumption remains it to be seen whether this is enough to solve the whole problem because the problem is getting bigger. By the end of 2003 the 2001 tranche of €260 million becomes due which is almost twice the size of the 2000 tranche if the payment on account is deducted. For this reason more future decommitments remain likely.

One explanation why there is a lack of interest in the Dutch Objective 3 programme is that many potential applicants regard the rules under which the ESF subsidies are granted as very complicated and therefore risky. This picture has in the eyes of the Dutch authorities not really changed as a result of the recent simplification exercise

The Netherlands has adopted Objective 2 programmes without ESF. This was permitted provided that a more than proportionate share of Objective 3 money would trickle down in Objective 2 areas. This share was put in the Objective 3 SPD at 20% and has so far been met. Nevertheless some of the Managing Authorities for the Objective 2 programmes have indicated that they would also like to become final beneficiary for Objective 3. For the moment this request was turned down by the Monitoring Committee and the Minister of Social Affairs but this request will have to be reviewed at the time of the Mid Term Review.

The 2000 and 2001 annual report did not yet provide any specific information about additionality. This topic is also included in the upcoming Mid Term Review.

4. FIFG OUTSIDE OBJECTIVE 1 REGIONS

The Structural Programme Fisheries for the regions outside Objective 1 has been submitted to the Commission on 29 December 2000 and provides a FIFG-allocation of €32,1 million. The programme was only approved on 17 January 2002 and covers the period 2001-2006.

In the course of 2002 the administrative infrastructure for the implementation of this programme was set up : Monitoring Committee, Programme complement.

No reimbursement claim for this programme has yet been made.

The new approach about simplification has not yet had any major impact in 2002.

5. COMMUNITY INITIATIVES

5.1 LEADER+

The 4 Leader+ programmes are operational but progress is lagging behind compared to the 2002 budget: the Leader+ programmes have only spent 15% of the budget for 2002 (and in 2002 only 54% of this budget is contracted by the Managing Authorities).

The Commission has received the programming complements that were considered satisfactory. The Commission also received the annual reports on the implementation of the programme in 2001.

On 17 December 2002 the first annual review meeting for Leader+ was organised in The Hague.

5.2 EQUAL

On 15th of May 100 DP's had submitted applications for Action 2, subsequently 95 were approved to continue into Action 2 for a total commitment of €78 932 916.

At European level, the Managing Authority decided to be co-leader of the European thematic group (ETG) on Asylum seekers, together with Sweden.

5.3 URBAN

There are 3 URBAN II programmes in the Netherlands. The programmes for Amsterdam, Rotterdam and Heerlen were approved on 20 Sept. 2001. Amsterdam and Rotterdam receive €8.94 million from the ERDF, Heerlen receives €1.92 million. The total budget for Amsterdam is €31.14 million, for Rotterdam is €23.74 million and for Heerlen €2.18 million. The programme complement for Amsterdam has been received on 06 February 2002, for Rotterdam on 31 May 2002 and for Heerlen on 20 June 2002. None had to submit an annual report for 2001.

For all three programmes, the Managing Authority is the city. The Monitoring Committee have all met at least once. The three Managing Authorities also participate in a national network which allows them to learn from each other and exchange experience.

The advance payments of 7% were made at the end of 2001, all three programmes have sent their first payment requests.

6. CLOSURE OF THE 1994-1999 PROGRAMMING PERIOD

ERDF

In 2002, the Commission closed a last ERDF part-financed project of the period before 1994. The ERDF-part of all 5 Objective 2 programs covering the programming period 1994-1996 has been financially closed that year (Arnhem-Nijmegen, Twente, Zuid-Oost Brabant, Groningen-Drenthe, and Zuid-Limburg). To this list can be added one community initiative programme (RETEX, 1994-1997) and the technical assistance contribution of the ERDF to the Dutch territorial employment pacts.

For the remaining programs of the 1994-1999 period with an ERDF component (23 programs related to Objective 1, 2, 5(b) or to a community initiative in the Netherlands and 4 Interreg programs involving the Netherlands), the closure procedure is still on-going. For the majority of these programs, all closure documents have been submitted to the Commission in 2002. In one third of these programs, one or more of the required documents must still be submitted before the deadline of 31/3/2003. The analysis of the closure documents gave for most programs rise to a

series of comments that have been transmitted to the competent authorities in order to complete or correct these documents. Examples of the problems detected in the closure documents are: absence of a description of the activities of the Monitoring Committee; absence or limited description of the control activities related to the program, in particular those carried out under Article 3 of Regulation 2067/97.

EAGGF

Final claims, final reports and Article 8 declarations following Regulation (EC) 2064/1997 were submitted for the Objective 1 programme Flevoland, 5 Objective 5(b)-programmes and 5 Leader II-programmes.

ESF

To this date the Dutch authorities have not yet sent in any final payment declarations for the 1994-1999 period. All in all thirteen programmes need to be closed. The Article 24 correction decision of the Commission C(2002)970 was accepted by the Dutch authorities. All programmes, except for Objective 4, are affected by this decision which has been arrived at by way of extrapolation. This means that the years 1994-1996 can be considered as closed for the programmes concerned.

7. EVALUATION AND FINANCIAL CONTROL

7.1 Evaluations

ESF

The evaluator was appointed in 2001. First reports have been finalised during 2002.

LEADER

The *ex-post* evaluation for the Leader II programmes was received.

The 4 Leader+ programmes started with the preparations for the midterm-evaluation. Following the approach of the *ex-post* evaluations for the Leader II programmes, a common evaluation will be done for the 4 programmes.

7.2 Controls

ERDF

Audits on the application of Regulation (EC) No 2064/97

INTERREG II C Inundation RHINE-MEUSE (“IRMA”); Date of mission : 22/23 May 2002

The coordination of the implementation of this Interreg programme has been undertaken by the Joint Secretariat of IRMA in The Hague. However, the financial control measures provided for in the Regulation were the responsibility of the participating Member States which could not agree on common or coherent procedures. This has resulted in an increased risk that adequate checks may not have been carried out consistently throughout the participating Member States. In order to

address this risk, the auditors consider it important that the Article 8-statements, which will be issued separately by each Member State, contain sufficient and coherent information which permit the Commission services to conclude on the regularity of the expenditure declared for the programme as a whole.

The Dutch authorities have, with regard to the operations carried out in the Netherlands, in general complied with the requirements of the Regulation. This applies in particular to the management and control systems used to implement these operations, to the 5% controls during which the functioning of the aforementioned systems has been examined, and to the Article 8-person who is functionally independent and who has devised a work programme which should provide an adequate basis for issuing the closure statement in relation to the Dutch projects.

AUSTRIA

1. OBJECTIVE 1

ERDF

During 2002, the main feature of the implementation of ERDF assistance was the follow-up of changes to programming documents already approved. The Commission approved the third amendment to the SPD of the Burgenland Objective 1 in December 2002. The change applies to the list of state aid schemes to include all the schemes currently necessary for implementation.

The amendment to the Programme Complement was approved by the third Monitoring Committee meeting in June and submitted to the Commission on 31 December 2002 after adoption of the new version of the Burgenland SPD.

The “2001 annual report” was submitted to the Commission in July 2002 and was approved in the same month. The financial data corroborate the trend that, especially in the fields of human resources, infrastructure, research and development and tourism marketing, the programme is on schedule. For measures part-financed by the ERDF the SPD accounts for €173 million; by the end of 2002 the Commission had reimbursed €45 million.

The SPD includes €55 million for Human resources measures part-financed by the ESF. By the end of 2002 the Commission had reimbursed €18 million.

The SPD includes €41 million for agricultural and rural development measures part-financed by the EAGGF; by the end of 2002 the Commission had paid €2 million.

EAGGF

The procedures for implementing the Objective 1 rural development measures are laid down in the framework of the Burgenland Objective 1 Programme. This programme provides for an allowance of €41 million under the EAGGF (Fund) measures out of a total cost of €157 million. By the end of 2002, the payments per Member State reached a total of €43 million, of which the EAGGF accounted for €9 million.

FIFG

Under the Single Programming Document 2000-2006 for Objective 1 regions in Austria, adopted by the Commission on 7 April 2000, some €0.8 million were allocated for FIFG-measures, mainly for aquaculture.

The progress of implementation is very slow. Up to the end of 2002 the Austrian authorities had submitted only one reimbursement claim for a small amount.

ESF

A programme modification was formally approved by the Commission in December 2002. The ESF is not concerned.

The total ESF commitments amount to €55 million. Some €17.8 million were paid by the end of 2002.

A Monitoring Committee Meeting was held in Eisenstadt on 10 June 2002. The Annual Meeting took place in Vienna on 20 November 2002. According to the information given on the occasion of those meetings, 4 800 projects were accepted by end 2002 (1 200 in 2002). Measures relating to venture capital (1.5) and innovative activities (2.1 and 2.3) are still lagging behind. A possible adjustment is envisaged for the mid-term evaluation. The n+2 rule does not constitute any risk with respect to the ESF.

2. OBJECTIVE 2

ERDF

After a late start in 2001, the year 2002 was the first full year of implementation and there are quite broad differences in the financial implementation between the various Objective 2 programmes. According to the annual reports and presentations made by the managing authorities at the annual meeting, the Objective 2 programmes for Carinthia, Lower Austria, Salzburg and Vorarlberg are the most successful in terms of expenditure which have been made so far. The Objective 2 programmes for Styria, Upper Austria and Tyrol were behind schedule as well as the Objective 2 programme for Vienna that was approved by the Commission later than the other Objective 2 programmes.

The Monitoring Committees were held in June 2002 in Upper Austria (Lower Austria, Styria, Upper Austria and Vienna) and in Tyrol (Vorarlberg, Salzburg, Tyrol, and Carinthia). At the meetings, changes to the SPD and the programme complements were discussed.

In the reporting year there have been amendments to all Objective 2 programmes in Austria. In most cases the changes apply to the list of state aid schemes to include all the schemes currently necessary for implementation (Objective 2 programmes for Austria - Carinthia, Lower Austria, Styria, Salzburg, Tyrol, Upper Austria, Vienna and Vorarlberg). In the Objective 2 programmes for Tyrol, Vienna and Upper Austria there have been changes to the financial tables (financial transfers between priority axes), in Vienna and Upper Austria due to the August 2002 flooding in these regions. In the Objective 2 programme for Upper Austria a new measure was added in the light of the flood catastrophe for "operationally flood assistance".

The annual meeting with the Management Authorities for Objectives 1 and 2 in Austria took place on 20 November. The first part was devoted to the implementation of the programmes with presentations made by the managing authorities. After a discussion, the second part of the meeting dealt with administrative topics and all the issues concerning the annual reports, experiences of programme management, the closure of the programmes for the period 1995-99 and with thematic discussions proposed by the Commission (simplification of the administration of Structural Policy, conclusion of the Structural Funds for the period 1995-99). The terms of reference for the mid-term evaluation were handed over to the representatives of the Commission. The mid-term evaluation has been launched for Objective 1 and all Objective 2 programmes in Austria.

ESF

The ESF is covered by three programmes: Carinthia, Styria and Vienna. The total ESF contribution amounts to €28.9 million. By end 2002, Carinthia had committed €3.8 million and paid €0.61 million, Styria €20.3 million and €1.6 million and Vienna €4 million and €0.5 million.

Monitoring Committee Meetings were held in Linz on 12-14 June 2002. The Annual Meeting for Objectives 1 and 3 took place in Vienna on 20 November 2002. The Annual Reports for all Objective 2 programmes were received on 24 July 2002.

Carinthia is implementing best with respect to all Objective 2 programmes. Innovative activities, as in Burgenland, face similar difficulties of implementation. They will be the subject, too, of the mid-term evaluation.

Styria implements well with regard to Measure 4.1 -Qualification. Measure 4.2 - Innovative qualifications- still faces difficulties as projects form part of a network.

Vienna faces a shift between funds from the ESF to the ERDF. The implementation as such has to be accelerated.

The forthcoming annual reports for the programmes including ESF will include a chapter relating to the ESF's contribution to the European Employment Strategy.

3. OBJECTIVE 3

The total commitments amount to €548.2 million. €190.1 million were paid by end 2002.

The 4th Monitoring Committee Meeting took place on 11 July 2002, a follow-up meeting with the Austrian authorities on 26 September 2002 and the Annual Meeting was held on 16 December 2002. The Annual Implementation report 2001 was submitted in September 2002.

The state of implementation is as follows:

Priority 1-prevention and fight against adult and youth unemployment- is implemented by the Labour Market Service and runs smoothly and without any problems. The other priorities, with the exception of Priority 3 -lifelong learning- are being implemented without problems. A shift between funds within Priority 3, from schools to adult education, is still possible but not very probable as the absorption rate for the school measure, which continued to lag behind, was considerably enhanced. This problem was discussed at a technical meeting on 30 April 2003.

A Monitoring Committee Meeting covering the questions related to the mid-term evaluation will be held on 23 June 2003. The draft report on the mid-term evaluation is scheduled to be available at that date. During the first half of September 2003 a national ESF Conference will be organised in Vienna linking the results the ESF can deliver with the European Employment Strategy and the formal discussions on the future of the structural funds.

The n+2 rule does not constitute any risk. The Article 8 declaration is still being negotiated between the Commission and the Austrian authorities.

4. FIFG OUTSIDE OBJECTIVE 1 REGIONS

The Structural Fisheries Programme for Austria 2000-2006 (regions outside Objective 1) was adopted by the Commission on 30 October 2000. It provides an FIFG-allocation for the above period of € 2 million.

The implementation of the programme for the period 2000-02 is in line with the planning. No major particular problems have been noted during the past period.

The new approach about simplification has not yet had any major impact in 2002.

5. COMMUNITY INITIATIVES

5.1 LEADER+

The Austrian Leader+ programme was approved by the Commission on 26 March 2001 and provides for a total EAGGF allocation of €75 500 000, or 46.75% of the total cost of €103 500 000. The programme complement was accepted by the Commission on 20 August 2001. The 56 LAGs were selected in two stages, ending in March 2002. A LEADER+ forum was held in July 2002 in which the LAGs participated. Over 40 LAGs presented their programme at this meeting, using the opportunity to develop new initiatives and build up cooperation. By the end of 2002, the payments made by Austria totalled € 658 000, € 246 000 under the EAGGF.

5.2 EQUAL

In Austria, out of 148 applications received, 75 DPs were admitted to Action 1 in November 2001. Most DPs (37) were established in the pillar "Employability". Others were Entrepreneurship (social economy) 16 DPs, Adaptability (life long learning) 7 DPs, Equal opportunities (reducing gender gaps and desegregation) 12 DPs and 3 DPs in the Asylum-seekers pillar. A half-year of preparation ensured that detailed concepts had been devised and that all the organisations concerned had had the opportunity to constitute their DPs properly. The Partnerships and concepts were either regional or sectoral.

On 18 July 2002 58 DPs were approved for Action 2 and Action 3. The DPs submitted proposals for Action 3, which is obligatory for all DPs, in conjunction with Action 2. For Action 3 the managing authorities have chosen a bottom up approach by giving much room to the DPs to define priorities, operational modalities and contents of the networks. A launch event for the national thematic work was organised for all DPs in November 2002.

The National Support Structure (NSS) EQUAL Büro Österreich proposed seven priority areas under the six national EQUAL themes plus gender mainstreaming as a compulsory transversal theme. The DPs organised themselves in clusters and submitted proposals to the NSS.

In addition an Evaluation Steering Group had been established in April 2002 as a sub-committee to the Monitoring Committee. For the evaluation at national level, the evaluation team "IfGH" was selected in 2002. Their first interim report will be delivered at the end of January 2003.

5.3 URBAN

There are two Urban II programmes for Austria: the Vienna programme approved on 16 November 2001 and the Graz programme on 16 October 2001. Each programme receives €4 2 million from the ERDF. The total cost for Vienna is €15.904 million and for Graz €20 555 million. The programme complement for Vienna was received on 08 April 2002 and for Graz on 25 March 2002. For both programmes an annual report 2001 was approved in 2002.

The Managing Authority for both programmes is the city. The programmes co-ordinate with respect to their management committees and represent each other on their committees. The Monitoring Committees met twice, first in February 2002 in Vienna and a second time in October 2002 in Graz. The second meeting was linked to a meeting of the German-Austrian Urban II network.

The advance payments of 7% were made at the end of 2001; a first payment request was sent by both cities in 2003.

6. CLOSURE OF THE 1994-1999 PERIOD

ERDF

Objective 1

For the only Objective 1 (Burgenland) 2002 was a year in which the work necessary for the closure of the programme was done. The Final Report was sent to the members of the Monitoring Committee for approval in December 2002.

Objective 2

Also for the four Objective 2 programmes (Lower Austria, Upper Austria, Styria and Vorarlberg) 2002 was the year in which all the work needed for the closure was done. Two Objective 2 programmes have been closed already Lower Austria in November and Vorarlberg in December. For the Objective 2 programme for Upper Austria the Commission approved the final report in December.

EAGGF

In total, 24 programmes remain to be closed. The majority of the documents needed for closure were sent in by Austria between July and the end of 2002 and have been scrutinised by Commission staff.

ESF

Objective 1

Austria had one Objective 1 programme: Burgenland. All necessary elements for closure are still open (final report, Article 8 declaration, final payment request). 93% out of €33.12 million (ESF contribution) had been paid by the end of 2002. The audit report due to be produced by the Ministry of Economics and Labour has not yet been submitted to the Commission.

