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TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS

*The New Regional programmes 1997-1999
under Objective 2 of the Community's Structural Policies - focusing on
job-creation*

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I. INTRODUCTION

Purpose of the Communication - an overview of the new Objective 2 programmes

During the first half of 1997, the Commission approved the 65 new Single Programming Documents (SPDs) and, in the case of Spain, a Community Support Framework (CSF) for the industrial regions in decline (Objective 2). This (Communication encompasses the principal elements of Community assistance programmed in favour of the Objective 2 regions for this second programming period 1997-1999. It complements a similar document covering both the Objective 1 and 2 programmes approved in 1994⁽¹⁾. The SPDs for Austria and Sweden have not, however, been included in this paper since these two Member States opted for a 5-year Objective 2 programming period 1994-1999 and summaries of their Objective 2 programmes may also be found within a separate Commission Communication ⁽²⁾ covering all the new Member States.

From a cross-reading of the texts, the Communication summarises the expected impact of this assistance on the economic development of the beneficiary regions, especially in terms of employment and, inter-alia, the extent to which the policy priorities for Objective 2 outlined in guidance provided by the Commission to Member States ⁽³⁾ have been taken into account. The guidelines for Objective 2 actions reflect the Union's general strategy for employment as, for example, in the Commission's Confidence Pact for Employment, or more recently, in the Amsterdam Resolution of June 1997 which enshrined the priority to be given to fighting unemployment.

The distribution of resources between the Funds (ERDF and ESF) by region is shown at **Annex 1** and a breakdown by expenditure category is provided at **Annex 2**. Summaries of the key elements of the Programming Documents by Member State are given at **Annex 3**, in particular their Regional Development Strategies, Priorities and Expected Impacts. **Annex 4** provides an overall assessment of expected results in terms of job-creation and maintenance (the new programmes forecast the creation or maintenance of 880,000 gross jobs), with **Annex 5** listing the Territorial and Local Employment Pacts being pursued in the Objective 2 regions.

⁽¹⁾ COM(95) 111 final of 29 March 1995, The new regional programmes under Objectives 1 and 2 of the Community's structural policies.

⁽²⁾ Communication of the Commission on the implementation of E.U. Regional Policies in Austria, Finland and Sweden. COM(96)316 final of 3 July 1996.

⁽³⁾ C(96)952 final of 29 April 1996, Note for Guidance concerning operations in the declining industrial areas (Objective 2) for the second programming period 1997-1999.

Two separate programming periods - taking account of new priorities

In the interests of making the decision-making procedure as straightforward as possible for the new Objective 2 programming period, the Commission considered the possibility of expanding the 1994-1996 Programming Documents to the end of 1999. This took account, in particular, of views expressed at the Informal Meeting of Ministers in Venice on 3-4 May 1996 regarding the desirability of continuity in Objective 2 interventions. However, it was decided to proceed on the basis of two separate Objective 2 programming periods in conformity with Article 9(6) of the Framework Regulation. This approach was also considered by the Commission to be the most acceptable in terms of effective financial management whilst also providing greatest opportunity for increasing the quality and effectiveness of programmes in the light of the Objective 2 guidelines (see below), especially in terms of job-creation.

II. THE CONTEXT OF THE NEW PROGRAMMES

The informal meeting of Ministers in Madrid - a preliminary debate

Changes made as part of the revision of the Structural Funds regulations in 1993 had established an approach to the selection of Objective 2 regions based primarily on the need for close cooperation between the Member States and the Commission. In these circumstances, lengthy negotiations were required to reach agreement on the list of eligible regions and, subsequently, to agree the Objective 2 Programming Documents for the period 1994-1996. This meant that final discussions could only take place during the second half of 1994 with the delays having also been exacerbated, in the view of some Member States, by a lack of clarity regarding the Commission's priorities under Objective 2.

In this regard, the Informal Meeting of Ministers responsible for regional policy and spatial planning which took place in Madrid towards the end of 1995 provided an opportunity for a preliminary debate on the second Objective 2 programming period 1997-1999. Whereas Member States supported, in principle, the increased concentration of Structural Funds resources on the worst affected areas, it was agreed that a complementary thematic concentration was the prime requirement at that time, particularly concerning measures with a short to medium-term impact on job-creation. The Commission was asked to make its priorities known as soon as possible in order to assist the programming work that the Member States needed to do.

The eligible regions - continuity with the previous period

Compared to the previous period 1994-1996, the list of regions eligible under Objective 2 for the new period therefore remained largely unaltered apart from some minor changes within certain Member States⁽⁴⁾. The percentage of population eligible for Objective 2 however remained unchanged at the level of each Member State and overall Objective 2 coverage, amounting to 16.4 % of the total population of the European Union, also therefore stayed the same as in 1994-1996.

Financing - increased resources

The funding available for 1997-1999, in line with the Structural Funds budget profile agreed at the 1992 Edinburgh European Council, amounted to some ECU 8.2 billion (at 1997 prices). This comprised a real increase of 13.8 % compared to the previous programming period 1994-1996. On the basis of preliminary estimates, an amount of around ECU 859 million of unutilised resources will be transferred from the previous period and this has also been added to the total. As shown in the table below, the proportion of 1994-1996 funding to be transferred varies from 23 to 26% for Finland (1995-96), Italy, Luxemburg and Netherlands to between 5 and 7 %, for Denmark, Germany and U.K., representing an average carry-over of resources unused from 1994-1996 of about 12 %. The overall resources available for the second Objective 2 programming period therefore amount to **ECU 9.148 billion**.

Ecu millions

MEMBER STATES	1997-1999	Carried-over from 1994-6	% Carry- over	TOTAL 1997-1999 (inc. carry-over)
BELGIUM	187.398	28.749	18 %	216.147
DENMARK	65.539	2.693	5 %	68.232
GERMANY	861.077	40.056	5 %	901.133
SPAIN	1328.923	156.123	14 %	1485.046
FRANCE	2037.721	208.556	12 %	2246.280
ITALY	798.000	169.745	24 %	967.745
LUXEMBURG	8.066	1.771	25 %	9.837
NETHERLANDS	361.975	80.144	26 %	442.119
FINLAND	119.148	16.145	23 %	135.293
UNITED KINGDOM	2520.718	155.059	7 %	2675.777
TOTAL	8288.565	859.041	12 %	9147.609

⁽⁴⁾ OJ N° L 193/54 of 3 August 1996 refers.

The Objective 2 guidelines - the paramount priority for jobs

The Note for Guidance transmitted by the Commission to the Member States on 30 April 1996 established **job-creation** as the paramount priority for the new Objective 2 programmes 1997-1999, especially by improving production structures and raising qualification levels in the work force. The guidelines similarly emphasised that a concentration on productive investment to improve the growth and competitiveness of industry required any proposed financing of basic infrastructure to be specifically justified in terms of regional development needs. Such investments also had to be integrated within and directly contribute to the synergy and objectives of the overall programme, in particular to the safeguarding of existing and the creation of new jobs.

The overall aim of safeguarding and promoting employment was underpinned by four specific priorities:

- Competitiveness and Development of SMEs.

This implied a focus on indigenous potential and better analysis of local business needs as well as meeting the challenges posed, for example, by the emergence of the Information Society and the need for total quality management. In complementary fashion to the focus on indigenous potential, attention needed to be paid, by means of local development and employment initiatives, to developing new sources of employment to meet new needs not yet having found an adequate response. In this context, specific training adapted to owners and managers, as well as adaptation of the workers' skills, would contribute to the stability and growth of SMEs.

- Research and Development, Innovation and a Labour-force qualified in future technology

With research and development facilities generally already in place in higher and further educational institutions, the use of existing assets needed to be optimised and improvements made in industrial cooperation and joint ventures. The practical application of research results and technology transfer to local business and industry was also a key aim of R&D investment financed by the Structural Funds in Objective 2 regions. The new programmes should increasingly provide for training linked to the job opportunities afforded by technological innovation in order to ensure a supply of qualified workers.