Objective 2

Four programmes are concerned: Upper Austria, Lower Austria, Styria and Vorarlberg. As far as the ESF is concerned, €2.353 million have been committed. Some 83% were paid by the end of 2002. All necessary elements for closure are still open.

PORTUGAL

1. OBJECTIVE 1

ERDF

The implementation of assistance in 2000-2006 has in particular involved following up the many changes to the programming complements already adopted (12) and six decisions to amend operational programmes. As a result of the guidelines on simplification presented by the Commission at the ministerial meeting on 7 October 2002, several programmes were proposed for reprogramming. Processing of the files and the administrative procedures relating to them were started but not finalised in 2002. During 2002, Portugal submitted five major projects which were scrutinised and led to three decisions.

In order to ensure monitoring of aspects cutting across the various operational programmes, the Portuguese CSF makes provision for thematic groups on the following topics: the environment, gender equality, the information society, small businesses/ competitiveness/ innovation/ improving skills, human resources, health and transport. The activities of these groups in 2002 generally seemed not very satisfactory and led to several comments from the Commission suggesting they be given a new impetus.

For each OP, two meetings of the Monitoring Committees took place in 2002.

The meetings of the first six months of the year concentrated on discussing and approving the required reports. The second round of Monitoring Committee meetings for almost all the Portuguese programmes mainly dealt with substantial proposed amendments to programming complements and operational programmes.

An annual meeting for Portugal on all programmes was held in Lisbon and took place within the framework of simplification. Some programmes (6) were the subject of separate annual meetings, given the nature of the problems which had arisen. Another programme (technical assistance), which also had special problems, was the subject of a letter to supplement the results of the general annual meeting.

In order to make the distinction between the annual meeting and the Monitoring Committees more clear, the Commission chose a number of key topics in the CSF on the basis of the problems encountered during the monitoring of programmes (POLIS operations part-financed by the regional programmes, the still incomplete information systems, follow-up to the results of controls) and because of their strategic importance: innovation, productivity and competitiveness in the Portuguese economy, involving a range of programmes such as OP Economy, OP Ciencia, OP Information Society, OP Employment and Human Resources and the regional programmes. During these meetings the importance of reinvigorating the thematic groups was strongly underlined, as they should contribute to a horizontal view of certain themes in the CSF and play a role both in the mid-term review and as part of the effort to envision the working of Structural Funds after 2006.

During 2002, there was significant progress in implementing most measures and in speeding up spending. By 31 December 2002, the financing decisions adopted at national level and financial execution accounted respectively for 49.3% and 23.5% of the total volume of the CSF and 47,5% of public expenditure programmed for the first three years of the programming period.

Accumulated ERDF payments by 31 December 2002 came to 55.8% of the amount programmed for the first three years of the period. In all, 60 expenditure declarations were submitted to the Commission during 2002. There was at least one payment request under each programme and the “n+2” rule was not applied in 2002.

EAGGF

EAGGF’s Guidance Section is contributing €1 097.2 million to Priority 2 of CSF III - the OP Agriculture and rural development.

Along with the other Funds, it is also contributing to 7 regional POs under Priority 4 - promoting sustainable development in the regions and national cohesion - with a total of €1 020.1 million.

The 5 regional POs on the mainland were the subject of an amending decision in 2002 with a view to changing the operation involving “small-scale farmers”.

All the annual reports for the 8 programmes involving the EAGGF Guidance Section were received and led to requests for additional information.

In terms of execution, the OP Agriculture and rural development saw four payments carried out in 2002 totalling €158.7 million and accounting for 14% of the EAGGF Guidance Section appropriation for this programme.

The annual meeting between the Commission and the management of the OP Agriculture and rural development, under Article 34(2) of Regulation (EC) No 1260/1999, took place in November 2002. This meeting covered in particular the improvement of the 2001 report, the system of controls, a round-up on the implementation of measures, and information about compliance with environmental policy, in particular the application of the Directive on nitrates.

FIFG

Mainland

In 2000-2006, the FIFG contribution to the fisheries operational programme is €163.3 million of which €64 million is for fleet measures and €6 million for protection and development of aquatic resources, port equipment, processing and marketing. By 30 September 2002, €29.7 million had been reimbursed - mainly as compensation for inactivity following the renewal of the EU-Morocco fishing agreement.

Azores

In 2000-2006, the FIFG contribution is €29 million. The main objectives include modernising the fleet, protecting and developing fishery resources and developing aquaculture. By 25 October 2002, €1.7 million had been reimbursed.

Madeira

In 2000-2006, the FIG contribution is €20 million - 16% of expenditure is earmarked for fleet measures. Objectives include doubling fish production and increasing aquaculture production fourfold. By 30 September 2002, €1.4 million had been reimbursed.

Alentejo

In 2000-2006, the FIG contribution is €0.55 million for improving the conditions of production, processing and marketing in the fisheries and aquaculture sectors. By 30 November 2002, the Managing Authority had spent less than 1%.

Algarve

In 2000-2006, the FIG contribution is €1.8 million for developing aquaculture and improving the quality of fish products. By 30 November 2002, 0.3 % had been spent by the Managing Authority.

Central region

In 2000-2006, the FIG contribution is €1.5 million for developing aquaculture and improving the quality of fish products. By 30 November 2002, 0.2% had been spent by the Managing Authority.

Nord

In 2000-2006, the FIG contribution is €1.65 million for developing aquaculture and improving the quality of fish products. By 30 November 2002, 0.2% had been spent by the Managing Authority.

ESF

In 2000-2006, the FIG contribution is €1.65 million for developing aquaculture and improving the quality of fishery products. By 30 November 2002, 0.2% had been spent by the Managing Authority. ESF The activities of the ESF under the two programmes for which DG Employment and Social Affairs has principal responsibility (OP Education and OP Employment, Training and Social Development) continued systematically in line with the guidelines in the strategies on employment and the fight against social exclusion. The joint annual meeting, which took place at the end of the year, made it possible to analyse basic problems typical of the human resources situation in Portugal, in particular early school-leaving and continuing training for workers. This meeting between the management authorities concerned and Commission staff was an occasion to emphasise the contribution of the ESF to implementing the European strategies for employment and social inclusion.

In terms of financial execution, the total amount of ESF payment appropriations in 2002, as intermediate payments under CSF III, was about €71 million; cumulated certified expenditure at 31 December 2002 accounted for 23% of the total envelope programmed for 2000-2006. The programmes with the most expenditure were: "Employment, Training and Social Development", "Education", "Lisbon and the Tagus Valley" and "Science, Technology and Innovation" and the OP of the

autonomous regions of the Azores and Madeira. On the other hand, it should be pointed out that the problems involved in the implementation of the only measure part-financed by the ESF in the OP Health led to application of the “n+2” rule, leading to a decommitment of €1.069 million of the 2000 annual allocation.

2. COMMUNITY INITIATIVES

2.1 LEADER+

The national programme under this Community Initiative (€61.6 million from the EAGGF) was adopted on 25 July 2001 in the form of a global grant, the financing agreement being signed on 14 December 2001, and was the subject of two payments in 2002. The procedure to select the 52 local action groups was finalised (46 on the mainland, 4 in the Azores and 2 on Madeira).

2.2 EQUAL

At the end of Action 1, which took place during the first months of 2002, 109 of the 116 development partnerships initially selected were authorised to pass on to Action 2 and 107 of them were actually in the implementation phase of their projects. All had signed trans-national cooperation agreements.

The distribution of projects by priority seems relatively balanced in the specific context of Portugal, with the topic “Capacity for vocational integration” attracting the largest number of projects (36).

The introduction of thematic networks at national level also started: nine thematic networks are envisaged, of which the first - “reconciling work and social and family life” - was launched at the end of the year.

2.3 URBAN

There are three Urban II programmes in Portugal - Amadora (Damaia-Buraca), Lisbon (Vale de Alcântara) and Oporto-Gondomar - and all three had been approved by 30 November 2001. The total eligible cost for the three programmes is €29 591 535. The total ERDF contribution is €19 200 000. Amadora is receiving support of €3 562 152, Lisbon €663 822 and Oporto-Gondomar €974 026. All the programme complements had been received in March 2002 and the final versions were accepted in June 2002.

The management authority for the programmes is at a regional level through the Regional Coordination Commissions, and for Amadora and Lisbon from Lisboa e Vale do Tejo Region and for Oporto-Gondomar from Norte Region. The Monitoring Committees for all the programmes have already met twice.

Advance payments of 7% were made at the beginning of 2002. The Lisbon and Amadora programmes submitted the first interim payment request in April 2003.

3. CLOSURE OF THE 1989-1993 AND 1994-1999 PROGRAMMING PERIODS

ERDF

Period 1989-1993: All the programmes for the period 1989-1993 are closed, except for the programmes PNICIAP (ERDF No 87.12.09.001) and FORAL (ERDF No 93.12.07.002): in the first case, there is still an amount to settle by debit note; the latter was the subject of a communication to OLAF on suspicion of fraud.

Period 1994-1999: The closure of the programmes for 1994-1999 is behind the forecasts, which indicated that all requests concerning programmes which had not benefited from an extension of the deadline for payments should have been submitted before the end of 2002.

The rules stipulate that all requests must reach the Commission by 31 March 2003 or else an automatic decommitment will be applied.

Of 40 assistance packages still to be closed, 8 files are already closed and another 32 are still under examination: in 15 cases, the three essential documents (final report, payment request and declaration under Article 8 of Regulation (EC) No 2064/1997) have been sent in, but in two cases a suspension has been called for in order to obtain additional information; in the 17 remaining cases, no documents have been sent in except, in some cases, the final implementation report.

Some programmes will be subject of partial closure because assistance was not transferred in its entirety to the beneficiary companies but was in part held back by the intermediate body to cover management expenditure (a reasoned opinion was sent about this to the Member State).

The late sending of payment requests is said to be due to the fact that the Portuguese authorities are submitting these requests along with the "Article 8" declaration, but that these control reports are being produced more slowly by an independent body (IGF).

The amount remaining to be settled for these 32 operations still open now comes to €62 765 544.40.

ESF

Period 1989-1993:

DG Employment and Social Affairs expects that all the still open dossiers will be closed before the summer of 2003.

Period 1994-1999:

The closure of programmes involving the ESF is not expected until 2003 because the majority of OPS will be submitting final payment requests before the regulatory deadline of 31 March 2003. The payment authority for the ESF in Portugal sent in two OPs for closure ("Madeira" and "Pediza") but the related closure operations have proved slower than planned as a result of procedural difficulties and will be

finalised only in 2003. The outstanding amount to be settled the 9 operations of the ESF under CSF II comes to €181,015,308.

4. Evaluation and financial control

ERDF

For each of the programmes and the CSF a technical evaluation group has been set up whose brief is to monitor the work connected with evaluation. During 2002 all the groups met at least twice and work concentrated especially on preparing terms of reference for the evaluations and launching calls for tenders. Interdepartmental preparatory meetings as well as meetings with the evaluation units preceded the creation of these groups. All the calls for tenders were launched in 2002 and all the contracts were signed in 2002 except for two programmes (OP Economy and OP Algarve), where tenderers have appealed against the award decision. Some progress reports were received in 2002 (OP C&T, Education, Information Society, Culture, Health, Accessibility and Transport and Norte).

Apart from the regulatory evaluations, other thematic evaluations were started (e.g. OPs Education and Economy).

INTERREG II A SPAIN/PORTUGAL - Date of mission 13 May 2002

There is the risk of an excessive weight of projects of important size in the sample of projects audited for the purpose of compliance with Article 3(2) of Regulation (EC) No 2064/97 considering the selection criteria applied by the Inspeção Geral de Administração do Território (IGAT).

The Inspeção Geral de Finanças (IGF), the Article 8 body, engaged an external audit firm (BDO) to carry out specific work to support the issue of the Article 8 declaration. The closure work of BDO did not comment on the above-mentioned issue of the representativeness of the sample.

FIFG

The systems checked on the spot meet the standards required in the Regulations. The national authorities are requested to continue the review of the separation between the management and control procedures as well as to specify certain elements.

ESF

The ESF management institute carried out coordination work to guarantee a common approach in the evaluation of the ESF measures in the various OPs. The evaluators of the OPS and the CSF were almost all appointed at the end of 2002. In December 2002 the results came in of four thematic evaluations concerning the measures “traineeships in higher education”, “short-term diversified supply”, “Ano qualificante pos basico” and “diversified streams in basic education” within the OP Education.

FINLAND

1. OBJECTIVE 1

ERDF General and ERDF

In mainland Finland there are two Objective 1 programmes (Eastern and Northern Finland) and two Objective 2 programmes (Southern and Western Finland); there is one Objective 2 programme in the Swedish-speaking, self-governing region of the Åland Islands. The total Structural Funds support for the period 2000-2006 is 1455 million, of which ca 60% ERDF funding or €368 million (ca. €471 million for Objective 1 and ca. €97 million for Objective 2).

In 2002 financial implementation of both the Objective 1 and 2 programmes in mainland Finland continued well. By the end of 2002 the Objective 1 and 2 programmes, taken together, had allocated (committed) ca. 40% of the total EU funding to the projects. Due to the high level of demand on the ground especially in the mainland Finland programmes, payment claims presented to the Commission by the end of 2002 were large enough to avoid any de-commitments of the year 2000 budget of all four Structural Funds. Payments from the Commission were between 18% and 25% of the total budget for ERDF and ESF, and between 15% and 17% for EAGGF, FIFG and the single-fund (ERDF) Objective 2 programme of Åland.

In 2002 the first Monitoring Committee meetings met in May (mainland Objective 2) and in June (Objective 1 and Åland Objective 2). The main points on the agendas were the approval of the annual implementation reports for 2001 and launch of mid-term evaluation. In the context of these meetings, press conferences as well several project visits and presentations were organised, for example, ICT and technological innovation related projects were visited in Lappeenranta. The second Monitoring Committee meetings were held as joint meetings in Helsinki in December, the main points of which covered distribution of technical assistance funds of 2003 and initial preparation for the mid-term review, and programme modifications. In the context of these meetings a joint seminar was organised on Information Society. For Åland Islands, the second meeting was held on November in Mariehamn.

The Commission received the annual reports 2001 for the five Finnish Objective 1 and 2 programmes at the end of June 2002. The Commission sent letters approving the reports at the end of August. The main monitoring indicators of the programmes, i.e. creation of new jobs and businesses, showed good results: the Objective 1 and 2 programmes had altogether reached over 31% of the target set for new jobs, i.e. 245 535 out of 77 670 jobs, and ca 14% of the target for new businesses, i.e. 2 684 out of 19 100 businesses (this data is partly based on projections).

The final agreement on the ERDF part-financing of Finnvera (public specialised financing company) soft loans for small businesses in the mainland Finland Objective 1 and 2 programmes was signed between DG Regional Policy and Finnish authorities on 4 October 2002 in Oulu.

The second annual review meeting between the Commission and the Åland Managing Authority was held on 4 November and between the Commission and the

mainland Finland Managing Authority on 25 November 2002 in Brussels. The review covered annual reports 2001, the main events and results of year 2001 and follow-up, management issues, developments in the operational environment and in the socio-economic situation, and exchange of information including development around the future cohesion policy. The mainland Finland review meeting concluded that the programmes were progressing well and it was agreed, among others, that work would continue to improve programme level analysis in the annual reports. It was noted in the Åland review that due to the so-called N+2 rule on automatic de-commitments, swift implementation of the programme and quick payments to projects are indispensable to secure full use of EU financing throughout the whole programming period.

As for the debate on future cohesion policy, both the Finnish authorities and regions were active by submitting position papers as well as participating in seminars and organising events, such as the round table organised by the Finnish Association of Local and Regional Authorities in Brussels in spring of 2002 to discuss with the representatives of the DG Regional Policy.

EAGGF

The EAGGF part-finances during the programming period 2000-2006 two Objective 1 programmes implemented in Finland; Eastern Finland (€127.6 million EAGGF part-financing) and Northern Finland (€69.5 million EAGGF part-financing) corresponding to 20% of the total EU part-financing. In both of these programmes rural development measures, 50% part-financed by the EAGGF Guidance, are gathered to respective Rural Development Priority.

Progress was made in the implementation of both of the programmes in 2002, and a total of 2692 project decisions were taken in Eastern Finland and 1569 in Northern Finland. as in 2001, the fastest uptake was on the “Farm investments” measure.

The EAGGF expenditure targets set for the end of 2002 were met in both programmes. An amount of €32.1 million has been paid out of the €69 million committed in 2000-02.

FIFG

The total FIFG contribution for the Finnish Objective 1 programmes 2002-2006 is ca. €6.9 million (€2.646 million in Eastern Finland and €4.207 million in Northern Finland). The biggest bulk of the funding is allocated for aquaculture, fishing port facilities and processing and marketing. The progress of the Eastern Finland this programme has been very good (53% of the FIFG funds for 2000-2006 was committed and 30% was paid), whereas the implementation of the FIFG part of Northern Finland programme is lagging behind (21% of the FIFG funds for 2000-2006 was committed and 14% was paid). Major reason for this slow progress has been the ongoing CFP reform and thereby related uncertainty - particularly concerning the future fleet and conservation policies.

One financial modification concerning the FIFG funding was approved by the Northern Finland Monitoring Committee in 2002 concerning an increase of the technical assistance for all the measures. The Eastern Finland Monitoring Committee

approved the increase of the technical assistance for all the measures and the transfer of funds within the fisheries measure from processing and marketing to aquaculture.