- **Environment and Sustainable Development**

In recognising the complementary nature of the environment and regional development, measures might be pursued under two main themes. Firstly, tackling past industrial damage and improving the physical environment as a factor for increasing the attractiveness of the region for business development. Secondly, exploiting eco-products, environmental services and technologies as a potential source of future competitive advantage. Appropriate provision for promoting environmental training and awareness also needed to be included in programmes.

- **Equal opportunities**

The promotion of equality of opportunity between men and women in the new Objective 2 programmes might include measures aimed at reconciling family and professional life, increasing employment opportunities for women and the provision of facilities for distance learning and other training.

Apart from the programme priorities outlined above, evaluation of the 1994-1996 Objective 2 programmes had also indicated a number of ways in which the content and quality of conversion plans and Programming Documents might be improved for the 1997-1999 period. The guidelines therefore included a reminder of the need for improvements in the application of the principles of partnership and additionality and for the inclusion of quantified indicators of impact, especially as regards job-creation.

III. THE CONTENT AND QUALITY OF THE PROGRAMMES

With the Objective 2 list of eligible regions for 1997-1999 having been established on 8 May 1996, the large majority of Member States' conversion plans were submitted to the Commission by the end of August-September of that year in accordance with the regulatory provisions in this regard.

i) The frame of reference.

a) Lessons of the past

Although not all evaluations of the 1994-1996 programmes had been completed when the programmes were being prepared, a number of the new SPDs demonstrated that lessons had been learnt from the previous programming period and incorporated into their preparation phase. This related in particular to the context, analysis and design of the strategy. A good example related to the plan for Aquitaine (F), where the evaluators played an important role in re-designing the strategy along clear and well-argued objectives, as well as reinforcing synergies within the programme. In general, plans based partly or wholly on evaluations or lessons learnt from previous programmes appear to have benefited from clearer and better focused strategies as a result.

h) Ex-ante appraisal

Likewise, in conformity with Article 9(9) of the Framework Regulation, and in the interests of increasing their overall quality and effectiveness, all the plans were subsequently the subject of ex-ante appraisal, particular attention being paid by the assessors to the following elements:

- the extent to which the priorities outlined in the Commission guidelines had been taken into account in the plans, and the degree to which they had been integrated within the proposed measures;
- the quality of analysis of the area concerned, including the identification of the principal barriers to sustained growth and the identification of development potential;
- an appreciation of the strategy presented in each SPD, especially the coherence between the declared objectives and the resources devoted to their achievement;
- the appropriateness of quantified indicators and targets, particularly with regard to key impacts on regional GDP, employment and the environment. As regards job-creation, a particular issue was the degree to which the Commission's guidelines on the evaluation of employment effects⁽⁵⁾ had been pursued especially in relation to the clarity and transparency of the supporting calculations.
- With regard to the environment, the key issues concerned the quality of the environmental assessment of the area concerned and the environmental impact of the strategy and related actions presented by the Member States.

Where the evaluators identified shortcomings in the plans initially submitted, (see below) joint efforts were, of course, made to improve their content and quality during negotiation of the Programming Documents. Key issues were as follows:

i) Respect of the Objective 2 guidelines

In general, the proposed programmes included the policy areas emphasized in the guidelines although the content and quality of their integration into the proposed plans varied considerably between the regions. **Employment** remained the main focus of all the programmes, although the effects of certain of the proposed measures on job creation were sometimes regarded by the evaluators as being too limited or indirect. As a result, in a number of instances, e.g. U.K., the negotiations resulted in an increased allocation to measures better able to create quality jobs in the regions.

⁽⁵⁾ Technical Note on Ex-ante estimation of employment effects from Structural Funds interventions (available as "Counting the jobs - How to evaluate the employment effects of Structural Fund interventions" - DG XVI Series : EVALUATION and Documents No 1, January 1997).

Most plans also favoured the promotion of **SMEs** and **indigenous potential** as a driving force of regional economies. A number of measures related to the **environment** but some were initially too focused on support for activities such as environmental and operational improvements to general infrastructure and services rather than on business opportunities arising from environmental technologies. Even so, it is evident that the latter activities are also being carried out to some degree through generic R&D and sectoral development measures. Indeed, **R&D** and **innovation** - related actions were recognized in many programmes as an important element in a strategic approach which sought to develop competitive and sustainable local businesses.

The principle of **Equality of Opportunities** between men and women had not always been fully addressed in the plans at the outset although this aspect had been strengthened in the SPDs finally agreed, especially in relation to the previous programming period.

(ii) SWOT analyses

The plans were generally well presented and their strategies were consistent with the economic development context. SWOT (Strengths, Weaknesses, Opportunities and Threats) analyses were used in a more systematic way, although there was still scope for improvement, including linking this methodology to the translation of strategies into priorities and measures. Negotiation of the **Danish** SPD, for example, resulted in the analysis of the socio-economic situation being significantly expanded and updated with the latest figures on the regions' conditions, needs and opportunities.

(iii) Strategic aims and objectives

The strategic approaches varied widely in terms of structure and contained differing degrees of geographical and sectoral orientation. In most cases, there was a strong degree of **continuity** of strategy between the new programmes and the previous period. Strategic aims were expressed in many forms, with job-creation the most frequently mentioned aspect in the plans. Within the global aim of achieving economic development, some programmes focused on absolute (or relative) improvements in certain socio-economic criteria such as employment, population and income. Other strategic statements gave prominence to the conversion processes, e.g. diversification, modernisation or the target priorities of the strategy, e.g. SMEs.

Almost all plans had clearly presented, explicit strategic objectives, contributing to a further development of the strategic statement. In general, the plans contained four or five strategic objectives although these did not necessarily relate to the size of a programme, being more usually a measure of its complexity or number of development aspects. Examples of aims embodied in strategic objectives included the growth of specific sectors such as tourism and transport, the exploitation of assets such as location and RTD facilities, start-ups of small businesses and promoting diversification of industrial activities, strengthening competitiveness or greater entrepreneurial activity. Some also highlighted horizontal aspects of economic development, such as environmental sustainability and equal opportunities. In particular, many plans contained some sectoral targeting (e.g. the **French** and **Italian** Plans) or “drivers for change” (U.K.) or in the **Dutch** strategies, where there was an emphasis on the potential of knowledge-based approaches to develop new forms of economic activity.

(iv) Targeting of measures

In general, measures were consistent with the strategic objectives and the priorities of the plans. The focus of strategies was often over a broad range of interventions, rather than on a few crucial aspects of economic reconversion, although this made complementarities and synergies more difficult to achieve. SMEs and indigenous potential were the main target in almost all plans, in particular in **Italy** where the proportion of resources devoted to these actions represented more than 50% of total funding. Although the accuracy of targeting of training actions was not always satisfactory, this may partly be due to the horizontal nature of human resources measures - some improvement can, however, be seen in the U.K., for example, where “labour market strategic groups” will provide information in order to adapt ESF priorities to the local labour market specificities. Environment was one of the key priorities in regional development strategies although its overall role in resource terms remained relatively small with 5.2% of total Objective 2 funding directly related to environmental measures. It should be stressed, however, that special attention was paid in certain plans to particular environmental aspects. For example, in **Zuid Limburg (NL)**, the focus was on the relationship between jobs and environment; in the **Finnish** plan important innovative environmental measures were presented while in **Denmark** environmental actions were fully integrated within other programme measures.

The integration of ERDF and ESF measures was relatively improved compared to the previous period 1994-1996. Examples of good practice could be identified in a number of regions (**Bremen**, **Tuscany**, some **Dutch** regions) where management and coordination of training actions have been enhanced at local level.

(v) Quantification of objectives and impacts

An initial lack of quantification of objectives and outputs including employment effects and absence of baseline data was one of the most disappointing features of the plans originally submitted although substantial progress was made subsequently in this regard. A particular example in this respect related to the SPDs for **France** where elements missing from the initial proposals were established in the course of the negotiations relating, for example, to socio-economic analysis, base indicators and environmental information.