ESF

OBJECTIVE 1

The ESF contribution for the Finnish Objective 1 programmes amounts to ca. €273 Million (Northern Finland €89.375 million and Eastern Finland €183.592 Million). The human resources measures of these programmes are in accordance with ESF policy frame of reference comprising, among others, developing personnel businesses, promoting entrepreneurship and expertise, promoting employability and preventing unemployment, and preventing exclusion from the labour market and promoting equality in the labour market.

By the end of September 2002, 33.7% of ESF funding was committed and 14.7% was paid in Northern Finland (aid was granted to 230 projects, in which 12 999 persons had started. Women account for 51%.

The ESF contribution for Eastern Finland was €183 592. The measures adopted under the ESF cover setting up training schemes and improving the quality and efficiency of education, developing expertise and strengthening workers' skills, promoting labour market functionality and developing employability, and promoting a better quality working life. By the end of September 2002, 36.4% of ESF funding was committed and 17.2% was paid in Eastern Finland (aid had been granted to 323 projects, in which 32 704 persons started. Women account for 49%).

OBJECTIVE 2

The ESF contribution for the Finnish Objective 2 programmes amounts to €110 Million (Western Finland €65 million and Southern Finland €45 million). ESF measures comprise, among others, promoting entrepreneurship and developing personnel, increasing the competence of labour force and improving the availability of training, strengthening employment and the links between training and working life, preventing exclusion and increasing the expertise of cultural and environmental sector actors.

By the end of September 2002, 35% of the ESF funding was committed and 13% was paid in Western Finland (aid had been granted to 313 projects, in which 23 896 persons had started), and 37% was committed and 17% paid in Southern Finland (aid had been granted to 215 projects, in which 22 149 persons had started).

In the joint annual review meeting of the Objective 1 and 2 programmes, links between ESF and European Employment Strategy as well as complementarity between ESF in Objective 2 and Objective 3 were discussed.

2. OBJECTIVE 3

ESF funding for Objective 3 SPD (excluding Åland Islands) totals €416 million. The SPD sets out four policy priorities in accordance with the ESF policy frame of reference:

1. exploiting labour demand and improving employability (29% of the ESF allocation);
2. promoting equality and equal opportunities in working life (19% of the ESF allocation);
3. improving the quality and effectiveness of education and training, promoting occupational mobility, and strengthening the integration of education and working life (19% of the ESF allocation);
4. developing human capital to support entrepreneurship and the quality of working life and exploiting research and technology (29% of the ESF allocation).

In addition, there is a priority for technical assistance (4% of the ESF allocation).

The main labour market problems the Objective 3 programme aims to address are the high rate of unemployment; the danger of exclusion of certain groups (e.g. long-term unemployed, young unemployed, ageing and handicapped people) from the labour market and increasing labour market bottlenecks; a relatively low rate of entrepreneurs; skills shortages concerning especially ageing workers with a low level of education and outdated skills; gender-based segregation in the labour and educational market; need to improve the relationship between research, education/training and working life; and to increase life-long learning opportunities and practices.

By the end of September 2002 commitments were 34.85% and payments 30.76% of the ESF allocation for 2000-2006. Aid had been granted to 1041 projects, in which 130 668 persons had started.

The second annual review took place in Helsinki in October. The following issues were dealt with: coherence with the proposed strategy, link with the National Action Plan for Social Inclusion, financial implementation, monitoring, simplification and follow-up of last year's conclusions. Steps to be taken to improve the monitoring and management arrangements for the assistance were agreed to.

The separate Objective 3 programme for the self-governing region of the Åland Islands, with €2.6 million funding from the ESF, proceeded as follows: ESF commitments 35.2%, payments 18.5%, number of projects 24, and some 1 000 persons participating in them. The second annual review was organised in the form of exchange of letters about the implementation of assistance. The main topics of discussion were possibilities to speed up implementation of a particular measure, link with European Employment and Social inclusion strategies, and performance reserve.

The evaluation of the Objective 3 programme was launched in 2001 and second progress reports were submitted in September 2002. The Finnish authorities have appointed different consortiums for each priority and a leader team for the evaluation of the Objective 3.

3. FIFG OUTSIDE OBJECTIVE 1 REGIONS

The total FIFG contribution for 2002-2006 is €32 million. Of this, 55% is allocated for the protection and development of aquatic resources, aquaculture, fishing port facilities, processing and marketing and inland fishing. Åland Islands have a separate plan receiving 11% of the funds. Until now 35% of the FIFG funds for 2000-2006 have been committed and 15% have been paid. Thus the programme has progressed according to its targets.

The programme implementation has been quite unbalanced. Operations by members of the trade and innovative measures have reached 100% commitment levels, while scrapping, small scale coastal fishing, socio-economic measures and temporary cessation of activities have no commitments. The receipt of two intermediary payment requests in 2002 has guaranteed the respect of the N+2 rule.

After the original programme complement was received by the Commission on 9 January 2002, the Monitoring Committees have approved both technical and financial modifications. In 2002, modification to the performance reserve indicators was approved.

4. COMMUNITY INITIATIVES

4.1 LEADER+

In Finland there is one LEADER+ programme. The total public cost for the programme is €10.8 million of which the contribution of EAGGF Guidance is €5.4 million (50%).

Under this programme there are 25 Local Action Groups (LAGs) selected in different regions of Finland and supported by a national network. There are two national themes in addition to the European wide ones. The national themes are 1) slowing down migration from rural areas to population centres, encouraging migration towards the rural areas, and 2) increased interaction between rural and urban areas.

In 2002 two Monitoring Committee meetings were held. The Commission received the annual report for Leader+ 2001 in June 2002 and considered the document satisfactory. The second Annual Review meeting with the Managing Authority was held on 5 December 2002.

An amount of €5.8 million has been paid out of the €6.5 million committed in 2001-2002.

4.2 EQUAL

In Finland, 37 Development Partnerships (DPs) had been chosen at end of 2001 for the preparatory stage (Action 1). Employability pillar was over-committed (19 DPs), Entrepreneurship pillar (5 DPs) and Adaptability pillar (10 DPs) were under-committed. During the preparatory stage most of the DPs had to revise their work programmes due to reduced budgets, to finalise their national and transnational partnerships and to draft a work programme for Action 3. In this, most of them needed a lot of support from the NSS. However, all of them succeeded in providing

acceptable documents to the Managing Authority and were approved on 15.5.2002 for Action 2 and Action 3. Mainstreaming strategy and national themes have been approved by the Monitoring Committee and responsibility for organising the national thematic networks will be given to one DP, which has been chosen on the basis of an open call for tender. National thematic networks will be organised under all themes of CIP. A seminar on national thematic work was organised for all DPs and several key actors in September 2002.

The evaluation of the Equal CIP in Finland was launched in 2002.

4.3 URBAN

The Helsinki-Vantaa URBAN II programme, approved in December 2001, is the only one in Finland. The ERDF will contribute a total of €5.3 million to this programme, whose total cost amounts to €22.5 million. The programme complement was approved by the Monitoring Committees and submitted to the Commission in July 2002. Annual implementation report for 2001 of the Helsinki-Vantaa URBAN II programme was submitted to the Commission in August 2002.

The Managing Authority for the programme is the City of Helsinki and the functional day-to-day management is delegated to URBAN Helsinki-Vantaa. The Monitoring Committee has met twice during 2002.

Advance payment, amounting to 7% of the total ERDF contribution to the programme, was made in March 2002. No interim payment requests were received in 2002.

5. CLOSURE OF PRECEDING PROGRAMMING PERIODS

ERDF

The last date for payments to projects of the 1995-1999 regional development programmes was 31 December 2001. Although the Commission in 2002 did not yet officially receive many final reports and payment claims from Finland, for which the final submission date is 31 March 2003, the closures of all programmes were being prepared by national authorities and most of the draft final reports were also discussed with the Commission in 2002. Preliminary data for the Objective 2 and 6 programmes showed that a high percentage of the EU budget had been paid out to projects by end of 2001 (Objective 6 ca. 99% and Objective 2 over 94%). Three Territorial Employment Pacts (TEPs), one INTERREG and one Urban programme submitted their final claims and reports and were closed by end of 2002. Thirteen programmes part-financed by the ERDF remained to be closed in 2003.

LEADER+

The final reports, final claims and closure statements required for closing the 1994-1999 programmes have been received for the 'Improving processing and marketing conditions of agricultural products' programme (Regulation (EC) No 951/97), for the Objective 5(b) Programme for the Åland Islands and for the Leader II National Network.

ESF

There are 6 ESF OPs to close for the 1994-1999 programming period. The Commission did not receive any closure files from Finland in 2002. Finland has informed the Commission that these documents and the final payment claims will be submitted by the end of March 2003.

6. EVALUATIONS

Objective 1 and 2

ERDF

The mid-term evaluations of the mainland Finland Objective 1 and 2 programmes are steered by a joint evaluation group, in which regions, ministries and the Commission are represented, and which convened four times in 2002. The Managing Authority signed the contracts with the evaluation consortia in April 2002 (one covering the two Objective 1 programmes and one for each of the Objective 2 programmes). For the mid-term evaluation of the Åland Islands programme, the contract was signed in October, and the steering group convened three times.

EAGGF - LEADER+

The evaluation steering group was established in 2002 to steer the mid-term evaluation. It consists of representatives of the Ministry of Agriculture and Forestry, local action groups, NGOs and the Commission. The terms of reference for the mid-term evaluation were agreed, calls for tender launched and the evaluators for mid-term evaluation appointed.

ESF

In 2001 an evaluation of the implementation of ESF policy frame of reference in the Objective 1, 2, and 3 was launched. Five final reports were submitted in December 2002 covering the following themes; information society, gender mainstreaming equality, sustainable development, local partnership and anticipation. The summary report of the strategic priorities are foreseen in 2003.

Ex-post evaluation Objective 6

By the end of 2002 the ex-post evaluation of the Finnish Objective 6 programme, which was commissioned by DG Regional Policy, was finalised and the Objective 2 ex-post evaluation was about to be finished. The Objective 6 evaluation estimates that almost 12.500 jobs were created or safeguarded, circa 3.700 new firms were established and circa 110.000 people participated in training. The evaluators found that given the magnitude of the de-population problem, which has been a persistent problem for decades, it would not be realistic to expect the programme, with the amount of money available, to be able to reverse it. However, Objective 6 programme had a positive impact on the regions covered, and the strategic choice to focus on human resource development and entrepreneurship was highly relevant.

SWEDEN

1. OBJECTIVE 1

ERDF

There are two Swedish Objective 1 programmes, Norra Norrland and Södra Skogslänsregionen. The total Structural Funds support for the period 2000-2006 is €722 million.

The implementation is running smoothly and demand is still at a very high level. By the end of 2002 some 67% of the total 2000-2006 budget had been allocated to projects, and 23% of the total budget was paid out to projects. Payment claims presented to the Commission by the end of 2002 were large enough to avoid any automatic de-commitments of the 2000 budget. For both programmes payments from the Commission were between 20 and 25% of the total budget for ERDF, ESF and EAGGF.

In 2002 two Monitoring Committee meetings were held for each programme, in February/March and in November. The first meetings included project visits and press conferences. A working group involving members of both Monitoring Committees, the Managing Authorities and the Commission has been actively involved in the preparations of the mid-term evaluation, i.e. contributed to the drafting of the terms of reference. The group had three meetings in 2002. The procurement procedure for the mid-term evaluation was initiated in the autumn and the contract was expected to be signed in the beginning of 2003.

After a formal review, the Commission considered the annual implementation reports for the year 2001 as satisfactory. The reports were also discussed in the context of the annual review meeting with all the Swedish Managing Authorities for both the Objective 1 and 2 programmes, which took place in Brussels on 9 December. The agenda for the annual meeting covered programme management and implementation, evaluations, the mid-term review and a general exchange of information. The meeting concluded that the programmes were progressing well and the Commission did not request any additional information or follow up.

The Swedish Objective 1 regions have actively participated in the debate on the future cohesion policy. Position papers have been submitted to the Commission and seminars involving local and regional politicians, MPs, MEPs and representatives from the Swedish Government and the European Commission have been organised twice per year in the context of the so called "Forum Europe Northern Sweden". The debate has focused on the specific situation and needs of regions with extremely low population density.

FIFG

The Commission adopted two Objective 1 programmes for the period 2000-2006 on 24 May 2000, one for Södra Skogslänsregionen and one for Norra Norrland.

In the programme for Norra Norrland €5.8 million are available from FIGF and total investments in the fisheries sector of €13 million are envisaged. The strategy for the development of the fisheries sector includes a wide range of FIGF measures but investments in aquaculture, processing and protection and development of aquatic resources should represent about 50% of FIGF funds.

In the new programming period Södra Skogslänsregionen will benefit from a FIGF allocation of €5.7 million which should lead to total investments of €13 million. According to the strategy established for fisheries, three quarters of all FIGF funds will be used to develop the aquaculture and processing industries.

The implementation rate of these programmes has so far been lower than expected.

EAGGF

The implementation rate of the EAGGF-funded measures within the two Objective 1 programmes, Norra Norrland and Södra Skogslänsregionen, intensified during 2002. For each programme two Monitoring Committees were held. After three years of implementation the financial execution is 53% for both programmes in relation to the funds committed in the beginning of the programming period, thus an amount of €25.3 million paid out of the €47.8 million committed during 2000-02.

ESF

The demands have, for some measures, been three times the available funding. In order not to drain the programme, a general selection will be done concerning project applications. For the ESF, intense “marketing” has been done together with the partnerships, which has given this good result. The outcome of the indicators so far was presented at last Monitoring Committee meetings, but they are still very uncertain at this early stage. For the ESF, the indicators “participating men/women” seem to be in line with the figures foreseen, however there might be some over estimations, since the figures have not been followed up closely yet. And there is also the fact that many projects are running for three years, and no final figures are reported yet.

Concerning the pre-study of the evaluation of Objective 3 in Objective 1, a draft has been approved by the Monitoring Committee of Objective 3. This report will be finalised in November 2003, and so far, this part of the programme seems to be very successful.

No modifications to the programme have been made so far concerning the ESF part.

2. OBJECTIVE 2

ERDF

There are four Objective 2 programmes, the North, West, South and the Islands with a total Structural Funds support of €406 million for the period 2000-2006. The programmes are progressing very well and at the end of 2002 on average 63% of the total 2000-2006 budget had already been allocated to projects (62% for ERDF, 65% for ESF) and 23% had been paid out to projects. At year end the Commission had

paid out between 18% and 29% for all programmes and funds, which were more than the commitment for year 2000 so no money was lost due to the n+2 rule.

Each programme held two Monitoring Committee meetings during 2002, one of which included one day of project visits. For each meeting a press release was prepared. Major topics at the meetings were the mid-term review; “was the budget used up too quickly”, which in several programmes resulted in an introduction of weighting the selection criteria; the need for a reallocation of money within priorities etc.

The Commission approved the annual reports after some complementary information had been added.

On 11 April 2002 the Commissioner Michel Barnier visited the area of Bergslagen which had an Objective 2 programme 1995-99 and in this period it is partially covered by the Objective 2 programmes North and West. Commissioner Barnier was given a presentation of several ongoing projects; among others from Steel to Meal, the transformation of a steel town to a tourist and gourmet centre; the Growth Group, which showed how three small municipalities are co-operating in the development of local industry. He also received a position paper on the future of the Structural Funds support. The following day was spent in Stockholm meeting parliamentary committees, minister Ulrika Messing, responsible for the Swedish regional policy, and regional representatives.

ESF

A co-ordinated call for tender for the mid-term evaluation of all Swedish Objective 1 and 2 programmes has been published. The selection of evaluator was done in December 2002, the preliminary report will be available in September 2003, and it will be approved by the Monitoring Committee in November and sent to the Commission before end 2003. In the November meeting it will also be decided how to distribute the performance reserve, and if there will be a re-programming as well.

The ESF part of the programmes had a somewhat slower start in the beginning of the programming period. It was difficult to commit funds for some ESF measures, but commitment rates have now risen to a very satisfactory level. In some Island regions it was difficult to get the required part-financing.

Payment rates did also rise tremendously last year, and no funds were lost due to the n+2 rule.

No modifications in the programme have been made so far concerning the ESF part.

In September 2002, DG Employment performed an Objective 2 preventive audit on management and control systems for one of the managing and paying authorities in Jönköping, Sweden. Overall it could be concluded that, with the exception of some minor modifications, the management and control systems applied by the managing and paying authorities provide sufficient guarantees to certify expenditure claims towards the Commission.

3. OBJECTIVE 3

As to the Objective 3 programme Sweden is eligible for €747 million in ESF funds with the overall budget of €2.780 million, of which €729 million national public and €1.303 million private co-funds. By the end of 2002 the Commission has paid out 14.6% of ESF funds for the whole period.

In 2002 the programme progressed very rapidly. It reached 28% of the whole financial plan at the level of commitments and 22.6% at the level of payments (€17 million, out of which ESF €164.2 million). This meant altogether 787 207 participants (53.3% women) and 30 804 projects. The priorities and measures have, however, progressed very differently: the measure on analysis of skill development of employees (1:1) has far exceeded the targets as well as increased employability measure (2:2), while job rotation (2:1) measure continues to have difficulties.