Concerning the impact on employment, the methodological framework on Ex-ante Quantification of Employment Effects transmitted to the Member States (see earlier) was generally little used. A notable exception, among others, was the **Aquitaine (F)** SPD, where the Commission's methodology had been widely followed and proved to be effective for monitoring and evaluation purposes. Nonetheless, as shown later in this Communication, significant overall progress was achieved compared to 1994-1996 in the assessment of the number of jobs created or maintained as a result of interventions under Objective 2.

(vi) Environment appraisals

The majority of plans provided a strategic environmental assessment and addressed a number of environmental issues. Whereas the provision of quantitative indicators generally required further attention, some plans presented detailed information following a standard matrix format detailing the possible environmental impacts of measures. Moreover, the links between measure and programme level also generally needed improving and there was rarely mention in plans of the "polluter pays" principle or information on its concrete application. In this regard, however, a good example was the **Finnish** plan which was not only exemplary for innovative environmental measures, but also for the proposed ex-ante evaluation of environmental impacts as well as the association of environmental authorities in decision making, monitoring and evaluation.

Indeed, the association of the environmental authorities had generally improved although any deficiencies such as the above also serve to highlight the crucial importance of their participation in the programming phase in order to achieve a balanced and successful plan in terms of sustainable development.

c) Respect of the principles of partnership and additionality

Partnership

Most plans included a commitment to ensure the full involvement and ownership of the programme by the partners, as well as integrating the Objective 2 programmes with the other regeneration initiatives operating in the area concerned. Although the participation of the economic and social partners was not always well defined, the types of consultation undertaken with partner organizations included, for example, those in **Western Scotland (U.K.)** in the form of workshops, seminars and written questionnaires.

Additionality

Under the principle of additionality each Member State has to maintain, in the whole of its territory concerned by a given Objective, its eligible public structural or comparable expenditure at least at the same level as in the previous programming period. In the case of Objective 2 for the period 1997-1999 this meant that each Member State concerned had to ensure globally, for all of its Objective 2 regions taken together, the same level of expenditure as in 1994-1996.

Establishing additionality again, however, proved difficult, either because of problems in gathering the required information or in verifying the data received. Indeed, for the majority of the new Objective 2 Programming Documents, it was necessary to introduce a clause into the Decisions suspending Community payments after the first advance pending ex-ante verification of the additionality principle. Nonetheless, the Programming Documents for **Germany** and **Finland**, having provided satisfactory ex-ante demonstrations of additionality, were able to be approved without the introduction of such a clause. In the case of the **U.K.** and **Denmark**, the clause was able to be withdrawn from the final Decisions after the requirements had been met subsequent to the Commission's initial approval in principle.

ii) The added-value from the negotiations

Negotiation of the new Programming Documents mostly took place from October/November 1996 onwards and, as indicated above, provided an opportunity to increase the quality and effectiveness of programmes in various ways, particularly in the light of the results of evaluation, including the Objective 2 guidelines and the paramount priority of job creation. In a number of instances, for example, the negotiations resulted in increased importance being given to measures which promised most job-creation. The negotiations sometimes also provided an opportunity to rethink programmes from the bottom-up. More detailed information on the key elements of added value from the negotiations is provided at the end of each of the summary fiches by Member State at **Annex 3**.

iii) Analysis of the development priorities

Expenditure categories

The following provides an overall analysis of agreed Objective 2 financing on the basis of the four main expenditure categories (plus Technical Assistance) contained in the table at **Annex 2** attached. In line with the integrated approach, both ERDF and ESF financing is included within each category. It should also be borne in mind that the expenditure breakdown encompasses certain differences of classification or interpretation, for example in the definition of 'environmental' as opposed to 'regeneration' measures. A degree of overlap between such sectors is also inevitable. The analysis incorporates illustrations from the Programming Documents, especially where examination of the financial annexes indicates that significant expenditure has been devoted to a type of action in a region, as well as other noteworthy or innovative examples. In this regard, particular attention has also been given, again with appropriate examples, to assessing the extent to which the Objective 2 guidelines have been taken into account in the priorities and measures.

The global distribution between expenditure categories was as follows:

- Productive Environment - includes all types of measures to improve the growth and competitiveness of industry and businesses, especially SMEs, as well as diversification from declining industry, for example into tourism, and supporting infrastructure where this is justified by development needs: **47.4%** (45.2% in 1994-1996);
- Human Resources - primarily training measures and employment aids with particular emphasis given to the need for continuing training focused on those integrated into the world of work but who need further training, experience and reskilling to ensure they can meet the existing or anticipated demand of the region. This also encompasses R&D particularly where linked to training in the jobs of the future. **33.8%** (34.1% in 1994-1996);
- Planning and Regeneration - the improvement and laying out of run-down industrial and urban areas including the reclamation of contaminated land, any necessary on-site infrastructure as well as certain directly linked environmental measures: **12.3%** (13.7% in 1994-1996);
- Environment - measures linked to the protection of the environment, for example to promote "green" tourism, promoting clean technologies, new methods of production, the treatment and recycling of industrial waste and water, etc: **5.2%** (5.7% in 1994-1996).
- Technical Assistance **1.3%**

Distribution of credits by Fund

As indicated earlier, the new programmes have been established on the basis of the Plans proposed by the regions and Member States. The interventions described are therefore the result of the definition of regional needs in the light of the diversity and differing requirements of the regions concerned. Similarly, the respective shares of the Funds are not the result of pre-determined "quotas" but the reflection of needs and priorities agreed in partnership. Overall, the distribution of credits between the Funds resulting from the different priorities selected in the SPDs (and CSF) for 1997-99 (see **Annex 1**) has remained the same as for the previous period:

ERDF : 77% and ESF : 23%

This ranged from the lowest average proportion of ERDF (66%) and consequently highest ESF (34%) in NL to the highest ERDF (82%) and lowest ESF (18%) in F.

Expected impact on employment

Substantial progress has been made in the quantification of employment effects in the 1997 - 1999 SPDs. In 55 SPDs, detailed estimates were provided at measure level corresponding to around 66% of total EU funding. Most of these programmes focus on jobs created or safeguarded as a result of the interventions. They generally refer to gross jobs, and do not take account of dead-weight, displacement or other indirect effects. Notable exceptions providing specific estimates of net job creation are some UK and French SPDs.

Data on gross job maintenance have been collected from agreed SPDs, excluding those containing only global estimates. The overall results are at **Annex 4**. A reclassification of the data has been made according to the main areas of intervention in order to compare their relative efficiency in terms of average cost per job. The interpretation of these figures is, however, subject to caution given the non-use of a standard methodology (see earlier) in the various regions for estimating employment effects.

On the basis of these data, which would require further refinement, it is estimated that almost 880,000 gross jobs are expected to be either created, saved or redistributed as a result of Objective 2 interventions over the 1997-99 period. This order of magnitude is, according to recent evaluations, around the same as for the programmes carried out over the 1989-93 period. Temporary jobs represented a relatively small proportion of the overall employment effects, i.e. over 100,000 jobs for seven Member States. The three main recipient Member States, **France, Spain and the U.K.** which account for around 70% of total EU Objective 2 funding, contribute to more than two-thirds of the gross jobs.

The average public funding per job is estimated at over ECU 13,800. Taking only EU cost, i.e. ERDF and ESF funding, the equivalent figure corresponds to around ECU 6,100. Considerable variation exists in the EU cost per job, ranging from an average of around ECU 4,400 in **Spain** to an average of around ECU 24,000 in **Denmark**. One explanation for this lies in the choice of priorities pursued in the various Objective 2 strategies. Where, for instance, infrastructure investment is a priority, the job creation effects appear to take longer to become apparent than elsewhere and this will be reflected in a higher cost per job than in other regions where the emphasis is on for example, SME support which has more immediate impacts.