In 2002 the Managing Authority has pursued to improve the management of the programme due to recommendations of the preventive audit mission by the Commission in May 2002.

The second annual review meeting was held 6-7 November, 2002 jointly with EQUAL programme. As the result, the Commission paid an attention to a necessity to further improve the management system and to the unbalanced development of the programme. The job rotation measure needs still to be closely monitored to find new solutions for improvement. The role of social partners is to be further elaborated.

The mid-term evaluation started at the beginning of 2002 after the selection of the evaluators at the end of the previous year. The first Initial Report was forwarded to the Commission at the beginning of September and a large national evaluation seminar was held on the basis of the Report in September.

4. FIG OUTSIDE OBJECTIVE 1 REGIONS

The Commission on 15 December 2000 had adopted Sweden's structural programme for the period 2000-2006. In this programme, a FIG contribution of €62 million and total investments of €360 million are provided for the restructuring of the processing industry and a modernisation of the fleet as its main focus areas.

As for the 1995-1999 programme (Objective 5(a)), the year 2002 saw the continuance of the closure procedures after the completion of commitments in 1999 (€40 million of FIG aid was committed) and payments by the end of 2001. According to preliminary information, almost all of the said total FIG amount had been paid out to the final beneficiaries by the end of the programming period. Only the final payment of the Community remains to be made - this payment will be made on the basis of the closure procedures. More than 1,000 projects have been part-financed by FIG.

5. COMMUNITY INITIATIVES

5.1 LEADER+

The Swedish Leader+ programme covering the whole of Sweden, with the exception of the counties of Norrbotten, Västerbotten, Jämtland and Västernorrland, was approved in 2001 when a total of 12 LAGs were selected. During 2002 the implementation of the programme intensified and two Monitoring Committee meetings were held. After two years of implementation the financial execution is 24% in relation to the amount committed in the beginning of the programming period, thus €2.8 million paid out of the €12.1 million committed in 2001 and 2002.

5.2 EQUAL

Equal in Sweden involved in total 51 Development Partnerships in the preparatory Action 1 during 2002. In a process of merging some projects and a quality check on all, a total of 46 Development partnerships continued their work and started implementing their ideas in Action 2 during 2003. Since the EQUAL programme was launched in 2002 only small amounts of technical assistance from the total commitment of 86.2 million. The programme have also added and applied an additional national transversal issue, "diversity". Sweden has high ambitions with transnationality and the way the development partnerships are coached and evaluated in the programme. The Monitoring Committee is very active and have taken the initiative to use their executive committee that meets between Monitoring committee meetings to enhance and initiate mainstreaming activities on their own initiative with the support of the Managing Authority. National Thematic groups have been set up from national needs and do not always correspond to those of the European Thematic Groups even though links exist.

The mid-term evaluation process was launched in the beginning of 2002 and the first interim evaluation report was submitted in October 2002. This report is focusing on the administration and implementation of the CIP in Sweden, the selection of DPs and the support to the DPs in the first call of Action 1. An evaluation conference was arranged in November 2002. The purpose of the conference was to inform the evaluators of the DPS of the evaluation process at national and union level and to synchronise the self- assessment with the other evaluations.

5.3 URBAN

The Göteborg URBAN II programme, approved in December 2001, is the only one in Sweden. The ERDF will contribute a total of €5.3 million to this programme, whose total cost amounts to €16.0 million. The programme complement was approved by the Monitoring Committees and submitted to the Commission in August 2002. The first annual implementation report for the Göteborg URBAN II programme should be submitted to the Commission in 2003.

The Managing Authority for the programme is the County Administrative Board in Örebro and the functional day-to-day management is delegated to URBAN Secretariat in Göteborg. The Monitoring Committee has met twice during 2002.

Advance payment, amounting to 7% of the total ERDF contribution to the programme, were made in March 2002. No interim payment requests were received in 2002.

6. CLOSURE OF PRECEDING PROGRAMMING PERIODS

ERDF 1995-1999

At the end of 2002 there were 25 Swedish programmes open. Most of expected final payment claims were received by the Commission but most of them were incomplete.

EAGGF

The Swedish authorities were preparing the closure of the five Objective 5(b) programmes and the two Leader II programmes. Final reports and final payment claims are expected during the beginning of 2003.

ESF

There are 13 ESF OPs to close for the 1994-1999 programming period. None of these were closed in 2002. Final payment claims were received in March 2003.

The ex-post evaluation for the previous Objective 2 Bergslagen, Fyrstad and Blekinge programmes is on-going, and a first draft report was available in January 2003. The Objective 6 evaluation report has been approved by the commission as well.

7. EVALUATION AND FINANCIAL CONTROL

EAGGF - LEADER

As concerns Leader+ the terms of reference for the mid-term evaluations were agreed, calls for tender launched and evaluators have been appointed.

ESF

The two evaluators in charge of the Objective 3 SPD have been under contract since the start of 2002. A major seminar was held in September to discuss the evaluation strategy and its organisation with the various stakeholders.

UNITED KINGDOM

1. OBJECTIVE 1

ERDF

The ERDF provides a total of €4 074 million to the Objective 1 programmes in the United Kingdom. The assistance is implemented through five single programming documents concerning the English regions of Cornwall and the Isles of Scilly, Merseyside and South Yorkshire, Wales (West Wales and the Valleys) and Scotland (transitional programme for Highlands and Islands). Each programme covers between four and six priority areas, grouped around five main themes: support for small and medium-sized business, support for business modernisation, community economic regeneration, human resource development and development of strategic infrastructure.

In addition there are two operational programmes under the Northern Ireland Community Support Framework: the “Building Sustainable prosperity” transitional Objective 1 programme and the EU programme for peace and reconciliation in Northern Ireland and the Border Region of Ireland (Peace II programme 2000-2004). As a region in transition from Objective 1 and emerging from conflict to peace, the thrust of the “Building Sustainable prosperity” operational programme is to move Northern Ireland towards a state of sustainable prosperity in a competitive economy, by focusing on restructuring to modernise business and providing for skills development of its people, to enable a higher technology future. This is complemented by the Peace II programme which builds on the experience of the special support programme Peace I 1995-99 and illustrates the concrete support of the EU to the peace process after the Belfast Agreement.

During 2002, the implementation of all the programmes continued at an increasing pace and total ERDF payments to the programmes amounted to €338 million. Significant development in 2002 included the commencement of the mid-term evaluation process across all the programmes with the appointment of external evaluators; programme amendments in West Wales and the Valleys and Merseyside and changes to programme management arrangements in Merseyside. Three major projects were approved during 2002: in Cornwall and the Isles of Scilly, the “Combined Universities in Cornwall (CUC)” project and in South Yorkshire the “The Frenchgate Interchange, Doncaster” and “South Yorkshire e-Learning Programme” projects. In the case of Peace II, there is a rising challenge to submit sufficient payment claims to avoid difficulties with decommitment under the n+2 rule by the end of 2003. There was progress in implementing the ‘distinctiveness’ criteria in selecting projects supporting peace and reconciliation in the region.

EAGGF

Rural development plays a significant role in the development of four UK Objective 1 regions: Cornwall and the Scilly Isles, West Wales and the Valleys, Northern Ireland and Highlands and Islands. For these four programmes the planned EAGGF contribution for 2000-2006 is €327 million which represents 16%, 13%, 9% and 7% respectively of the total Structural Fund contribution.

In programmes for Merseyside and South Yorkshire, predominantly urban regions, rural development measures are less important with €29 million of EAGGF funding or only 2% of the Structural Fund contribution to both programmes. Noteworthy progress was made during 2002, following the serious delays to implementation of the rural development measures during 2001 due to foot-and-mouth disease. High priority was given to speed up the implementation of EAGGF expenditure in order to meet the targets set for the end of 2002. Only one programme failed to meet its expenditure target. EAGGF payments amounted to €39 million or 10% of the total allocated from EAGGF for the period.

The implementation of the rural development measures under the Northern Ireland Objective 1 Programme was slower than originally anticipated and no EAGGF payment was requested before the end of 2002.

PEACE II

The €32 million funding allocated to rural development measures under this programme in Northern Ireland is part of the Objective 1 financial envelope for this region and represents 8% of Community funding for the five-year period 2000-2004. No EAGGF payment was requested in 2002 and substantial efforts will be needed to ensure expenditure targets are met for the end of 2003.

FIFG

Cornwall and Isles of Scilly

The total FIFG allocation for fisheries is €16.99 million which represents 3% of total Community aid for the programme. In terms of organisation, DEFRA has overall responsibility for implementing the programme plus the management and control arrangements; the company South West Pesca Ltd has the development role and was active in assisting with the local delivery of the FIFG programme; a Fisheries Priority Management Group continued to meet regularly to review progress and approve applications. Progress in 2002 has been satisfactory and initiatives and studies have been undertaken to look at the local strategy fishing industry and the port of Newlyn. However, only 20% of the programme was committed.

Merseyside

The total FIFG for fisheries is small, €0.4 million for the period 2000-2006. Within the Objective 1 area fisheries activity includes an offshore fishery for trawlers which land their catch in Canada dock; inshore fishing vessels for some 25 fishermen; a cockle fishery, and a brown shrimp fishery. In addition there is Stanley market and a number of processors. Interest in FIFG continued to be low.

Highlands and Islands Objective 1 (transitional Objective 1)

The total FIFG for fisheries for the period 2000-2006 is €27.76 million which represents 9% of total Community aid to the programme. The Highlands and Islands Fisheries Management Group was set up and met regularly to review progress. Interest from the industry was strong, particularly in the aquaculture sector which has been heavily oversubscribed. Over 50% of the programme was committed before the end of the year.

Examples of types of projects which have been approved include: development of a commercial marine cod hatchery, mussel farm expansion, construction of processing premises and purchase of equipment, vessel modernisation to maintain quality, training of fishermen.

A Scottish strategy for aquaculture was published during the year.

Northern Ireland (BSP transitional Objective 1)

Although the total amount of FIFG (€27.76 million) is small in comparison to the total Funds available for this transitional Objective 1 programme, it will have a significant impact on the fishing industry. The multi-fund programme was not approved until yearly in 2001 and it has taken until the end of 2002 to launch all 10 proposed FIFG support measures. During 2002 a total of 27 fishing vessels were scrapped. General progress is slow. Commitment of FIFG to date is 20% but with the likely introduction of another decommissioning scheme absorption will accelerate. A Fisheries Working Group was established during the year.

Northern Ireland Peace II

FIFG has been approved in the Peace II programme to assist cross-border bodies from both Northern Ireland and the six border counties to work together to develop fisheries interests, particularly aquaculture. No commitments have been made but the Ireland and Northern Ireland authorities have been working on two major cross-border projects which should see all FIFG committed in 2003.

Wales

The amount of FIFG for the period 2000-2006 is €15.2 million and is considerably more than had been taken up by the Welsh fisheries industry in the past. Following Commission approval of the programme progress has been slow, mainly as a result of the fact that fisheries is now being administered by the newly formed Welsh European Funding Office where time was needed to set up the necessary documentation, procedures, and schemes to implement FIFG. Absorption of Funds was slow initially but with considerable effort and attention the commitment has risen quickly to around 45%, mainly for aquaculture projects.

ESF

West Wales and the Valleys

The West Wales and the Valleys Objective 1 area covers an area where around two-thirds of the total Welsh population lives. The total value of the programme exceeds €3.9 billion, of which the Structural Funds contribute €1.8 billion which makes it the largest UK Objective 1 programme ever. The ESF share in the programme amounts to 33% or €92.7 million.

The programme is progressing well, especially in Priority 4 (developing people) with all of the indicative allocation to the end of 2002 committed, whereas Measure 1 of Priority 3 (community action for social inclusion) and technical assistance are lagging behind (37% and 6%).

The advance payments (€1 420 400) and the two interim payments (22 April 2002: €1 889 283; 8 November 2002: €5 532 909) add up to €21 842 592.

Northern Ireland

The Community Support Framework for this transitional Objective 1 region consists of two Operational Programmes. Nearly all ESF in the CSF is concentrated in an Employment, Human Resource Development and Social Inclusion priority.

ESF in the transitional Operational Programme (Building sustainable prosperity - BSP OP) is concentrated in the employment priority, whilst ESF in the Peace II Operational Programme is spread over four priorities.

The total Structural Fund support to the Northern Ireland CSF amounts to €1 315 million. The ESF contributes 33% or €430 million (€280 million in the transitional Operational Programmes and €189.7 million in the Peace OP).

Whereas for the BSP OP, interim payments over €60 million were processed in 2002, there were no interim payments made for the Peace II OP.

Cumulative ESF payments (including 7% advance) made by 31 December:

PEACE II OP €13 279 000 (advance payments)

BSP OP €80 410 004

Special transitional Programme - Highlands and Islands

The total assistance from the ESF for this programme is €59 540 million, i.e. 19.3% of the total community contribution. The programme has four operational priorities and a fifth relating to technical assistance. ESF assistance is available in Priority 3 Developing the Region's Human Resources (€8.076 million ESF), Priority 4 Assisting Rural Communities (€0.5 million ESF) and in Priority 5 Technical Assistance (€0.964 million ESF).

The programme performed well in 2002. As far as the ESF is concerned measures 3.1- 3.5 performed very well in terms of commitments and payments.

Commitments to date are €30 577 000 (51% of the total ESF share). Expenditure to date is €23 186 453.18. The n+2 target for the 2000 commitments has been reached.

During 2002 there were two interim payments: €2 122 717.23 and €17 108 652.

2. OBJECTIVE 2

Objective 2 in the United Kingdom is implemented through 14 single programming documents. Ten programmes concern the English regions (West Midlands, Yorkshire and Humber, East Midlands, North East of England, North West of England, East England, South East England, South West England and London) and Gibraltar, three concern Scotland (South of Scotland, East of Scotland and Western Scotland) and one concerns Wales (East Wales). Each programme covers an average of three priority areas, grouped around three main themes: developing diverse, dynamic and

competitive business bases, strategic spatial development, and community regeneration and economic and social development. The total ERDF funding decided under the fourteen UK Objective 2 programmes is €4.325 million while the ESF provides a further €527 million.

Following their adoption in 2001, the Objective 2 programmes in the United Kingdom increased their level of activity in 2002 and payments to the programmes amounted to €78 million. Significant developments during the year included technical amendments to the three Scottish programmes and the East Wales programme, the approval of a major project in the East of Scotland programme and the commencement of the mid-term evaluation process across the programmes. However, all the programmes face the major challenge of fully absorbing their 2000 and 2001 commitments by the end of 2003. These commitments amount to €1 554, of which €1 404.5 is from the ERDF and €149.5 from the ESF. The Commission and the national authorities are actively exploring how the level of expenditure under the programmes can be maximised.

3. OBJECTIVE 3

The UK's Objective 3 programme is implemented through the UK Community Support Framework and three operational programmes for England, Scotland and Wales. All these programming documents are structured along the five policy fields approach of the ESF Regulation.

The English Objective 3 programme (1999GB053PO003 - €1 111.6 million) is highly decentralised: 78% of the funding is decided and implemented by nine Regional Government Offices and regional Monitoring Committees. The remaining 22% is used to finance nation-wide projects, technical assistance and projects in Gibraltar.

The programme performed well in 2002. Almost half of the total financial allocation (2000-2006) is committed to approved projects. One third of these approved projects are implemented through Part-financing Organisations and it is intended that the majority of future programme commitments will be made through the part-financing route.

Levels of expenditure are satisfactory in the majority of priorities and measures. The two research measures (combating discrimination in the labour market and combating gender discrimination) are slightly under performing. Priority 5 (gender equality) is proving the most difficult area to commit and to spend. However, the percentage of women being supported across the programme is above expectations in a number of measures, suggesting that gender issues at programme level are being addressed.

After a careful review of the levels of spending for nation-wide projects, it was decided at the end of 2002 to transfer €90 million to the Regional Government Offices mainly for funding of projects under priorities 1 (active labour market policies) and 3 (lifelong learning).

Concerning the achievement of quantified targets, it can be said that, on the basis of provisional monitoring data, the programme is succeeding in placing more people in

jobs than was originally forecast. The proportion of beneficiaries completing their courses is also higher than the forecast target. Although the proportion of beneficiaries achieving a positive outcome is slightly below the target, the final figure will probably be near target.

The n+2 deadline was met by the programme and the first indications for the following years are optimistic.

The Monitoring Committee approved a new Programme Complement in September 2002, introducing some technical modifications to the original. By the end of 2002, the strategies and objectives of the programme were still considered to be valid.

The annual review meeting was held in England on 9 October 2002.

Cumulative ESF payments (including 7% advance) made on 31 December 2002: €53 948 623.74 (of which €471 199 267.67 in 2002).

East Wales

The Wales Objective 3 programme (1999GB053PO001) covers the seven Unitary Authorities areas (Cardiff, Newport, Vale of Glamorgan, Powys, Monmouthshire, Wrexham and Flintshire). The population covered by Objective 3 funds is about 1 million, which is approximately one third of the total for Wales.

The East Wales region will receive in total €132 million from the EU over the seven-year period of the programme. A further €61m of public sector expenditure and an estimated €23 million from the private sector will match ESF funds; thus, in total the Programme will be worth an estimated €17 million.

The programme is progressing well. Priority 2 (equal opportunities for all and social inclusion), 4 (promoting business competitiveness) and Priority 3 (lifelong learning), with respectively 87% and 95% of the indicative allocation at the end of 2002 committed, are performing better than Priority 1 (developing active labour market policies to prevent and combat long-term unemployment) with 73% and Priority 5 (promoting gender equality in the labour market) with 51% of the indicative allocation at the end of 2002 committed. The lowest percentage shows technical assistance with 32%.

The annual review meeting was held in Wales on 15 October 2002.

The advance payments (€ 254 210) and the 2 interim payments (28 November 2001: €4 275 142; 8 November 2002: €11 264 952) add up to the total of €24 794 304.

Scotland

The Objective 3 programme (1999GB053PO002) covers all of Scotland, bar the North and Western regions that are provided for by the Highlands and Islands Partnership. Over 4.5 million people live within the area. The ESF assistance amounts to €498.84 million. The programme established a framework of five operational priorities and technical assistance. The programme also contains five horizontal themes, which apply to each vertical priority.

The programme is progressing well. The best performing measures are: Measure 2.1 addressing exclusion of thematic groups and 2.2 addressing urban exclusion with 79% and 62% of the financial provision committed at July 2002. The measures performing less effectively are 1.2 raising employability (6-24 months unemployment) and 5.1 promoting positive actions (equal opportunities) with 13% and 11% of the financial provision committed.

Commitment in the Scottish Objective 3 programme is €23 342 000 (44.8% of the ESF total). The total spend (including 7% advance) is currently €1 817 331.41.

The programme has achieved the n+2 target for the 2000 commitment. An n+2 Action Plan has been set up, which takes into account all areas of implementation of the programme which affect achievement of the n+2 target each year.

During 2002 there were two interim payments: €19 518 454 and €27 380 497.

4. FIFG OUTSIDE OBJECTIVE 1 REGIONS

For the period 2000-2006 the UK non-Objective 1 fisheries programme covers all areas of the UK not eligible under Objective 1. It covers most of England, all of Scotland excluding Highlands & Islands and a very small part of Wales. The total FIFG allocation over the period 2000-2006 is €125.5 million, of which almost 50% will go to Scotland.

Since the programme was not approved until December 2000, it was necessary for the administrations to put in place the various procedures and documentation required under fisheries regulations. This has been done. A Monitoring Committee which included representatives from all sectors of the fishing industry plus members with a specific interest in the environment was set up and has now met three times. FIFG grant schemes together with programme complements, application forms, guidance notes and state aid approvals have been drawn up. Separate schemes were prepared for England, Scotland and Wales. A fisheries management working group was set up in Scotland and meets regularly to review progress.

During the early part of the year the decommissioning schemes, which had been launched in Scotland and England in 2001, were implemented resulting in 99 vessels being scrapped for areas outside Objective 1.

The non-Objective 1 fisheries programme had been slow to start but almost 25% of the FIFG allocation for the period 2000-2006 has now been committed with the main interest from the fisheries areas of Scotland outside Objective 1. While absorption and interest in FIFG in the Objective 1 areas of Wales has been very satisfactory no projects have as yet been approved in the small part of Wales outside Objective 1. The Welsh administration has accepted that more attention will be directed to accelerating progress.

While decommissioning schemes received most attention over the year applications were received for other grant aid schemes covering modernisation of the fleet, aquaculture, processing and marketing, port facilities, operations by members of the trade and innovative measures. Absorption of FIFG funding is more advanced in Scotland. Of the total of 219 projects approved 161 were in Scotland and 58 in

England. The processing and marketing measure had 70 projects approved and was the second most important measure after decommissioning.

Coming up to the end of the year the most important issues arising were the crises in fish stocks, the possible closure of the cod fishery and the review of the Common Fisheries Policy. The mid-term evaluation was launched. Community Initiatives

5. COMMUNITY INITIATIVES

5.1 LEADER+

There are four Leader+ programmes in the UK: England, Northern Ireland, Scotland and Wales. The total planned expenditure is around €262 million with a contribution from the Structural Funds (EAGGF-Guidance) of €113 million. In all cases the 57 local action groups are selected and beginning to implement their agreed strategies ('business plans'). The Monitoring Committees have been established and meetings held. Programme Complements were approved in 2002 for Northern Ireland and Wales. The first expenditure claims were submitted and payments (including the 7% advance) of €8 million were made. The UK national network has been established during 2002.

5.2 EQUAL

The year 2002 was a challenging one for Equal in the UK, with the approval of 76 Development Partnerships for Action 2 and the launch of Action 3. Although the national thematic networks were established at the beginning of the programme, their role has developed during 2002. This has been helped by events which have brought together people from the DPs and the policy fields - to agree mainstreaming plans for each theme.

Northern Ireland

Six DPs have progressed for Action 1 to Action 2 and have been issued their Letters of Offers. All transnational cooperation agreements are now in force, and some DPs have already had their first transnational meetings.

The two National Thematic Groups initially created, respectively on employment and equal opportunities, in order to capitalise and mainstream innovation were merged into one, due to the fact there is only one DP left under the equal opportunities pillar. Nevertheless, the focus on equal opportunities is maintained via the chairperson of the new NTG.

The interim evaluation report was produced and accepted in 2002, and a training day on evaluation and monitoring took place with the Managing Authority, the national support structure, the evaluators and the DPs.

The first issue of the Equal newsletter in Northern Ireland was published.

5.3 URBAN

The 11 Urban II programmes in the UK were approved in December 2001. The ERDF will contribute a total of €124.3 million to these programmes, whose total cost

amounts to over €271.9 million. The programme complements were approved by the Monitoring Committees and submitted to the Commission during the first half of 2002. Annual implementation reports for the UK Urban II programmes are not required to be submitted to the Commission until 2003.

The Managing Authorities for the programmes are the Regional Government Offices in England and the appropriate Government Department in other parts of the UK. In most cases, however, functional responsibility has been delegated to the local authority most concerned. The Monitoring Committee for each of the UK programmes met at least twice during 2002.

Advance payments, amounting to 7% of the total ERDF contribution to the programme, were made in December 2001 or in early 2002. No interim payment requests were received in 2002.

6. CLOSURE OF PRECEDING PROGRAMMING PERIODS

ERDF

At the end of 2002, the closure of all the ERDF-funded programmes was at an advanced stage of preparation with a view to the submission by the authorities of the required documents by the deadline of 31 March 2003.

ESF

The final reports, claims and closure statements required for closing of the 1994-1999 programmes have been received for the two Leader II programmes for Scotland.

In the United Kingdom there were 29 Operational Programmes which included ESF under this programming period. The UK authorities were still working to finalise the required documents and reports for closure. At the end of 2002, none of the 29 programmes was closed.

EAGGF

In the UK there were 23 programmes which included a contribution from EAGGF. By the end of 2002, two Leader II programmes had submitted the relevant documents necessary for closure. It is expected that all other documents for the remaining programmes will be submitted in March 2003.

7. EVALUATION AND FINANCIAL CONTROL

ERDF: Audits on the closure of programmes for the period 1994-1996

SPD East Midlands Objective 2 1994-96 Date: 22-26 April 2002

In spite of the notice given by the GOEM as regards the dates and the objectives of the Commission audit, there were four projects where the beneficiaries failed to present important documentation necessary to carry out the on-the-spot audit. Moreover, the documentation available to the auditors indicates that for one project,

the Adams Building, the legal and financial commitment for the works may have been carried out outside the 31 December 1996 deadline for commitments for the SPD; for the Robin Hood Line Stage III project, an apparent situation of non-compliance with public procurement Directive 93/37/EEC needs to be investigated.

Some shortcomings were detected at the level of the management of the SPD by the GOEM, namely an error in the declaration of expenditure sent to the Commission; failure to take action in one case where an invalid project audit report was presented; undocumented decisions regarding the part-financing rates to be granted for the projects.

EAGGF

Concerning Leader+, for three regions, the terms of reference for the mid-term evaluations were agreed, calls for tender launched and evaluators have been appointed. For Northern Ireland the terms of reference will be agreed at the beginning of 2003.

ESF

During 2002 a variety of sectoral studies and evaluations have been finalised or launched. They will be summarised next year in the mid-term evaluation reports.

Annexe 2a

Financial execution 2002

Country		Period 2000-2006					Financial year: 2002				
		ERDF	ESF	EAGGF	FIFG	Total SF	ERDF	ESF	EAGGF	FIFG	Total SF
Suomi/Finland	1.Decided	471.034.000,00	272.967.000,00	197.146.000,00	6.853.000,00	948.000.000,00	69.188.000,00	38.806.000,00	29.027.000,00	979.000,00	138.000.000,00
	2.Committed	216.624.000,00	118.347.000,00	69.092.000,00	2.937.000,00	407.000.000,00	69.188.000,00	38.806.000,00	29.027.000,00	979.000,00	138.000.000,00
	3.Paid	115.021.616,52	46.999.510,55	32.108.390,00	835.281,00	194.964.798,07	73.917.320,23	26.519.301,44	14.407.452,00		114.844.073,67
	% (2)/(1)	45,99%	43,36%	35,05%	42,86%	42,93%	100,00%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	24,42%	17,22%	16,29%	12,19%	20,57%	106,84%	68,34%	49,63%	-	83,22%
Sverige	1.Decided	465.739.352,00	158.735.508,00	111.757.760,00	11.767.380,00	748.000.000,00	67.869.080,00	23.131.086,00	16.285.900,00	1.713.933,00	108.999.999,00
	2.Committed	199.825.896,00	68.108.007,00	47.943.974,00	5.047.186,00	320.925.063,00	67.902.580,00	23.339.916,00	16.466.952,00	1.731.151,00	109.440.599,00
	3.Paid	111.078.203,37	32.449.354,33	25.300.166,00	1.109.403,15	169.937.126,85	69.231.953,37	19.469.345,69	11.630.932,00	209.620,35	100.541.851,41
	% (2)/(1)	42,91%	42,91%	42,90%	42,89%	42,90%	100,05%	100,90%	101,11%	101,00%	100,40%
	% (3)/(1)	23,85%	20,44%	22,64%	9,43%	22,72%	102,01%	84,17%	71,42%	12,23%	92,24%
United Kingdom	1.Decided	3.780.467.000,00	1.830.356.000,00	355.819.000,00	89.358.000,00	6.056.000.000,00	585.693.000,00	268.335.000,00	53.959.000,00	15.013.000,00	923.000.000,00
	2.Committed	1.810.541.000,00	822.439.000,00	161.226.000,00	37.794.000,00	2.832.000.000,00	585.693.000,00	268.335.000,00	53.959.000,00	15.013.000,00	923.000.000,00
	3.Paid	602.941.880,90	376.574.397,24	34.412.212,00	9.237.781,37	1.023.166.271,51	338.309.190,90	248.449.477,24	9.433.403,00	2.982.721,37	599.174.792,51
	% (2)/(1)	47,89%	44,93%	45,31%	42,30%	46,76%	100,00%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	15,95%	20,57%	9,67%	10,34%	16,90%	57,76%	92,59%	17,48%	19,87%	64,92%
Ireland / United Kingdom (PEACE II)	1.Decided	293.010.000,00	189.700.000,00	44.830.000,00	3.460.000,00	531.000.000,00	58.480.000,00	37.920.000,00	8.950.000,00	650.000,00	106.000.000,00
United Kingdom (PEACE II)	2.Committed	172.210.000,00	111.490.000,00	26.350.000,00	1.950.000,00	312.000.000,00	58.480.000,00	37.920.000,00	8.950.000,00	650.000,00	106.000.000,00
	3.Paid	20.510.700,00	13.279.000,00	3.138.100,00	242.200,00	37.170.000,00					0,00
	% (2)/(1)	58,77%	58,77%	58,78%	56,36%	58,76%	100,00%	100,00%	100,00%	100,00%	100,00%
Total	% (3)/(1)	7,00%	7,00%	7,00%	7,00%	7,00%	-	-	-	-	0,00%
	1.Decided	86.562.405.549,00	32.143.790.155,00	17.471.547.967,00	2.553.575.329,00	138.731.319.000,00	13.486.006.618,00	4.816.850.934,00	2.638.857.913,00	370.511.299,00	21.312.226.764,00
	2.Committed	37.460.059.917,00	13.659.524.510,00	7.115.541.449,00	1.098.857.056,00	59.333.982.932,00	13.487.877.718,00	4.818.636.768,00	2.639.038.942,00	387.928.517,00	21.333.481.945,00
	3.Paid	18.589.926.452,22	7.739.605.085,77	3.339.180.552,00	554.453.590,07	30.223.165.680,06	8.920.222.328,32	4.123.609.629,68	1.474.723.720,00	241.494.406,51	14.760.050.084,51
	% (2)/(1)	43,28%	42,50%	40,73%	43,03%	42,77%	100,01%	100,04%	100,01%	104,70%	100,10%
% (3)/(1)	21,48%	24,08%	19,11%	21,71%	21,79%	66,14%	85,61%	55,88%	65,18%	69,26%	

Annexe 2a: Financial execution 2002 Objective 3

Country		Period 2000-2006	Financial year: 2002
		ESF	ESF
Belgique-België	1.Decided	765.174.700,00	111.729.800,00
	2.Committed	328.660.700,00	111.729.800,00
	3.Paid	130.953.020,98	58.050.445,99
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	17,11%	51,96%
Danmark	1.Decided	378.953.400,00	55.334.400,00
	2.Committed	162.769.500,00	55.334.400,00
	3.Paid	49.112.691,01	22.149.448,23
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	12,96%	40,03%
Deutschland	1.Decided	4.756.126.501,00	694.484.800,00
	2.Committed	2.042.869.400,00	694.484.800,00
	3.Paid	1.314.869.956,44	484.824.413,19
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	27,65%	69,81%
España	1.Decided	2.221.809.800,00	324.426.400,00
	2.Committed	954.320.100,00	324.426.400,00
	3.Paid	546.901.725,70	361.897.674,40
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	24,62%	111,55%
France	1.Decided	4.713.559.300,00	688.269.200,00
	2.Committed	2.024.585.800,00	688.269.200,00
	3.Paid	1.007.442.315,05	422.312.406,00
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	21,37%	61,36%
Italia	1.Decided	3.887.129.100,00	567.594.701,00
	2.Committed	1.669.614.403,00	567.594.701,00
	3.Paid	672.369.349,01	335.523.902,41
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	17,30%	59,11%
Luxembourg (Grand-Duche)	1.Decided	39.452.700,00	5.760.800,00
	2.Committed	16.945.800,00	5.760.800,00
	3.Paid	6.908.901,06	4.147.212,06
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	17,51%	71,99%
Nederland	1.Decided	1.750.454.000,00	255.599.500,00
	2.Committed	751.861.600,00	255.599.500,00
	3.Paid	123.140.579,94	608.799,94
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	7,03%	0,24%
Österreich	1.Decided	548.184.800,00	80.045.400,00
	2.Committed	235.458.400,00	80.045.400,00
	3.Paid	190.120.439,20	87.518.498,75
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	34,68%	109,34%
Suomi/Finland	1.Decided	418.406.300,00	61.095.300,00
	2.Committed	179.715.500,00	61.095.300,00
	3.Paid	72.599.682,26	40.907.665,82
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	17,35%	66,96%
Sverige	1.Decided	747.524.800,00	109.152.800,00
	2.Committed	321.079.700,00	109.152.800,00
	3.Paid	109.315.995,95	56.989.259,95
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	14,62%	52,21%
United Kingdom	1.Decided	4.742.629.600,00	692.514.000,00
	2.Committed	2.037.072.200,00	692.514.000,00
	3.Paid	960.560.258,88	529.363.170,66
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	20,25%	76,44%
Total	1.Decided	24.969.405.001,00	3.646.007.101,00
	2.Committed	10.724.953.103,00	3.646.007.101,00
	3.Paid	5.184.294.915,48	2.404.292.897,40
	% (2)/(1)	42,95%	100,00%
	% (3)/(1)	20,76%	65,94%