Productive Environment

The Objective 2 guidelines emphasised the need to continue efforts towards improving the regional competitiveness of the productive sector. Conversely, expenditure on any supporting infrastructure (see below) required specific justification in terms of its role in the development of the productive sector and its contribution to the safeguarding and creation of jobs. Financing of MECU 4,337 has been allocated to the productive sector in the new programmes, comprising **47.4%** of total Objective 2 expenditure 1997-1999 (compared to 45.2% in the previous period)

Industry and services - all types

Around 25% of total funding for the productive environment (MECU 1088) has been devoted to general investments for the benefit of industry and services. The largest expenditure in this area has been in the **U.K.** (MECU 564) representing 40% of that country's finance for the productive environment sector. **France** (MECU 252) accounts for the other main expenditure by Member States on industry and services.

Spatial Development Priorities

In North East England (U.K) such investments (amounting to MECU 138.7 or 36% of its total Objective 2 allocation) are focused on measures within Priority 3 for Strategic Regional Developments as well as Priority 4 concerning Community Economic Development - for an explanation of the latter, see below. Actions under the former Priority are aimed both at the physical regeneration of strategic areas and the development of specified sectors with significant job-creation potential. Activities include cultural and tourism development packages and support for the co-ordination of the activities of economic development and employment agencies. Human resource development is also included - both training actions and non-training actions such as skills audits and labour market research.

Supporting existing industry as well as developing new activities

Although the region of Rhône-Alpes (F) is also seeking to develop other activities and attract inward investment, the maintenance of existing industry still underpins its main economic strategy. This is reflected in the SPD's First Priority for the Support and Conversion of Existing Activities financed with MECU 50, or 33% of total programme resources. The four measures within this Priority include direct support for business (improving production techniques through new technology, quality management, non-material investment in commercial strategy, human resources management etc.); developing new businesses (provision of common services, technology transfer, incubating new enterprises); developing the services sector (acquisition of new skills, needs analysis, provision of research and higher education facilities) and encouraging investment in human resources development (skills audits, targeted training etc.).

SMEs

In overall terms 16% of total Objective 2 resources have been specifically allocated to the SME sector. A priority was given in the **Objective 2 Guidelines** to strengthening the competitiveness and internationalisation of SMEs, including through improving SME management, access to financial services and industrial cooperation. This was complemented by the need for **total quality management** and the role of modern Information and Communications Technology (ICT) in the context of the **Information Society**.

Strengthening SME competitiveness

The only major programme specifically aimed at SMEs in the German SPDs concerns Nordrhein-Westfalen with expenditure of MECU 47.7. It includes amongst its objectives increasing the number of SMEs as well as preparing them for global competitiveness. Actions for achieving the latter are centred around aspects such as securing the capital financing of businesses (including the provision of interest rebates), the qualification of workers and the introduction of new technology.

Advising SMEs on the Information Society

In Piemonte (I), MECU 71.2, comprising almost a quarter of total programme resources, is being provided under Priority 3 for the Dissemination of Technological Innovation and Information Society. This primarily concerns the incubation of new businesses, particularly within Technology Parks. It also includes a new measure to give information and advice to SMEs concerning the Information Society.

Local Development and Employment Initiatives (LDEIs)

The Commission's Communication to the Council⁽⁶⁾ on developing new sources of employment to meet unmet local needs was highlighted in the **Objective 2 guidelines**. In the case of the U.K. this aspect, which takes the form of a more specific geographically targeted approach, features in almost all its SPDs within priorities for Community Economic Development. The aim is to concentrate resources on the worst-off and socially marginalised communities within eligible areas. For 1997-1999 this represents a new priority for Thanet while in Industrial South Wales the existing actions have been strengthened and now comprise a dedicated priority.

⁽⁶⁾ COM (95) 273 of 13 June 1995 on a strategy for encouraging local development and employment and job creation initiatives

Community Economic Development

Priority 5 for Community Economic Development in Yorkshire & Humberside (U.K.) comprises 25% (MECU 99.7) of the region's total Objective 2 budget. The Priority aims to develop the skills of targeted communities in contributing to economic regeneration and combat the exclusion of residents from economic opportunity. Actions will be carried out under three main measures: Helping Communities to help themselves; Access to Work and Getting Communities into Work. They include the preparation of community audits (including human resources) and area needs assessments, the provision of community facilities delivering training, employment and enterprise development services, improved public transport for deprived communities to town and city centres and industrial development sites. ESF support will be made available for actions which include the promotion of entrepreneurship, re-skilling and skill extension to national standards and support for childcare or other dependants linked to training or employment.

In Belgium a new Priority for the Local Economy has been introduced into the programme for Turnhout. Local Development and Employment Initiatives will include actions to meet local needs in the field of culture, environment and energy sources. Similar approaches in Limburg are aimed at creating 100 new jobs, of which at least half would be for women.

Territorial and Local Employment Pacts

At their meeting in Florence in June 1996, the Community's Heads of State and government approved the Commission's guidelines⁽⁷⁾ for increasing the impact of Community structural measures on employment. In particular, and as advocated by the Commission in its Confidence Pact for Employment, they recognized the advantages of broader and deeper application of the partnership principle at the appropriate territorial level when implementing such measures. The Dublin European Council in December 1996 reaffirmed these guidelines in its Declaration on Employment and called for rapid implementation of about sixty innovative pilot projects to be turned into Territorial and Local Employment Pacts, with the national authorities in each Member State selecting the candidate regions or cities. Following the Commission's Interim Progress Report on the Implementation of Territorial Pacts for Employment⁽⁸⁾ to the Amsterdam European Council of June 1997, some 90 pact proposals were reported to be in the course of development. The Council particularly welcomed the positive response of Member States to its invitation to propose candidates for pilot projects.

⁽⁷⁾ COM(96) 109 final of 20 March 1996 on Community Structural Assistance and Employment

⁽⁸⁾ CSE(97) 3 final of 10.06.1997. Commission Communication on the Interim Progress Report on the Implementation of Territorial Pacts for Employment.

Annex 5 lists the 12 projects for Employment Pacts eligible within Objective 2 regions including details of the main partners involved and the provisional action plan priorities. The table also indicates where Pacts principally comprise ESF measures under Objective 3 (**Champagne-Ardenne, Nord-Pas de Calais, Pays de la Loire, F**) or Objective 4 (**Bremen, D**). The classification of the Pact for **Abruzzi (I)** reflects that region's transition from Objective 1 to Objective 2 status.

Employment Pacts

The aim of the Territorial Employment Pact for **Saint-Herblain**, a suburb of Nantes (**Pays de la Loire, F**) is to build on previous successful initiatives and create a similar dynamic for the creation of jobs. The local plan for economic integration was aimed at tackling an unemployment level which had reached 17% mainly as a result of a decline in local industries (shipbuilding, agri-food). Previously unemployed people were engaged by the Town Hall to manage cultural or sporting events. Other jobs were created in the private sector to provide local services for families or old people and also, for example, in waste recycling. A total of 352 unemployed people had benefited by the end of 1996 (304 with jobs, 48 with a professional qualification). The new Pact will similarly involve local authorities, training bodies, associations and firms and seek to develop further new sources of employment.

In **Nordrhein Westfalen (D)** the three coal-mining areas, which are covered almost entirely by Objective 2 programmes, will be linked by a network of three Pacts aimed at developing new services to replace jobs lost in declining industry. The Action Plan for the Pact includes the promotion of innovation and technology as well as improving the location factors of the region as a whole. The Pact partnership includes the Government of the Land, towns, businesses, Chambers of Commerce, representatives of trade and industry, university and research institutes and the trade unions.

Tourism

As in 1994-1996, the U.K., France and Italy have devoted the most significant resources to tourism with an average of 17% (MECU 211, MECU 178 and MECU 105 respectively) of productive sector resources allocated to the sector. However, although total resources for the sector have increased, there has been a small reduction in the overall percentage allocated to tourism compared to the previous period.