Country		Period 2000-2006					Financial year: 2002				
		ERDF	ESF	EAGGF	FIFG	Total SF	ERDF	ESF	EAGGF	FIFG	Total SF
Österreich	1.Decided	847.908.736,00	632.105.030,00	41.345.471,00	825.563,00	1.522.184.800,00	130.790.190,00	92.536.703,00	6.102.653,00	121.854,00	229.551.400,00
	2.Committed	395.114.831,00	271.112.885,00	17.850.260,00	356.424,00	684.434.400,00	130.790.190,00	92.536.703,00	6.102.653,00	121.854,00	229.551.400,00
	3.Paid	158.625.340,84	210.696.731,89	12.053.691,00	58.759,76	381.434.523,49	68.676.981,42	94.344.331,04	7.347.909,00	970,76	170.370.192,22
	% (2)/(1)	46,60%	42,89%	43,17%	43,17%	44,96%	100,00%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	18,71%	33,33%	29,15%	7,12%	25,06%	52,51%	101,95%	120,41%	0,80%	74,22%
Portugal	1.Decided	12.428.157.000,00	4.415.336.000,00	2.117.353.000,00	217.694.000,00	19.178.540.000,00	1.961.697.000,00	675.831.000,00	329.557.000,00	33.914.000,00	3.000.999.000,00
	2.Committed	6.130.547.000,00	2.065.430.000,00	1.026.647.000,00	105.375.000,00	9.327.999.000,00	1.961.697.000,00	675.831.000,00	329.557.000,00	33.914.000,00	3.000.999.000,00
	3.Paid	3.419.601.035,53	1.334.646.670,83	438.202.931,00	46.920.618,74	5.239.371.256,10	1.561.411.906,87	671.132.475,79	234.852.824,00	25.014.086,74	2.492.411.293,40
	% (2)/(1)	49,33%	46,78%	48,49%	48,41%	48,64%	100,00%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	27,51%	30,23%	20,70%	21,55%	27,32%	79,59%	99,30%	71,26%	73,76%	83,05%
Suomi/Finland	1.Decided	867.865.000,00	801.542.300,00	197.146.000,00	6.853.000,00	1.873.406.300,00	129.012.000,00	116.078.300,00	29.027.000,00	979.000,00	275.096.300,00
	2.Committed	396.260.000,00	345.426.500,00	69.092.000,00	2.937.000,00	813.715.500,00	129.012.000,00	116.078.300,00	29.027.000,00	979.000,00	275.096.300,00
	3.Paid	206.440.948,47	137.414.481,33	32.108.390,00	835.281,00	376.799.100,80	116.073.114,18	77.338.943,73	14.407.452,00	0,00	207.819.509,91
	% (2)/(1)	45,66%	43,10%	35,05%	42,86%	43,44%	100,00%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	23,79%	17,14%	16,29%	12,19%	20,11%	89,97%	66,63%	49,63%	0,00%	75,54%
Sverige	1.Decided	839.039.795,00	955.959.865,00	111.757.760,00	11.767.380,00	1.918.524.800,00	125.574.744,00	139.578.222,00	16.285.900,00	1.713.933,00	283.152.799,00
	2.Committed	376.172.718,00	410.840.885,00	47.943.974,00	5.047.186,00	840.004.763,00	125.608.244,00	139.787.052,00	16.466.952,00	1.731.151,00	283.593.399,00
	3.Paid	197.038.626,46	150.954.024,52	25.300.166,00	1.109.403,15	374.402.220,13	129.061.346,46	82.168.309,88	11.630.932,00	209.620,35	223.070.208,69
	% (2)/(1)	44,83%	42,98%	42,90%	42,89%	43,78%	100,03%	100,15%	101,11%	101,00%	100,16%
	% (3)/(1)	23,48%	15,79%	22,64%	9,43%	19,52%	102,78%	58,87%	71,42%	12,23%	78,78%
United Kingdom	1.Decided	8.105.115.000,00	7.100.337.600,00	355.819.000,00	89.358.000,00	15.650.629.600,00	1.256.593.000,00	1.037.949.000,00	53.959.000,00	15.013.000,00	2.363.514.000,00
	2.Committed	3.885.946.000,00	3.086.106.200,00	161.226.000,00	37.794.000,00	7.171.072.200,00	1.256.593.000,00	1.037.949.000,00	53.959.000,00	15.013.000,00	2.363.514.000,00
	3.Paid	983.578.555,57	1.375.111.385,12	34.412.212,00	9.237.781,37	2.402.339.934,06	416.220.505,57	778.874.736,90	9.433.403,00	2.982.721,37	1.207.511.366,84
	% (2)/(1)	47,94%	43,46%	45,31%	42,30%	45,82%	100,00%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	12,14%	19,37%	9,67%	10,34%	15,35%	33,12%	75,04%	17,48%	19,87%	51,09%
Ireland /	1.Decided	293.010.000,00	189.700.000,00	44.830.000,00	3.460.000,00	531.000.000,00	58.480.000,00	37.920.000,00	8.950.000,00	650.000,00	106.000.000,00
United Kingdom	2.Committed	172.210.000,00	111.490.000,00	26.350.000,00	1.950.000,00	312.000.000,00	58.480.000,00	37.920.000,00	8.950.000,00	650.000,00	106.000.000,00
(PEACE II)	3.Paid	20.510.700,00	13.279.000,00	3.138.100,00	242.200,00	37.170.000,00	0,00	0,00	0,00	0,00	0,00
	% (2)/(1)	58,77%	58,77%	58,78%	56,36%	58,76%	100,00%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	7,00%	7,00%	7,00%	7,00%	7,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Total	1.Decided	107.264.753.434,00	59.639.846.267,00	17.471.547.967,00	2.553.575.329,00	186.929.722.997,00	16.834.602.355,00	8.844.056.527,00	2.638.857.913,00	370.511.299,00	28.688.028.094,00
	2.Committed	46.550.512.311,00	25.452.415.805,00	7.115.541.449,00	1.098.857.056,00	80.217.326.621,00	16.838.000.050,00	8.845.842.361,00	2.639.038.942,00	387.928.517,00	28.710.809.870,00
	3.Paid	21.468.027.934,14	13.222.457.017,79	3.339.180.552,00	554.453.590,07	38.584.119.094,00	10.199.432.816,43	6.646.730.840,44	1.474.723.720,00	241.494.406,51	18.562.381.783,38
	% (2)/(1)	43,40%	42,68%	40,73%	43,03%	42,91%	100,02%	100,02%	100,01%	104,70%	100,08%
	% (3)/(1)	20,01%	22,17%	19,11%	21,71%	20,64%	60,59%	75,15%	55,88%	65,18%	64,70%

**Annexe 2a: Financial execution 2002
FIG outside Objective 1**

Country		Period 2000-2006	Financial year: 2002
		FIG	FIG
Belgique-België	1. Decided	35.300.000,00	5.200.000,00
	2. Committed	15.100.000,00	5.200.000,00
	3. Paid	3.298.906,00	827.906,00
	% (2)/(1)	42,78%	100,00%
	% (3)/(1)	9,35%	15,92%
Danmark	1. Decided	204.500.000,00	29.900.000,00
	2. Committed	87.800.000,00	29.900.000,00
	3. Paid	30.844.479,68	16.529.479,68
	% (2)/(1)	42,93%	100,00%
	% (3)/(1)	15,08%	55,28%
Deutschland	1. Decided	111.200.000,00	16.300.000,00
	2. Committed	47.800.000,00	16.300.000,00
	3. Paid	9.689.476,00	1.905.476,00
	% (2)/(1)	42,99%	100,00%
	% (3)/(1)	8,71%	11,69%
España	1. Decided	207.500.000,00	30.400.000,00
	2. Committed	89.200.000,00	30.400.000,00
	3. Paid	45.402.821,19	18.456.516,31
	% (2)/(1)	42,99%	100,00%
	% (3)/(1)	21,88%	60,71%
France	1. Decided	233.700.000,00	34.200.000,00
	2. Committed	100.400.000,00	34.200.000,00
	3. Paid	27.561.198,00	11.202.198,00
	% (2)/(1)	42,96%	100,00%
	% (3)/(1)	11,79%	32,75%
Italia	1. Decided	99.600.000,00	14.600.000,00
	2. Committed	42.800.000,00	14.600.000,00
	3. Paid	25.967.226,97	13.151.707,95
	% (2)/(1)	42,97%	100,00%
	% (3)/(1)	26,07%	90,08%
Nederland	1. Decided	32.100.000,00	10.200.000,00
	2. Committed	10.200.000,00	10.200.000,00
	3. Paid	2.247.000,00	2.247.000,00
	% (2)/(1)	31,78%	100,00%
	% (3)/(1)	7,00%	22,03%
Österreich	1. Decided	4.200.000,00	600.000,00
	2. Committed	1.800.000,00	600.000,00
	3. Paid	1.618.441,95	875.147,59
	% (2)/(1)	42,86%	100,00%
	% (3)/(1)	38,53%	145,86%
Suomi/Finland	1. Decided	32.100.000,00	4.700.000,00
	2. Committed	13.800.000,00	4.700.000,00
	3. Paid	3.608.689,00	1.361.689,00
	% (2)/(1)	42,99%	100,00%
	% (3)/(1)	11,24%	28,97%
Sverige	1. Decided	62.300.000,00	9.100.000,00
	2. Committed	26.700.000,00	9.100.000,00
	3. Paid	7.751.045,93	3.366.021,64
	% (2)/(1)	42,86%	100,00%
	% (3)/(1)	12,44%	36,99%
United Kingdom	1. Decided	125.500.000,00	18.300.000,00
	2. Committed	53.800.000,00	18.300.000,00
	3. Paid	14.309.072,00	5.524.072,00
	% (2)/(1)	42,87%	100,00%
	% (3)/(1)	11,40%	30,19%
Total	1. Decided	1.148.000.000,00	173.500.000,00
	2. Committed	489.400.000,00	173.500.000,00
	3. Paid	172.298.356,72	75.447.214,17
	% (2)/(1)	42,63%	100,00%
	% (3)/(1)	15,01%	43,49%

Annexe 2a: Financial execution 2002 Community Initiatives

Community initiative	Period 2000-2006				Financial year: 2002				
	ERDF	ESF	EAGGF	Total SF	ERDF	ESF	EAGGF	Total SF	
Employ	1.Decided		102.000.000,00		102.000.000,00		17.226.000,00		17.226.000,00
	2.Committed		32.826.000,00		32.826.000,00		17.226.000,00		17.226.000,00
	3.Paid		7.140.000,00		7.140.000,00				
	% (2)/(1)		32,18%		32,18%		100,00%		100,00%
Equal	% (3)/(1)		7,00%		7,00%		-		-
	1.Decided		2.871.000.000,00		2.871.000.000,00		486.020.300,00		486.020.300,00
	2.Committed		926.920.073,00		926.920.073,00		486.720.300,00		486.720.300,00
	3.Paid		210.671.571,74		210.671.571,74		10.009.571,74		10.009.571,74
Interreg	% (2)/(1)		32,29%		32,29%		100,14%		100,14%
	% (3)/(1)		7,34%		7,34%		2,06%		2,06%
Leader	1.Decided	5.160.302.000,00			5.160.302.000,00	863.477.360,00			863.477.360,00
	2.Committed	1.567.127.710,00			1.567.127.710,00	972.829.020,00			972.829.020,00
	3.Paid	350.404.920,88			350.404.920,88	267.520.533,10			267.520.533,10
	% (2)/(1)	30,37%			30,37%	112,66%			112,66%
Urban	% (3)/(1)	6,79%			6,79%	30,98%			30,98%
	1.Decided			2.106.300.000,00	2.106.300.000,00		305.395.502,00		305.395.502,00
	2.Committed			628.126.239,00	628.126.239,00		356.791.684,00		356.791.684,00
	3.Paid			156.854.169,00	156.854.169,00		74.895.299,00		74.895.299,00
Total	% (2)/(1)			29,82%	29,82%		116,83%		116,83%
	% (3)/(1)			7,45%	7,45%		24,52%		24,52%
	1.Decided	743.600.000,00			743.600.000,00	126.300.000,00			126.300.000,00
	2.Committed	235.700.000,00			235.700.000,00	126.300.000,00			126.300.000,00
Urban	3.Paid	64.895.290,89			64.895.290,89	21.870.815,89			21.870.815,89
	% (2)/(1)	31,70%			31,70%	100,00%			100,00%
	% (3)/(1)	8,73%			8,73%	17,32%			17,32%
	1.Decided	5.903.902.000,00	2.973.000.000,00	2.106.300.000,00	10.983.202.000,00	989.777.360,00	503.246.300,00	305.395.502,00	1.798.419.162,00
Total	2.Committed	1.802.827.710,00	959.746.073,00	628.126.239,00	3.390.700.022,00	1.099.129.020,00	503.946.300,00	356.791.684,00	1.959.867.004,00
	3.Paid	415.300.211,77	217.811.571,74	156.854.169,00	789.965.952,51	289.391.348,99	10.009.571,74	74.895.299,00	374.296.219,73
	% (2)/(1)	30,54%	32,28%	29,82%	30,87%	111,05%	100,14%	116,83%	108,98%
	% (3)/(1)	7,03%	7,33%	7,45%	7,19%	29,24%	1,99%	24,52%	20,81%

Annexe 2a: Financial execution 2002 Community Initiatives by country

Country		Period 2000-2006				Financial year: 2002			
		ERDF	ESF	EAGGF	Total SF	ERDF	ESF	EAGGF	Total SF
Belgique-België	1.Decided	21.200.000,00	74.100.000,00	15.900.000,00	111.200.000,00	3.900.000,00	13.756.000,00	2.500.000,00	20.156.000,00
	2.Committed	7.600.000,00	26.855.998,00	5.300.000,00	39.755.998,00	3.900.000,00	13.756.000,00	5.300.000,00	22.956.000,00
	3.Paid	1.484.000,00	5.198.498,44	1.113.000,00	7.795.498,44		11.498,44	1.113.000,00	1.124.498,44
	% (2)/(1)	35,85%	36,24%	33,33%	35,75%	100,00%	100,00%	212,00%	113,89%
	% (3)/(1)	7,00%	7,02%	7,00%	7,01%	0,00%	0,08%	44,52%	5,58%
Danmark	1.Decided	5.300.000,00	29.900.000,00	17.000.000,00	52.200.000,00	900.000,00	5.028.000,00	2.500.000,00	8.428.000,00
	2.Committed	1.700.000,00	9.628.000,00	5.100.000,00	16.428.000,00	900.000,00	5.028.000,00	2.500.000,00	8.428.000,00
	3.Paid	371.000,00	2.126.537,22	1.190.000,00	3.687.537,22	371.000,00	33.537,22		404.537,22
	% (2)/(1)	32,08%	32,20%	30,00%	31,47%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	7,00%	7,11%	7,00%	7,06%	41,22%	0,67%	0,00%	4,80%
Deutschland	1.Decided	148.700.000,00	514.500.000,00	262.800.000,00	926.000.000,00	25.200.000,00	86.838.000,00	38.099.000,00	150.137.000,00
	2.Committed	47.400.000,00	165.538.000,00	78.030.000,00	290.968.000,00	25.200.000,00	86.838.000,00	53.889.000,00	165.927.000,00
	3.Paid	12.946.672,56	36.015.000,00	18.441.176,00	67.402.848,56	2.537.672,56		15.520.076,00	18.057.748,56
	% (2)/(1)	31,88%	32,17%	29,69%	31,42%	100,00%	100,00%	141,44%	110,52%
	% (3)/(1)	8,71%	7,00%	7,02%	7,28%	10,07%	0,00%	40,74%	12,03%
Ellada	1.Decided	25.500.000,00	104.100.000,00	182.900.000,00	312.500.000,00	4.300.000,00	17.580.000,00	26.500.000,00	48.380.000,00
	2.Committed	8.100.000,00	33.479.775,00	54.500.000,00	96.079.775,00	4.300.000,00	17.580.000,00	26.500.000,00	48.380.000,00
	3.Paid	1.785.000,00	7.320.156,81	12.803.000,00	21.908.156,81	1.785.000,00	33.156,81		1.818.156,81
	% (2)/(1)	31,76%	32,16%	29,80%	30,75%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	7,00%	7,03%	7,00%	7,01%	41,51%	0,19%	0,00%	3,76%
España	1.Decided	112.600.000,00	515.400.000,00	496.900.000,00	1.124.900.000,00	19.100.000,00	87.056.000,00	71.997.762,00	178.153.762,00
	2.Committed	35.900.000,00	165.856.000,00	148.096.619,00	349.852.619,00	19.100.000,00	87.056.000,00	73.628.944,00	179.784.944,00
	3.Paid	13.767.008,14	36.797.461,06	34.783.000,00	85.347.469,20	5.885.008,14	719.461,06	33.957.000,00	40.561.469,20
	% (2)/(1)	31,88%	32,18%	29,80%	31,10%	100,00%	100,00%	102,27%	100,92%
	% (3)/(1)	12,23%	7,14%	7,00%	7,59%	30,81%	0,83%	47,16%	22,77%
France	1.Decided	102.000.000,00	320.000.000,00	268.100.000,00	690.100.000,00	17.300.000,00	54.056.000,00	38.900.000,00	110.256.000,00
	2.Committed	32.600.000,00	102.956.000,00	80.000.000,00	215.556.000,00	17.300.000,00	54.056.000,00	38.900.000,00	110.256.000,00
	3.Paid	7.439.477,41	24.034.312,00	18.767.000,00	50.240.789,41	1.877.557,41	1.634.312,00		3.511.869,41
	% (2)/(1)	31,96%	32,17%	29,84%	31,24%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	7,29%	7,51%	7,00%	7,28%	10,85%	3,02%	0,00%	3,19%
Ireland	1.Decided	5.300.000,00	33.900.000,00	47.900.000,00	87.100.000,00	900.000,00	5.736.000,00	6.900.000,00	13.536.000,00
	2.Committed	1.700.000,00	10.936.000,00	14.200.000,00	26.836.000,00	900.000,00	5.736.000,00	6.900.000,00	13.536.000,00
	3.Paid	371.000,00	2.597.473,00	3.353.000,00	6.321.473,00	371.000,00	224.473,00		595.473,00
	% (2)/(1)	32,08%	32,26%	29,65%	30,81%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	7,00%	7,66%	7,00%	7,26%	41,22%	3,91%	0,00%	4,40%
Italia	1.Decided	114.800.000,00	394.400.000,00	284.100.000,00	793.300.000,00	19.400.000,00	66.608.000,00	41.198.740,00	127.206.740,00
	2.Committed	36.600.000,00	126.908.000,00	84.699.620,00	248.207.620,00	19.400.000,00	66.608.000,00	68.038.740,00	154.046.740,00
	3.Paid	12.280.243,98	27.615.837,16	19.887.000,00	59.783.081,14	4.244.243,98	7.837,16	12.813.500,00	17.065.581,14
	% (2)/(1)	31,88%	32,18%	29,81%	31,29%	100,00%	100,00%	165,15%	121,10%
	% (3)/(1)	10,70%	7,00%	7,00%	7,54%	21,88%	0,01%	31,10%	13,42%
Luxembourg (Grand-Duche)	1.Decided		4.400.000,00	2.100.000,00	6.500.000,00		726.300,00	300.000,00	1.026.300,00
	2.Committed		1.426.300,00	600.000,00	2.026.300,00		1.426.300,00	300.000,00	1.726.300,00
	3.Paid		370.663,66	147.000,00	517.663,66		370.663,66	147.000,00	517.663,66
	% (2)/(1)	-	32,42%	28,57%	31,17%	-	196,38%	100,00%	168,21%
	% (3)/(1)	-	8,42%	7,00%	7,96%	-	51,03%	49,00%	50,44%
Nederland	1.Decided	29.800.000,00	208.400.000,00	82.900.000,00	321.100.000,00	5.000.000,00	35.160.000,00	12.000.000,00	52.160.000,00
	2.Committed	9.400.000,00	67.060.000,00	24.700.000,00	101.160.000,00	5.000.000,00	35.160.000,00	12.000.000,00	52.160.000,00
	3.Paid	3.075.888,56	14.588.000,00	5.803.000,00	23.466.888,56		989.888,56		989.888,56
	% (2)/(1)	31,54%	32,18%	29,79%	31,50%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	10,32%	7,00%	7,00%	7,31%	19,80%	-	0,00%	1,90%