Promoting the region as an international tourist destination.

Expenditure of MECU 18.288 in Nord-Pas-De-Calais (F) continues with measures for the construction of recreational, cultural or sports tourist facilities and the creation of conditions for private investment in this sector. The overall aim is to position the region as an international destination, especially for short-stay visitors within short travelling distance (TGV, Channel tunnel, motorways, airports). Key targets include increasing the number of visitors by 1 million and overnight stays by 150,000.

The SPD for Industrial South Wales (U.K.) will be seeking to develop the tourism potential of Cardiff as an international city from which the region as a whole would benefit. On the basis of a tourism strategy for the region, expenditure of MECU 23.094 (19% of total productive sector resources) will finance the upgrading of existing tourist facilities and attractions, develop a limited number of strategic flagship projects and implement marketing initiatives.

Support infrastructure

As indicated earlier, the approach sought with regard to the provision of supporting infrastructure has been to try to ensure that it indeed supported the development of the productive sector and would require specific justification in this respect. Total expenditure in this area amounts to MECU 1,210 or around 28% of total productive sector (13% of total Objective 2). Indeed, in some Member States infrastructure provision was reduced during negotiation of the programme, for example in Finland where this was reduced from 13% to 10% of the budget with an agreement to explore the possibilities of loan finance from the EIB.

Human Resources

Just over one third (MECU 3092) of the total Objective 2 budget has been devoted to the development of Human Resources as a whole (including RTD aspects) with the major expenditure in U.K. and France. Amongst the priorities of the **Objective 2 Guidelines** in this area was to target training in an SME context towards owners and managers and adapt vocational qualifications to the process of technological and organisational innovation. Again, it is important to appreciate that human resources development is a horizontal aspect which constitutes a fundamental element for strengthening all priorities.

Management development

A measure for Competitiveness Through People development and integration within the largest UK programme (**West Midlands**) encompasses actions for management development and the upskilling of managers and supervisors in SMEs, vocational training and customized training for SMB employees as well addressing any perception by SMEs that employee skill development was unimportant.

Training for jobs

Of the smaller programmes, MECU 33.8 (31.5% of the region's Objective 2 resources) is being provided in **Zuidoost-Brabant (NL)** on measures for the training and education of the employed and unemployed, including for tourism and urban environment projects. Labour market activities will provide labour pools to provide opportunities for the unemployed to gain working experience, facilitate the transfer of technical knowledge and preserve the expertise of older (unemployed) workers. The ESF will also support ERDF measures by professionalizing voluntary occupations and new local employment initiatives (see above) in social care in deprived neighbourhoods.

Training facilities

Overall financing of training facilities and related equipment, at MECU 120, comprises less than 1% of the global Objective 2 budget. Such expenditure appears primarily in eight of the SPDs for **France**, of which the largest project (MECU 13.8) includes the construction or renovation of existing facilities and the provision of training material in **Nord-Pas de Calais**.

Equal Opportunities

Compared to the previous programming period, the aspect of equal opportunities has been strengthened in all the Objective 2 programmes for the period 1997-1999, although this priority generally appears as a horizontal objective and not at the measure level. In the actions funded by the ESF, equal opportunities for women and men is more often taken into account than in those funded by the ERDF which are usually gender neutral. Gender specific background statistics concerning unemployment are usually provided in the programmes.

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In overall terms, expenditure on RTD and innovation increased by 77% from MECU 691 in 1994-96 to MECU 1226 in 1997-99 (from 10% to 13% of total Objective 2 financing). The major investors in this area were the U.K. and France (with relatively high investment also in Finland) with MECU 327 and MECU 322 respectively representing 12% and 14% of these countries' total Objective 2 funding.

Encouraging SMEs to invest in innovation and RTD

In West Midlands (U.K.) expenditure of MECU 85.6 (19% of total Objective 2) is financing a Priority for Innovation, Technology and R&D development in the region which is designed to encourage SMEs to become more involved in the development and take-up of new technologies. The priority is being implemented in the context of a Regional Innovation Strategy through three main measures : Helping People to Create and Sustain Innovative Organisations (including training actions for innovation and R&D, actions aimed at improving awareness of the business potential of telematics, increasing 'benchmarking' expertise to facilitate development of best practices.); Market and Technology Vision (to encourage SMEs to make long-term investment in innovation, R&D and Technology transfer through a process of strategy and vision development); Exploitation and Development of Regional Intellectual Capital (to provide the infrastructure, information and support base necessary to engage SMEs in Innovation, R&D and Technology Transfer.

Planning and Regeneration

Expenditure on the planning and regeneration of both industrial sites and urban areas in the Objective 2 regions amounts to MECU 1,121 or around 12% of Objective 2 as a whole.

Industrial sites

The larger Member States are spending between 8 and 10% of their Objective 2 allocations in this area but with Germany at 15%, primarily through expenditure of MECU 112.7 in Nordrhein-Westfalen. A quarter of this region's Objective 2 resources continues to be devoted to this aspect where the regeneration of industrial wasteland and the renovation of buildings, mainly for use by SMEs, are amongst the most important measures. The creation of more than 24,000 jobs is expected from these activities.

Urban areas

France remains the biggest investor of Objective 2 resources in the urban sector with expenditure of MECU 207 or 9 % of its total funding. In Haute-Normandie MECU 14.8 is, for example, being provided under a Priority for Improving the Urban Environment. Measures include restructuring of urban areas, the provision of public transport and cycle zones as well as actions targeted on the most run-down areas aimed at improving the quality of life and the establishment of local businesses and services (see LDEIs).

Environment

The Objective 2 Guidelines considered the pursuit of sustainable development under two main themes: firstly, by increasing the attractiveness of the region by tackling past industrial damage and improving the physical environment (see Planning and Regeneration above) and secondly by exploiting eco-products, environmental services and technologies. The latter included the promotion of environmental training as a factor for economic advantage.

An overall sum of MECU 479 (MECU 397 in 1994-96) is being provided for measures in the environmental field during 1997-99 although other expenditure, notably for the regeneration of industrial and urban sites will also have an environmental impact. Indeed, one of the features of the new programmes has been the way in which the environment has been horizontally integrated within other programme priorities.

Integrating the Environment

One example of the horizontal integration of environmental aspects is the SPD for Finland which contains new proposals for expert assessment groups to establish the impact of projects on the environment before funding decisions are taken. In Denmark environmental actions are fully integrated within other programme measures.

Investing in environmental technology

Excluding expenditure on urban regeneration measures, MECU 28, comprising 18% of Tuscany's (I) total Objective 2 expenditure is providing financial incentives to firms investing in clean technology. This includes recycling and energy saving and innovative production techniques to reduce CFCs and CO². Infrastructures for the treatment and recycling of industrial waste and also for the monitoring and control of areas at risk are also being given support. Aims include the involvement of 30 firms and to improve the treatment capacity of industrial waste by 12,000,000m³ per year.

In Berlin (D), MECU 33.3 will be spent on measures for business and industry within the Environmental Programme and the 'Initiative for a future Ecological Economy'. These will lead to benefits estimated to reduce the consumption of drinking water by 54,000 m³ per annum and the quantity of waste water by 45,000 m³. Less primary energy consumption (85,000 Mwh) will lead to savings in raw materials of 6,000 tonnes a year.

During negotiation of the Programming Documents, the Commission insisted on the application of 'Environmental Profiles' whereby all plans had to include: an appraisal of the environmental situation in the region concerned; an evaluation of the impact of the strategies and operations contained in the plan in terms of sustainable development and the arrangements made to associate the competent environmental authorities designated by the Member States in the preparation and implementation of the Programming Documents.

IV. CONCLUSIONS

The Commission's Cohesion report⁽⁹⁾ recognized that the Objective 2 regions faced particular difficulties in meeting the challenges of international competition and in sharing in the Union's general prosperity including the opportunities created by the Single Market. The immediate priority for Community assistance had been in reducing dependence on outmoded activities through a process of restructuring and diversification, especially by developing an indigenous business culture.

In the new Objective 2 programmes for 1997-1999 more incentives have been provided, for example, for investments which promote employment-intensive growth and sustainable development. The importance of Human Resources Development implies ensuring a better skilled workforce through improved access to adapted and quality training, the promotion of entrepreneurship and increased links between training and employment systems, companies and research structures. In order to improve innovative skills, it has also been important to adopt a more targeted approach to schemes for encouraging Research and Technological Development, technology transfers and the development of research results into marketable products. Such schemes need to be fully integrated with the economic and Research, Technology and Innovation (RTDI) system in the region or locality. Stepping up local production and services, including in the cultural and social fields, also represents a considerable reservoir of new jobs.

Similarly, in recasting its structural policies for the next programming period, the Union recognises the continuing problems of economic and social conversion, especially in the most prosperous Member States. And this not only in regions of industrial decline, but also in rural zones lacking economic diversification and suffering depopulation, in urban areas with little economic activity and high pockets of unemployment as well as in fisheries zones in difficulty. An integrated approach, accompanied by local efforts to develop synergies between the various EU programmes and initiatives, will therefore be essential in future, taking account in particular of levels of unemployment as well as the degree of industrial or agricultural activity and social exclusion.

The new Objective 2 programmes for 1997-1999 already reflect significant progress in many of the areas outlined above. Whilst summarising the key elements and expected impacts of the current programmes, this Communication, in highlighting areas where more still needs to be done, may also contribute to the approach to economic and social conversion after 1999.

⁽⁹⁾ COM(96) 542 final of 6 November 1996 : First Report on Economic and Social Cohesion.

Breakdown by Funds and by regions of the Objective 2 CSFs and SPDs 1997-1999
Répartition par Fonds et par régions des Docup et CCA objectif 2 1997-1999
Aufgliederung nach Fonds und Ziel-2-Regionen der GFK und EPD 1997-1999

	Millions d'écus		
	FEDER	FSE	TOTAL
Belgique	173,1	43,1	216,1
<i>Aubange</i>	1,0	0,0	1,0
<i>Limburg</i>	51,0	16,9	67,8
<i>Meuse-Vesdre</i>	95,1	19,3	114,4
<i>Turnhout</i>	26,0	6,8	32,9
Allemagne	639,9	261,2	901,1
<i>Bayern</i>	13,7	6,0	19,8
<i>Bremen</i>	35,8	19,3	55,1
<i>Hessen</i>	26,5	3,5	30,0
<i>Niedersachsen</i>	33,3	16,6	49,9
<i>Nordrhein-Westfalen</i>	336,0	114,6	450,6
<i>Rheinland-Pfalz</i>	17,9	9,6	27,6
<i>Saarland</i>	41,6	17,3	58,9
<i>Schleswig-Holstein</i>	11,8	6,3	18,1
<i>West-Berlin</i>	123,3	67,9	191,2
Danemark	52,7	15,5	68,2
<i>Lolland</i>	9,3	4,5	13,8
<i>Nordjylland</i>	43,4	11,0	54,4
Espagne	1132,4	352,6	1485,0
<i>Aragón</i>	78,8	29,7	108,4
<i>Baléares</i>	12,6	2,6	15,2
<i>Cataluña</i>	559,6	150,1	709,7
<i>La Rioja</i>	15,7	2,6	18,4
<i>Madrid</i>	153,5	58,8	212,2
<i>Navarra</i>	20,4	7,2	27,6
<i>Pais Vasco</i>	291,9	101,7	393,5
France	1852,1	394,2	2246,3
<i>Alsace</i>	17,2	4,8	21,9
<i>Aquitaine</i>	108,5	24,0	132,5
<i>Auvergne</i>	69,4	12,9	82,3
<i>Basse-Normandie</i>	66,0	14,3	80,3
<i>Bretagne</i>	101,6	16,7	118,3
<i>Bourgogne</i>	58,8	10,9	69,7
<i>Centre</i>	32,1	5,9	38,0
<i>Champagne-Ardenne</i>	97,1	16,7	113,8
<i>Franche-Comté</i>	47,7	8,5	56,2
<i>Haute-Normandie</i>	127,8	36,4	164,2
<i>Languedoc-Roussillon</i>	85,1	13,8	98,9
<i>Lorraine</i>	143,5	30,1	173,6
<i>Midi-Pyrénées</i>	43,0	10,0	53,0
<i>Nord-Pas-de-Calais</i>	309,0	66,4	375,4
<i>Pays de la Loire</i>	130,5	32,0	162,5
<i>Picardie</i>	108,0	31,6	139,6
<i>Poitou-Charentes</i>	51,4	11,4	62,9
<i>Provence-Alpes-Côte d'Azur</i>	131,4	23,0	154,4
<i>Rhône-Alpes</i>	124,0	24,9	148,9

Breakdown by Funds and by regions of the Objective 2 CSFs and SPDs 1997-1999
Répartition par Fonds et par régions des Docup et CCA objectif 2 1997-1999
Aufgliederung nach Fonds und Ziel-2-Regionen der GFK und EPD 1997-1999
 (suite)

Millions d'écus

	FEDER	FSE	TOTAL
Italie	782,7	185,1	967,7
<i>Emilia-Romagna</i>	11,3	2,8	14,2
<i>Friuli-Venezia Giulia</i>	28,0	11,2	39,2
<i>Lazio</i>	62,4	14,6	76,9
<i>Liguria</i>	92,5	37,0	129,5
<i>Lombardia</i>	26,2	7,8	34,0
<i>Marche</i>	27,7	3,3	31,0
<i>Piemonte</i>	259,9	49,6	309,5
<i>Toscana</i>	128,9	30,0	158,9
<i>Umbria</i>	42,1	11,0	53,1
<i>Valle d'Aosta</i>	13,2	0,3	13,5
<i>Veneto</i>	90,5	17,3	107,8
Luxembourg	8,0	1,8	9,8
Pays-Bas	292,3	149,9	442,1
<i>Arnhem-Nijmegen</i>	51,9	24,9	76,8
<i>Groningen-Zuidoost Drenthe</i>	75,0	38,0	113,1
<i>Twente</i>	50,8	28,6	79,4
<i>Zuid Limburg</i>	42,0	23,6	65,5
<i>Zuidoost-Brabant</i>	72,5	34,8	107,3
Finlande	105,528	29,765	135,293
Royaume-Uni	2014,2	661,6	2675,8
<i>Eastern Scotland</i>	110,7	29,2	139,9
<i>East Midlands</i>	84,9	28,8	113,7
<i>Gibraltar</i>	4,8	1,2	6,1
<i>Greater London (East London and the Lee Valley)</i>	76,4	25,2	101,7
<i>Industrial South Wales</i>	200,8	53,6	254,4
<i>North East England</i>	282,2	96,2	378,4
<i>North West England (Greater Manchester, Lancashire and Cheshire)</i>	289,8	115,0	404,9
<i>Plymouth</i>	31,3	7,2	38,6
<i>Thanet</i>	18,5	3,9	22,4
<i>West Cumbria and Furness</i>	24,0	8,4	32,4
<i>West Midlands</i>	333,5	114,7	448,2
<i>Western Scotland</i>	263,6	70,9	334,5
<i>Yorkshire and Humberside</i>	293,5	107,2	400,7
TOTAL	7053,0	2094,6	9147,6
Ventilation par Fonds	77,1%	22,9%	100,0%

Contribution of the Structural Funds to Objective 2 development expenditure for the period 1997-1999
Contribution des Fonds structurels aux dépenses de développement objectif 2 pour la période 1997-1999
Beitrag der Struckturfonds am den Entwicklungsausgaben in Ziel 2 für die Periode 1997-1999