Country		Period 2000-2006				Financial year: 2002			
		ERDF	ESF	EAGGF	Total SF	ERDF	ESF	EAGGF	Total SF
Österreich	1.Decided	8.400.000,00	102.000.000,00	75.500.000,00	185.900.000,00	1.400.000,00	17.226.000,00	10.900.000,00	29.526.000,00
	2.Committed	2.700.000,00	32.826.000,00	22.500.000,00	58.026.000,00	1.400.000,00	17.226.000,00	10.900.000,00	29.526.000,00
	3.Paid	588.000,00	7.140.000,00	6.903.630,00	14.631.630,00			1.618.630,00	1.618.630,00
	% (2)/(1)	32,14%	32,18%	29,80%	31,21%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	7,00%	7,00%	9,14%	7,87%	0,00%	0,00%	14,85%	5,48%
Portugal	1.Decided	19.200.000,00	113.800.000,00	161.600.000,00	294.600.000,00	3.200.000,00	19.250.000,00	23.400.000,00	45.850.000,00
	2.Committed	6.100.000,00	36.650.000,00	48.200.000,00	90.950.000,00	3.200.000,00	19.250.000,00	23.400.000,00	45.850.000,00
	3.Paid	1.344.001,00	10.324.126,65	17.128.113,00	28.796.240,65		2.358.126,65	5.816.113,00	8.174.239,65
	% (2)/(1)	31,77%	32,21%	29,83%	30,87%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	7,00%	9,07%	10,60%	9,77%	0,00%	12,25%	24,86%	17,83%
Suomi/Finland	1.Decided	5.300.000,00	72.300.000,00	55.400.000,00	133.000.000,00	900.000,00	12.198.000,00	8.000.000,00	21.098.000,00
	2.Committed	1.700.000,00	23.298.000,00	16.500.000,00	41.498.000,00	900.000,00	12.198.000,00	8.000.000,00	21.098.000,00
	3.Paid	371.000,00	5.130.944,48	5.811.250,00	11.313.194,48	371.000,00	69.944,48	1.933.250,00	2.374.194,48
	% (2)/(1)	32,08%	32,22%	29,78%	31,20%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	7,00%	7,10%	10,49%	8,51%	41,22%	0,57%	24,17%	11,25%
Sverige	1.Decided	5.300.000,00	86.200.000,00	40.500.000,00	132.000.000,00	900.000,00	14.576.000,00	5.900.000,00	21.376.000,00
	2.Committed	1.700.000,00	27.776.000,00	12.100.000,00	41.576.000,00	900.000,00	14.576.000,00	5.900.000,00	21.376.000,00
	3.Paid	371.000,00	6.902.513,10	2.835.000,00	10.108.513,10	371.000,00	868.513,10		1.239.513,10
	% (2)/(1)	32,08%	32,22%	29,88%	31,50%	100,00%	100,00%	100,00%	100,00%
	% (3)/(1)	7,00%	8,01%	7,00%	7,66%	41,22%	5,96%	0,00%	5,80%
United Kingdom	1.Decided	124.300.000,00	399.600.000,00	112.700.000,00	636.600.000,00	21.100.000,00	67.452.000,00	16.300.000,00	104.852.000,00
	2.Committed	39.700.000,00	128.552.000,00	33.600.000,00	201.852.000,00	21.100.000,00	67.452.000,00	20.635.000,00	109.187.000,00
	3.Paid	8.700.999,24	31.650.048,16	7.889.000,00	48.240.047,40	3.067.445,24	3.678.048,16	1.976.730,00	8.722.223,40
	% (2)/(1)	31,94%	32,17%	29,81%	31,71%	100,00%	100,00%	126,60%	104,13%
	% (3)/(1)	7,00%	7,92%	7,00%	7,58%	14,54%	5,45%	12,13%	8,32%
EU internal needs (URBACT)	1.Decided	15.900.000,00			15.900.000,00	2.800.000,00			2.800.000,00
	2.Committed	2.800.000,00			2.800.000,00	2.800.000,00			2.800.000,00
EU interregional cooperation	3.Paid				0,00				0,00
	% (2)/(1)	17,61%	-	-	17,61%	100,00%	-	-	100,00%
	% (3)/(1)	0,00%	-	-	0,00%	0,00%	-	-	0,00%
	1.Decided	3.283.510.199,00			3.283.510.199,00	531.085.347,00			531.085.347,00
EU cross border cooperation	2.Committed	976.616.297,00			976.616.297,00	583.330.604,00			583.330.604,00
	3.Paid	220.346.067,84			220.346.067,84	186.797.477,06			186.797.477,06
	% (2)/(1)	29,74%	-	-	29,74%	109,84%	-	-	109,84%
	% (3)/(1)	6,71%	-	-	6,71%	35,17%	-	-	35,17%
EU cross border cooperation	1.Decided	1.876.791.801,00			1.876.791.801,00	332.392.013,00			332.392.013,00
	2.Committed	590.511.413,00			590.511.413,00	389.498.416,00			389.498.416,00
	3.Paid	130.058.853,04			130.058.853,04	80.723.056,04			80.723.056,04
	% (2)/(1)	31,46%	-	-	31,46%	117,18%	-	-	117,18%
% (3)/(1)	6,93%	-	-	6,93%	24,29%	-	-	24,29%	
Total	1.Decided	5.903.902.000,00	2.973.000.000,00	2.106.300.000,00	10.983.202.000,00	989.777.360,00	503.246.300,00	305.395.502,00	1.798.419.162,00
	2.Committed	1.802.827.710,00	959.746.073,00	628.126.239,00	3.390.700.022,00	1.099.129.020,00	503.946.300,00	356.791.684,00	1.959.867.004,00
	3.Paid	415.300.211,77	217.811.571,74	156.854.169,00	789.965.952,51	289.391.348,99	10.009.571,74	74.895.299,00	374.296.219,73
	% (2)/(1)	30,54%	32,28%	29,82%	30,87%	111,05%	100,14%	116,83%	108,98%
% (3)/(1)	7,03%	7,33%	7,45%	7,19%	29,24%	1,99%	24,52%	20,81%	

Annex 2b : List of Major Projects

Germany	
CCI	Title
2002 DE 16 1 PR 001	Bayer Bitterfeld AG
2002 DE 16 1 PR 002	Ausbau der Schienenstrecke Berlin- Frankfurt/Oder-Grenze Deutschland/Poland
2002 DE 16 1 PR 003	Neubau der Bundesautobahn A17 von Dresden (B173) - Tschechische Republik
2002 DE 16 1 PR 004	A113, B96 and B96a
2002 DE 16 1 PR 004	Neubau der Bundesstrasse B 6n in den Abschnitten Wernigerode-Blankenburg und Quedlinburg-Bernburg
2002 DE 16 1 PR 006	Neubau der Bundesautobahn A71 AD Oberrödingen (A 38)- AS Erfurt-Bindersleben
2002 DE 16 1 PR 007	B96n (Federal Road A 20 Rügen)
2002 DE 16 2 PR 001	Zollverein
2002 DE 16 2 PR 002	Propylen Pipeline
2003 DE 16 1 PR 001	Salziger See
2003 DE 16 1 PR 002	AMD Piesteritz
Spain	
CCI	Title
2001 ES 16 1 PR 001	Circunvalacion de Las Palmas
2001 ES 16 1 PR 002	Autovía: Albacete-Murcia-Tramo: Albacete-Venta del Olivo
2001 ES 16 1 PR 003	Presa de la Breña II
2001 ES 16 1 PR 004	Desaladora de Agua Marina de Carboneras en Almería
2001 ES 16 1 PR 005	Autovía A-49 Sevilla -Frontera Portuguesa. Tramo: San Juan del Puerto-Enlace de Lepe
2002 ES 16 1 PR 001	Gran Telescopio de Canarias, SA
2002 ES 16 1 PR 002	Amoliacion de la Darsena de Escombreras en Cartagena
2002 ES 16 1 PR 003	Ampliacion del Puerto de Castellon
2002 ES 16 1 PR 004	Autovía Ruta de la Plata CN-630-Construccion del tramo Enlace de Gerena-Enlace de Camas
2002 ES 16 1 PR 005	Autovía Ciudad Real-Atalaya de Cañavate-Tramo : Enlace de Miguelturra-Enlace de Daimiel
2002 ES 16 1 PR 006	Autovía de Castilla-La Mancha-Tramo: Abia de la Obispalia y Cuenca
2002 ES 16 1 PR 007	Ampliacion Puerto del Ferrol (Puerto Exterior)
2002 ES 16 1 PR 008	Autovía A-381 Tramo: Jerez- Los Barrios, Provincia de Cádiz
2002 ES 16 1 PR 009	Autovía de la Plata.CN-630 de Gijon a Sevilla. Tramo:Plasencia (Sur)- Canaveral(Este)
2002 ES 16 1 PR 010	Presa del Arenoso
2002 ES 16 1 PR 011	Autovía A-92 Sur, Guadix-Almería, Tramo Hueneja-Intersección N-340
2002 ES 16 1 PR 012	Linea Ferroviaria de alta velocidad entre Cordoba y Malaga
2002 ES 16 1 PR 013	Autovía de Castilla. Tramo Martín de Yeltes-Ciudad Rodrigo
2002 ES 16 1 PR 014	Planta de Regasificación de gas natural licuado en la isla de Gran Canaria
2002 ES 16 1 PR 015	Impulsion de la IDAM de Carboneras, Almería
2002 ES 16 1 PR 016	Glapiik, A.I.E.
2002 ES 16 1 PR 017	Solmed Galvanizados, S.L.
2002 ES 16 1 PR 018	Asturiana de Zinc, S.A.
2002 ES 16 1 PR 019	CONEXION ALMANZORA-PONIENTE ALMERIENSE FASE I - TRAMO VENTA DEL POBRE-NIJAR EN ALMERIA
2002 ES 16 1 PR 020	Autopista Santiago de Compostela-Orense, Tramo: Santiago de Compostela-Alto de Santo Domingo
2002 ES 16 1 PR 021	Autovía del Cantabrico. Carretera Nacional 632, de Ribadesella a Luarca. Tramo: Grases(Villaviciosa)-Infanzon (Gijon)
2002 ES 16 1 PR 022	Delphi Automotive System España, S.A.
2002 ES 16 1 PR 023	Construcción del nuevo Hospital General Universitario de Murcia
2002 ES 16 1 PR 024	Autovía del Cantabrico. Carretera Nacional 632, de Ribadesella a Luarca. Tramo: Soto del Barco-Muros de Naón
2002 ES 16 1 PR 025	Conducción Júcar-Vinalopó
2002 ES 16 1 PR 026	Autovía Alacant-Alcoi y Villena Ibi (Tramo: Rambla de Rambuchar-Catalla)
2002 ES 16 1 PR 027	Maspalomas Resort S. L.
2002 ES 16 1 PR 028	Dupont Iberica, S. L.
2002 ES 16 1 PR 029	Autovía de la Plata. Tramo Valverde de la Virgen-Ardón
2003 ES 16 1 PR 001	Nueva Carretera de acceso al Puerto de Castellón
2003 ES 16 1 PR 002	Fibras del Noroeste S. A.
2003 ES 16 1 PR 003	Bioetanol Galicia S. A.
2003 ES 16 1 PR 004	Autovía del Mediterraneo CN-240- Tramo: Nerja-Almuñecar
2003 ES 16 1 PR 005	Autovía del Cantabrico. Carretera Nacional 632, de Ribadesella a Luarca. Tramo: Vegarrozadas- Soto del Barco
France	
CCI	Title
2001 FR 16 2 PR 001	Port 2000 Le Havre
2001 FR 16 2 PR 002	Route Nationale 106 (Lanquedoc-Roussillon)
2001 FR 16 2 PR 003	Grand Projet ATMEL
2002 FR 16 1 PR 001	Deviation de Sainte-Marie (Ile de la Réunion)
2002 FR 16 2 PR 001	Cap'Decouverte
2002 FR 16 2 PR 002	Grande Halle d'Auvergne
2002 FR 16 2 PR 003	ATMEL ROUSSET(Bouches du Rhône) Phase 3
2002 FR 16 2 PR 004	Pilkington-Glass France à Seingbouse
2002 FR 16 2 PR 005	Tunnel du Lioran
2003 FR 16 1 PR 001	SEVELNORD
2003 FR 16 2 PR 001	Lenglet

UK	
CCI	Title
2001 GB 16 1 PR 001	Merseyside Special Investement Fund
2001 GB 16 1 PR 002	South Yorkshire Investment Fund
2001 GB 16 1 PR 003	Finance Wales
2002 GB 16 1 PR 001	Infrastructure Investement- Combined Universities in Cornwall (C.U.C.)
2002 GB 16 1 PR 002	Infrastructure investment - Frenchgate interchange, Doncaster, South Yorkshire
2002 GB 16 1 PR 003	Gas Pipeline-NI programme
2002 GB 16 1 PR 004	Infrastructure Investement- South Yorkshire e-Learning Programme (SYeLP)
2002 GB 16 1 PR 005	Infrastructure Investment- Northern Ireland Natural Gas Project- Gas Pipelines from Gormanstown (Republic of Ireland) to Antrim and from Carrickfergus to Londonderry
2002 GB 16 2 PR 001	Request for confirmation of the rate of assistance-productive investment obj 2 priority 5 Yorkshire and the Humbner Partnership Investment Fund
2002 GB 16 2 PR 002	Edinburgh Biomedical Research Institute GB PR
2003 GB 16 2 PR 001	Productive Investment: Objective 2 Finance Wales and Transitional Objective 2 Finance Wales Investment Funds
Greece	
CCI	Title
2003 GR 16 1 PR 001	Developpement du tram d'Athènes
2003 GR 16 1 PR 002	Renouvellement de la flotte des bus et des trolleybus Ethel-Ilpap
2003 GR 16 1 PR 003	Thessaloniki East Ring Road from km 4 to km 12 (measure 1.6 of the ROP)
2003 GR 16 1 PR 004	extension, amélioration et modernisation de l'aéroport de Thessalonique - Makedonias
2003 GR 16 1 PR 005	Hôpital Agioi Anargyroi
Ireland	
CCI	Title
2001 IE 16 1 PR 001	ESIOP
2002 IE 16 1 PR 001	Purchase of Diesel Railcars
2002 IE 16 1 PR 002	Infrastructure Investement-Nothern Ireland Natural Gas Project-Gas Pipelines from Gormanstown (Republic of Ireland) to Antrim and from Carrickfergus to Londonderry
2002 IE 16 1 PR 003	N8 Watergrasshill By-Pass
2002 IE 16 1 PR 004	N11 Rathnew/Ashford By-Pass
2002 IE 16 1 PR 005	N18 Hurlers Cross By-Pass
2002 IE 16 1 PR 006	N22 Ballincollig By-Pass
Portugal	
CCI	Title
2001 PT 16 1 PR 001	Terminal de Regasificacao de Gas Natural Liquefeito à Sines-PO Alentejo
2001 PT 16 1 PR 002	Armazenagem subterrânea de Gas Natural no Carriço(Pombal)
2001 PT 16 1 PR 003	Linha do Douro-Remodolação do Troço Côte-Caide
2001 PT 16 1 PR 004	IC 10 - Ponte sobre o Tejo em Santarem e acessos imediatos
2001 PT 16 1 PR 005	Metro de PORTO
2001 PT 16 1 PR 006	Prolongamento da Linha Amarela-Campo Grande/Odivelas
2001 PT 16 1 PR 007	Plano de Expansão do Aeroporto de Faro PT PR
2002 PT 16 1 PR 001	Aquisição de 29 Unidades Multiplas Electricas par a Unidade de Suburbnos do Grande Porto
2002 PT 16 1 PR 002	EPCOS-Peças e Componentes Electrónicos SA
2003 PT 16 1 PR 001	CIMPOR-Industria de Cimentos S.A.
2003 PT 16 1 PR 002	INFINEON TECHNOLOGIES
2003 PT 16 1 PR 003	MABOR CONTINENTAL
2003 PT 16 1 PR 004	Plano de Expansão do Aeroporto Sá Carneiro