Mecu

	Belgique	Danemark	Allemagne	Espagne	France	Italie	Luxem- bourg	Pays-Bas	Royaume- Uni	Finlande	TOTAL	%
Environnement productif	114	37	327	699	955	508	2	214	1404	70	4330	47,4%
<i>Industries et services</i>	66	12	113	494	428	309	2	100	966	46	2535	27,7%
- Tous types d'industries et services	44	12	54	0	252	77	2	57	564	26	1088	11,9%
- PME	22	0	59	494	176	233	0	43	402	20	1447	15,8%
Tourisme	15	9	13	0	178	105	0	43	211	11	586	6,4%
Infrastructures de soutien	34	17	201	205	349	94	0	71	227	13	1210	13,2%
Ressources humaines	69	30	378	518	729	241	4	177	897	49	3092	33,8%
<i>Formation, emploi</i>	30	15	242	260	351	171	2	143	570	14	1799	19,7%
<i>Centres de formation, équipements</i>	0	0	2	0	56	9	0	0	0	0	67	0,7%
<i>Recherche & Développement</i>	38	15	134	258	322	61	2	34	327	35	1226	13,4%
Aménagement et réhabilitation	19	0	142	89	396	135	1	41	298	5	1126	12,3%
<i>Sites industriels</i>	19	0	142	0	189	98	1	35	273	0	757	8,3%
<i>Zones urbaines</i>	0	0	0	89	207	37	0	6	25	5	370	4,0%
Protection de l'environnement	8	0	45	167	131	70	4	0	45	5	474	5,2%
Assistance technique	6	1	10	12	35	14	0	10	32	3	122	1,3%
TOTAL	216	68	901	1485	2246	968	10	442	2676	133	9145	100,0%

BELGIUM

Background

Between 15 April 1997 and 24 July 1997, the Commission adopted the four Single Programming Documents (SPDs) for the Belgian regions of **Limburg, Turnhout, Aubange and Liège** eligible for assistance from the Structural Funds under Objective 2.

The total contribution of the Funds (including unused resources amounting to MECU 26 transferred from the previous programming period 1994-1996) amounts to MECU 216 (ERDF 80 %, ESF 20 %) distributed as follows :

	MECU		MECU
Limburg	67.8	Liège	114.4
Turnhout	32.8	Aubange	1.0

Regional Development Strategies

The strategic aim of the SPDs for both **Limburg and Turnhout** is for the creation of jobs through socio-economic development without harming the environment. The strategy for **Aubange** seeks to integrate recently introduced large businesses into the economic fabric of the area, in particular by stimulating links between businesses through sub-contracting, R&D, logistics and external services. The SPD for **Liège** continues the 1994-1996 strategy of structural conversion of the metal industry whilst supporting sectors with growth potential through stimulating investment, R&D and training.

Development Priorities

Limburg and Turnhout share three development priorities, whilst Turnhout also includes Local Development Employment Initiatives in a priority for the local economy :

- Industry
- Service sector
- Environment
- Local economy (Turnhout)

The following development priorities were agreed for Liège :

- Dynamism and economic diversification
- Technological innovation
- Attractiveness of the region
- Dynamising employment through the social market economy

In **Aubange**, measures for promoting the integration of SMEs into the region concerned are being undertaken within one priority for :

- Support for business and employment through increased awareness of the information society.

Impacts

In **Limburg** Local employment initiatives are aimed at creating 100 new jobs, half of which would be for women. Other targets include training for 13,625 people, the creation of 35 new businesses each year and the use of 40 hectares of regenerated land for economic activity. The SPD for **Turnhout** anticipates 5,800 new jobs, 5000 people trained, 250 SMEs engaged in technological and innovative projects, 16 000 m² of new SMEs and 130 hectares of industrial/commercial sites. **Aubange** expects 50 new direct jobs and **Liège** 5,000 by the end of 1999 whilst achieving national average unemployment levels.

Value added from the negotiations

During negotiation between the Commission, the Flemish authorities and the two regions concerned, **Turnhout** and **Limburg**, saw the strengthening of their SPDs under certain themes :

- Actions promoting equal opportunities were made more concrete, as was the emphasis on the information society. Concentration on the worst affected areas within the regions was guaranteed;
- The overall share of basic infrastructure was reduced in favour of business (SME) measures, e.g. the budget of the "Fenix" project was decreased and new jobs were to be reserved for people from the region. The remaining infrastructural measures also had to show a direct connection to economic activities and the creation of employment;
- The importance of actions favouring employment creation was emphasized by the inclusion of physical indicators in every measure and the stipulation that the employment effect should be demonstrated for every project. The priority "Local Economy" focuses on projects with a local impact in contrast to the other priorities where the impact was at regional level;

- Stricter conditions were included on environmental reporting such as an environmental profile of the region and an annual report on the effects of the projects on the environment. The programme has a priority specifically dealing with environmental aspects;

- The programming approach was also refined, i.e. a greater coherence between the socio-economic analysis and the various priorities and measures was achieved, but also between the Funds.

The latter aspect was also a key element in the negotiation of the SPDs for Liège and Aubange obtained mostly by :

- a significant reduction in the number of measures in order to ensure greater coherence between the measures and the overall strategy of the SPD;

- definition of selection criteria taking account of the employment aspect;

- amendment of the implementation arrangements of certain measures in order to increase their impact on local SMEs;

- a reorientation of measures related to RTD by placing emphasis on analysis of business needs, exploitation of research and dissemination of innovation to SMEs.

- a refusal to accept certain proposed investments in basic infrastructure.

DENMARK

Background

On 22 April 1997, the Commission adopted the two Single Programming Documents (SPDs) for the Danish regions of **North Jutland** and **Lolland** eligible for assistance from the Structural Funds under Objective 2. The total contribution of the Structural Funds, including unused resources amounting to MECU 2.7 transferred from the previous programming period, amounts to MECU 68.23 (ERDF 77 %; ESF 23 %) distributed as follows :

	MECU
North Jutland	54.40
Lolland	13.83

Regional Development Strategies

The overall strategic aim of the **North Jutland** SPD is to strengthen the conditions for increased growth in the region's businesses and thereby increase the number of jobs in the Objective 2 area in general. The strategy for reaching this objective is "globalisation" : a strengthening of the ability of firms to compete internationally through innovation, diversification, increased competence and by strengthening training and infrastructural frameworks. The strategy for **Lolland** is to develop and utilise the region's potential and to develop interaction between the region and national and economic environment.

Development Priorities

In **North Jutland** the strategy is addressed by two development priorities

- Globalisation of the manufacturing industry and the service industry
- Globalisation of the tourism sector

The main priority for **Lolland** is for :

- Business development through the region's potential

Impacts

In addition to quantified targets for the number of jobs to be created or maintained (see main text) other aims of the programmes include:

North Jutland :

- creation of 17 businesses;
- increase in SME turnover of ECU 313 million;
- introduction of new technologies or production processes by 50% of participating SPDs;
- development of new markets in 55% of projects;
- training of around 4,800 people.

Lolland :

- 600 people trained;
- other impact indicators, such as level of technology in SMEs, number of R&D contacts established, SMEs establishing new markets.

Value added from the negotiations

The two Danish 1997-1999 Objective 2 SPDs were the result of detailed work at all levels in the partnership between the regions, the Member States and the Commission services. A negotiation meeting took place in Copenhagen in November 1996 with representatives from both regions, the Member States and the Commission. The work had the advantage of having the mid term-evaluation of the 1994-1996 almost finalized at that time, giving the possibility of using the recommendations from the report.