ANNEX 3

Financial Monitoring of FIFG

Measure	Service	Forecast commitments	Committed before Dec.2002
Point A: Studies			
Study on fish consumption – part-financed by Eurostat (J. Soenens)	C-0	25 290	SI2.345676
Study on genetic engineering in aquaculture (FISH/2002/14)	C-4	44 715	SI2.348700
Sub-total		70 005	
Point B: Technical Assistance, information and exchanges of experience			
Communication and information about the structural aspect of the CFP:	D-2		
- <i>Audiovisual files (image bank)</i>		116 159	SI2.342584
- <i>Participation in Seafood 2003</i>		107 273	SI2.339533
- <i>Poster on processing industry</i>		18 678	SI2.347610
Meetings of experts		75 000	SI2.333926
External experts	C-1		
Sub-total		317 110	
Point C: Computerised monitoring and evaluation systems			
Maintenance and development of the Fishing Vessel Register	A-2		
		30 720	SI2.334892
		61 107	SI2.339969
		98 560	SI2.345442
Sub-total		190 387	
Point D : Evaluation			
Ex post evaluations of FIFG assistance in 1994-1999	C-1	357 310	SI2.348182
Sub-total		357 310	
TOTAL		934 812	

Monitoring implementation of the Structural Funds

DG FISH-1
Monitoring implementation of the Structural Funds 1994-1999
Situation at 31/12/02

Country	Total programme according to latest decision	Commitments 1994-2001	Decommitments 1994-2001	Commitments 1994-2002	Remaining to be committed/ decommitted	Payments 1994-2001	Payments 2002	Payments 1994-2002	Theoretical balance to be paid	Commitments currently outstanding	
B21050 -1994-1999 programmes - ex Obj. 1											
Belgium	1.619.000	1.619.000	0	1.619.000	0	912.000		912.000	707.000	S94=0,074 ; S95=0,154 ;1AV99=0,240 ; 2AV99=0,143 ; S99=0,096	707.000
Denmark	0	0	0	0	0	0		0	0		0
Germany	73.824.000	75.751.000	-1.927.000	73.824.000	0	71.354.000		71.354.000	2.470.000	S99	2.470.000
Greece	135.100.000	142.394.000	-7.294.000	135.100.000	0	119.135.000		119.135.000	15.965.000	S99	15.965.000
Spain	1.037.690.000	1.122.280.000	-84.590.000	1.037.690.000	0	990.196.000		990.196.000	47.494.000	2AV99=1,350 ; S99=46,144	47.494.000
France - Corsica	3.336.000	5.764.000	-2.428.000	3.336.000	0	2.926.300		2.926.300	409.700	S99	409.700
France - Guadeloupe	4.398.049	4.398.049	0	4.398.049	0	3.380.238		3.380.238	1.017.811	2AV99=0,458 ; S99=0,560	1.017.811
France - French Guiana	6.451.000	7.461.000	-1.010.000	6.451.000	0	5.912.665		5.912.665	538.335	S99	538.335
France - Martinique	7.500.000	7.500.000	0	7.500.000	0	4.863.766		4.863.766	2.636.234	S97=0,060 ; S98=0,427 ; 2AV99=1,290 ; S99 =0,860	2.636.234
France - Réunion	3.887.000	3.887.000	0	3.887.000	0	2.364.500	462.181	2.826.681	1.060.319	2AV99=0,406 ; S99=0,654	1.060.319
Ireland	48.770.900	50.702.900	-1.932.000	48.770.900	0	43.792.240		43.792.240	4.978.660	S99	4.978.660
Italy	219.670.000	244.803.000	-25.133.000	219.670.000	0	191.650.800		191.650.800	28.019.200	S99	28.019.200
Luxembourg	0	0	0	0	0	0		0	0		0
Netherlands	11.357.000	11.927.000	-570.000	11.357.000	0	7.603.100		7.603.100	3.753.900	S98=0,695 ; 2AV99=1,835 ; S99=1,223	3.753.900
Austria	0	0	0	0	0	0		0	0		0
Portugal - Mainland	164.127.000	164.127.000	0	164.127.000	0	149.795.000		149.795.000	14.332.000	S99	14.332.000
Portugal - Azores	25.945.000	25.945.000	0	25.945.000	0	22.820.600		22.820.600	3.124.400	S99	3.124.400
Portugal - Madeira	15.200.000	15.200.000	0	15.200.000	0	13.716.537		13.716.537	1.483.463	S99	1.483.463
Finland	0	0	0	0	0	0		0	0		0
Sweden	0	0	0	0	0	0		0	0		0
UK - Highlands & Islands	24.265.000	37.642.000	-13.377.000	24.265.000	0	23.413.200		23.413.200	851.800	S99	851.800
UK - Northern Ireland	18.620.000	18.620.000	0	18.620.000	0	16.884.000		16.884.000	1.736.000	S99	1.736.000
UK - Merseyside	51.082	80.000	-28.918	51.082	0	40.000		40.000	11.082	STU97	11.082
Subtotal	1.801.811.031	1.940.100.949	-138.289.918	1.801.811.031	0	1.670.759.946	462.181	1.671.222.127	130.588.904		130.588.904
B21050 - 1994-1999 programmes - ex Obj. 6											
Finland	4.140.000	4.140.000	0	4.140.000	0	3.607.200	0	3.607.200	532.800	S99	532.800
Sweden	4.120.000	4.120.000	0	4.120.000	0	3.509.953	0	3.509.953	610.047	S99	610.047
Subtotal	8.260.000	8.260.000	0	8.260.000	0	7.117.153	0	7.117.153	1.142.847		1.142.847
Total 94-99	1.810.071.031	1.948.360.949	-138.289.918	1.810.071.031	0	1.677.877.099	462.181	1.678.339.280	131.731.751		131.731.751
B21050 - programmes < 1994											
Former programmes < 1994											6.329.823
Total < 94	0			0	0	0	0	0	0		6.329.823

DG FISH-1
Monitoring implementation of the Structural Funds 1994-1999
Situation at 31/12/02

Country	Total programme according to latest decision	Engagements 94-01	Dégagements 94-01	Dégagements 01	Net commitments 1994-2002	Reste à engager /dégager	Payments 1994-2001	Payments 2002	Payments 1994-2002	Theoretical balance to be paid	Commit-ments currently outstanding	
B21310 - 1994-1999 programmes - ex Obj. 5a												
Belgium	25.434.000	27.727.000	-2.293.000		25.434.000	0	20.347.200		20.347.200	5.086.800	STU	5.086.800
Denmark	132.983.000	136.060.711	-3.077.711		132.983.000	0	121.487.800		121.487.800	11.495.200	S99	11.495.200
Germany	77.338.000	78.891.000	-1.553.000		77.338.000	0	74.518.400		74.518.400	2.819.600	S99	2.819.600
Greece	0	0	0		0	0	0		0	0		0
Spain	124.160.000	132.131.000	-7.971.000		124.160.000	0	118.514.000		118.514.000	5.646.000	S99	5.646.000
France	197.135.000	209.203.000	-12.068.000		197.135.000	0	176.968.000		176.968.000	20.167.000	S99	20.167.000
Ireland	0	0	0		0	0	0		0	0		0
Italy	114.520.000	130.109.000	-15.589.000		114.520.000	0	95.709.000		95.709.000	18.811.000	S99	18.811.000
Luxembourg	1.125.000	1.125.000	0		1.125.000	0	330.000		330.000	795.000	STU	795.000
Netherlands	45.876.000	47.838.000	-1.962.000		45.876.000	0	16.814.100		16.814.100	29.061.900	2AV99=20,7585 ; S99=8,3034	29.061.900
Austria	2.103.000	2.103.000	-42.997		2.060.003	0	2.060.003		2.060.003	0	Closure (decommitment of €42.997)	0
Portugal	0	0	0		0	0	0		0	0		0
Finland	24.222.000	24.222.000	0		24.222.000	0	19.377.600		19.377.600	4.844.400	STU	4.844.400
Sweden	42.085.000	42.085.000	0		42.085.000	0	37.550.600		37.550.600	4.534.400	S99	4.534.400
UK	63.450.000	63.807.000	-357.000		63.450.000	0	58.321.000		58.321.000	5.129.000	S99	5.129.000
Subtotal	850.431.000	895.301.711	-44.913.708	0	850.388.003	0	741.997.703	0	741.997.703	108.390.300		108.390.300
B21310 - 1994-1999 payments - 2% FIG												
2% FIG								356.272				98.627
Total								356.272				108.488.927

DG FISH -1
Monitoring implementation of the Structural Funds 1994-1999
Situation at 31/12/02

Country	Total programme according to latest decision	Commitments 1994-2001	Decommitments 1994-2002	Commitments 1994-2002	Remaining to be committed/ decommitted	Payments 1994-2001	Payments 2002	Payments 1994-2002	Theoretical balance to be paid	Commitments currently outstanding	
B21440 - 1994-1999 programmes - ex Pesca											
Belgium	2.552.000	2.552.000	0	2.552.000	0	2.005.600	0	2.005.600	546.400	S99	546.400
Denmark	9.003.000	9.003.000	0	9.003.000	0	7.202.400	0	7.202.400	1.800.600	S99	1.800.600
Germany (1)	1.391.000	4.490.000	-2.575.000	1.915.000	-524.000	1.915.000	0	1.915.000	-524.000	To be recovered	0
Greece	11.599.000	11.599.000	0	11.599.000	0	9.204.800	0	9.204.800	2.394.200	S99	2.394.200
Spain	24.319.204	24.319.204	0	24.319.204	0	21.162.419	0	21.162.419	3.156.785	2AV99=0,820; S99=2,337	3.156.785
France	10.672.000	21.403.000	-10.731.000	10.672.000	0	8.537.600	0	8.537.600	2.134.400	S99	2.134.400
Ireland	3.512.775	4.321.000	-808.225	3.512.775	0	3.456.800	0	3.456.800	55.975	S99	55.975
Italy	10.533.290	10.970.125	0	10.970.125	-436.835	8.426.632	0	8.426.632	2.106.658	S99	2.543.493
Luxembourg	0	0	0	0	0	0	0	0	0		0
Netherlands	3.638.000	5.720.000	-2.082.000	3.638.000	0	2.915.000	0	2.915.000	723.000	S99	723.000
Austria	0	0	0	0	0	0	0	0	0		0
Portugal	25.661.000	25.661.000	0	25.661.000	0	20.528.800	0	20.528.800	5.132.200	S99	5.132.200
Finland	2.050.000	2.050.000	0	2.050.000	0	120.640.000	0	120.640.000	-118.590.000	S99	410.000
Sweden	2.666.000	2.666.000	0	2.666.000	0	2.132.800	0	2.132.800	533.200	S99	533.200
United Kingdom	9.012.000	9.012.000	0	9.012.000	0	6.672.600	0	6.672.600	2.339.400	2AV99=0,783; S99=1,556	2.339.400
Subtotal	116.609.269	133.766.329	-16.196.225	117.570.104	-960.835	214.800.451	0	214.800.451	-98.191.182		21.769.653
B21440 - 1994-1999 programmes - other CIs											
Ex B21410 - Interreg	2.676.000			2.676.000	0	2.141.600	0	2.141.600	534.400	STU	534.400
Ex B21412 - Peace Ireland	1.041.000			1.041.000	0	871.800	0	871.800	169.200	STU	169.200
Ex B21412 - Peace UK - Northern Ireland	1.274.150			1.274.150	0	1.064.920	0	1.064.920	209.230	STU	209.230
Ex B21440 - Regis II Guadeloupe	381.123			381.123	0	114.337	0	114.337	266.786	2AV + STU	266.786
Ex B21440 - Regis II French Guiana (2)	118.700	500.000	-350.000	150.000	-31.300	150.000	0	150.000	-31.300	Recoveries issued: €53.106,04 - €28.316,49 - €5040 (total €136.463)	0
Ex B21440 - Regis II Réunion	231.000			231.000	0	205.800	0	205.800	25.200	S99	25.200
Subtotal	5.721.973	500.000	-350.000	5.753.273	-31.300	4.548.457	0	4.548.457	1.173.516		1.204.816
Total	122.331.242	134.266.329	-16.546.225	123.323.377	-992.135	219.348.908	0	219.348.908	-97.017.666		22.974.469
B21440 - 1994-1999 programmes - networks											
Networks							178.257				195.014
Total							178.257				23.169.483

(1) Germany: €524.000 is to be recovered since the payments were made prior to the latest reprogramming, which reduced the total FIGG contribution to €1.391.000.

(2) REGIS II - French Guiana: Subject to verification, the programme will be closed at €13.537,47. Since recovery orders were issued for an amount of €136.463, no decommitments are required.

Objective 1 - PEACE - B21041

Country	Total FIG programming 2000-2006	Commitments 2000 instalment	Commitments 2001 instalment	Commitments 2002 instalment	Commitments 2000-02	Payments on account 7% 2000	Payments on account 7% 2001	Interim payments 2001	Interim payments 2002	Payments 2000-2002
Ireland - Peace II	2.700.000,00	500.000,00 ⁽¹⁾	500.000,00	500.000,00	1.500.000,00	0,00	189.000,00		0,00	189.000,00
UK - Peace II	16.995.000,00	150.000,00 ⁽¹⁾	150.000,00	150.000,00	450.000,00	0,00	53.200,00		0,00	53.200,00
Total B2101	19.695.000,00	650.000,00	650.000,00	650.000,00	1.950.000,00	0,00	242.200,00	0,00	0,00	242.200,00

⁽¹⁾ €50.000 relating to the 2000 instalment committed in 2001 from C3 appropriations

Total B2101 and B21041	2.569.810.329,00	328.245.260,00	382.700.497,00	387.911.299,00	1.098.857.056,00	157.771.022,00	20.979.582,00	134.208.579,56	241.494.406,51	554.453.590,07
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EX MOROCCO - B2200

Country	Specific measures	Commitments 2000 instalment	Commitments 2001 instalment	Commitments 2002 instalment	Commitments 2000-02	Payments on account 2000	Payments on account 2001	Interim payments 2002	Payment on account 2002	Payments 2000-02
Spain	156.362.000,00			145.002.205,00	145.002.205,00				36.894.000,00	36.894.000,00
Spain pollution	30.000.000,00			30.000.000,00	30.000.000,00					
Portugal	10.638.000,00			9.989.555,00	9.989.555,00				2.106.000,00	2.106.000,00
Total B2101	197.000.000,00	0,00	0,00	184.991.760,00	184.991.760,00	0,00	0,00	0,00	39.000.000,00	39.000.000,00

DG FISH-1
Monitoring Structural Funds programming 2000-2006
Situation at 31/12/02
Non-Objective 1 - B2130

Country	Total FIGF programming 2000-2006	Commitments 2000 instalment	Commitments 2001 instalment	Commitments 2002 instalment	Commitments 2000-02	Payments on account 7% 2000	Payments on account 7% 2001	Interim payments 2001	Payments on account 7% 2002	Interim payments 2002	Payments 2000-02
Germany	111.200.000,00	15.600.000,00	15.900.000,00	16.300.000,00	47.800.000,00	7.784.000,00				1.905.476,00	9.689.476,00
Austria	4.200.000,00	600.000,00	600.000,00	600.000,00	1.800.000,00	294.000,00		449.294,36		875.147,59	1.618.441,95
Belgium	35.300.000,00	4.900.000,00	5.000.000,00	5.200.000,00	15.100.000,00	0,00	2.471.000,00			827.906,00	3.298.906,00
Denmark	204.500.000,00	28.700.000,00	29.200.000,00	29.900.000,00	87.800.000,00	14.315.000,00		0,00		16.529.479,68	30.844.479,68
Spain	207.500.000,00	29.100.000,00	29.700.000,00	30.400.000,00	89.200.000,00	14.525.000,00		12.421.304,88		18.456.516,31	45.402.821,19
Finland	32.100.000,00	4.500.000,00	4.600.000,00	4.700.000,00	13.800.000,00	2.247.000,00				1.361.689,00	3.608.689,00
France	233.700.000,00	32.800.000,00	33.400.000,00	34.200.000,00	100.400.000,00	16.359.000,00				11.202.198,00	27.561.198,00
Italy	99.600.000,00	14.000.000,00 ⁽¹⁾	14.200.000,00	14.600.000,00	42.800.000,00	0,00	6.972.000,00	5.843.519,02		13.151.707,95	25.967.226,97
Netherlands	32.100.000,00	0,00	4.600.000,00 ⁽²⁾	5.600.000,00	10.200.000,00	0,00			2.247.000,00		2.247.000,00
United Kingdom	125.500.000,00	17.600.000,00	17.900.000,00	18.300.000,00	53.800.000,00	0,00	8.785.000,00			5.524.072,00	14.309.072,00
Sweden	62.300.000,00	8.700.000,00	8.900.000,00	9.100.000,00	26.700.000,00	4.361.000,00		24.024,29		3.366.021,64	7.751.045,93
Total B2130	1.148.000.000,00	156.500.000,00	164.000.000,00	168.900.000,00	489.400.000,00	59.885.000,00	18.228.000,00	18.738.142,55	2.247.000,00	73.200.214,17	172.298.356,72
									2002 ->	75.447.214,17	

⁽¹⁾ €14.000.000 relating to the 2000 instalment committed in 2001 from C3 appropriations

⁽²⁾ €4.600.000 relating to the 2001 instalment committed in 2002 from C3