The following particular aspects may be highlighted :

- The analysis of the socio-economic situation of the regions was significantly expanded and updated with the latest available figures on the regions' conditions, needs and opportunities. In **Lolland** this resulted in a new scheme to tackle the individual training needs of the various groups at risk of unemployment.
- There were small adjustments in the programme for **Lolland**, whereas the overall strategy for **Nordjylland** was changed even before the negotiations from "Industrialisation" to "Globalisation";
- The structure of the programme for **Nordjylland** was changed to simplify the management of the programme;
- Less weight will be put on direct investment aid to enterprises, and more weight will be put on improving framework-conditions for the enterprises in the programmes;
- Support will be given to vocational training, planning, flexible vocational training offers, job-rotation projects, adult apprenticeship;
- Investments in basic infrastructure have been excluded in the new programmes and replaced by investments in "Strategic Infrastructure" (e.g. support for R&D infrastructure and infrastructure supporting communication and information systems;

- Although equality between men and women is embedded in the legal system in Denmark, and equality of opportunity is an implicit horizontal objective to which the Danish authorities are committed, the programmes contain measures where special attention is paid to the qualification of women;
- Quantification of indicators was given particular attention, and the system to supply the "PHYSIN" database with updated figures was improved;
- The Monitoring Committees now include a representative from the Environmental Authorities.

GERMANY

Background

On 7 May 1997, the Commission adopted the 9 Single Programming Documents (SPDs) for the German regions of **Bayern, Berlin, Bremen, Hessen, Niedersachsen, Nordrhein-Westfalen, Rheinland-Pfalz, Saarland and Schleswig Holstein** eligible under Objective 2 of the Structural Funds. The total contribution of the Funds (including unused resources amounting to MECU 40 transferred from the previous programming period 1994-1996) amounts to MECU 901 (ERDF 71 %; ESF 29 % distributed as follows :

	MECU		MECU
Bayern	19.8	Nordrhein-Westfalen	450.6
Berlin	191.2	Rheinland-Pfalz	27.6
Bremen	55.1	Saarland	58.9
Hessen	29.9	Schleswig Holstein	18.0
Niedersachsen	49.9		

Regional Development Strategies

The key strategic aim in **Bayern** remains reducing dependency on traditional industry through diversification into growth-sectors and making the regional economy less vulnerable to economic crises.

Berlin's strategy aims to stop the process of the de-industrialisation and disparities between East and West Berlin, the latter assuming a locomotive function for East Berlin and the surrounding area.

Bremen's strategy integrates all structural development actions, aiming in particular to diversify the regional economic structure, strengthen the service sector and tourism and improve location factors, including protection and improvement of the environment. A feature of **Hessen's** approach is the support of business and SMEs which exceed the legal obligations in terms of environmental investment.

In continuity with the 1994-1996 programme, the strategy for **Niedersachsen** is aimed at tackling job-losses from industrial change. The strategic aims for **Nordrhein-Westfalen** include linking economy and ecology and becoming a leading player in the media industry.

In **Rheinland-Pfalz**, the aim is to strengthen growth and the employment situation whilst improving the competitiveness of business in general, and SMEs in particular. **Saarland**'s development objectives include improving transport and communication and better exploitation of cross-border cooperation (**Saarland-Lorraine-Luxembourg**). Following on from its previous priority, the strategy for **Schleswig Holstein** includes the aim of reducing the structural problems of Kiel resulting from the crisis in naval construction and reconversion of the armaments industry.

Development Priorities

In addressing the above strategic aims, the SPDs encompass the following development priorities :

- Diversification and modernisation of industry (inc. crafts) (e.g. **Bremen** and **Niedersachsen**)
- Infrastructure linked to economic activity (e.g. **Bayern, Berlin, Rheinland-Pfalz, Schleswig Holstein**)
- Technological development and innovation (e.g. **Berlin, Nordrhein-Westfalen, Rheinland-Pfalz, Saarland**)
- Human Resources development, training and qualification (all SPDs)
- Protection of the environment, site regeneration etc. (e.g. **Berlin, Bremen, Nordrhein-Westfalen, Saarland**)

Impact

All the SPDs contain ex-ante evaluations of the programmes' impacts, including an estimate of the number of net additional jobs in the programme area (see main text) as well as a range of other quantified physical and economic outputs. For example, 200 hectares of regenerated sites in **Bremen**; the qualification of 100-200 unemployed people in **Hessen**; the recycling of 6,000 tonnes of raw material per annum in **Berlin**; the switching of 100,000 road transports a year to rail (**Nordrhein-Westfalen**) and 3,000 consultations and 50 seminars per annum in technology transfer (**Saarland**).

Value added from the negotiations

Discussion on format and content of the 1997-1999 Regional Development Plans started at a rather early stage. On the occasion of an Objective 2 Monitoring Committee held on 14/15 May 1996, important aspects of the new programming such as the policy priorities for Objective 2, the allocation of funding to the individual Länder concerned and evaluation requirements were addressed so as to ensure their observation in the programming exercise. The Regional Development Plans submitted in August 1996 followed an agreed and harmonized schema and structure which facilitated the ensuing detailed discussion on each of the nine individual plans. As a result the overall strategic objectives, priorities and measures are consistent with each other and in most new SPDs concrete actions are proposed at the project level.

Whilst there is a high degree of continuity with the previous SPDs, the focus on the priorities of the Commission guidelines is present in all new SPDs. During the negotiation, the following main results were achieved, representing improvements in relation to the previous planning period :

- There is an emphasis on employment-related objectives in all SPDs. Thus in several programmes (**Berlin, Nordrhein-Westfalen**), the element of employment aids has been considerably increased compared to training measures. Measures which had proved to be of a poor job-creating potential in the previous period were not carried on.
- Environmental actions and equal opportunities were incorporated within priorities as horizontal goals and, where appropriate, as specific measures.
- Measures to support SMEs were increased and targeted more specifically to their needs (e.g. in the field of R&D and risk capital financing).
- Synergies between ERDF and ESF actions were enhanced.
- Consistency and complementarity has been sought between Objective 2 measures and measures implemented under Objectives 3 and 4.
- Existing and new measures in the framework of Employment Pacts were included.
- The quantification of objectives has largely been improved as far as expected outputs are concerned.
- The priority "local development" (new sources of employment) has been translated mainly into training measures for service jobs of various kinds (from enterprise-related services to social or neighbourhood services and environment).

SPAIN

Background

On 12 June 1997, the Commission adopted the Community Support Framework (CSF) 1997-1999 for the regions of Spain eligible under Objective 2. The CSF is being implemented through seven regional Operational Programmes and one multiregional ESF Operational Programme.

The total contribution of the Structural Funds including unused resources amounting to MECU 156 transferred from the previous programming period 1994-96, amounts to MECU 1,485 (ERDF 76 %, ESF 24 %) distributed as follows :

	MECU		MECU
Aragón	108.44	Madrid	212.23
Baleares	15.19	Navarra	27.63
Cataluña	709.69	La Rioja	18.35
		Pais Vasco	393.51

Regional Development Strategies

The Strategy of the Community Support Framework reflects continuity with the previous CSF 1994-1996 being centred on the creation of employment and the increased competitiveness of business.

Development Priorities

Pursuit of the regional development strategy is underpinned by the following development priorities:

- Support for employment and business competitiveness
- Protection and improvement of the environment
- R&D, technology and innovation
- Development of transport linked to economic activity
- Local and urban development

Impacts

For each of the above priorities, a number of quantified indicators has been established relating, for example, to the number of new businesses per 10,000 inhabitants (Priority 1); percentage of waste treated by new equipment (Priority 2); employment in RTD as a percentage of total employment (Priority 3); road or rail density (Priority 4); average duration of unemployment (Priority 5).

Value added from the negotiations

In accordance with the Commission's Note for Guidance and as a result of the partnership negotiations to establish the CSF, the following main adjustments to the original plan were made :

- Compared with the conversion plan, the CSF shows an increased financial support for SMEs in the fields of productive investment, soft measures and vocational training.
- The ERDF participation in favour of priority 3 (research, technology and innovation) has been financially increased.
- A better integration of actions co-financed by the ERDF and ESF has been achieved, as well as a clear differentiation of ESF Objective 2 actions compared with interventions in Objectives 3 and 4 ;
- The rate of EU co-financing in priority 4 (transport linked to economic activity) has been reduced compared to the level initially proposed.
- ESF actions in priority 2 (environment protection) will be specifically identified, which will increase visibility of ESF interventions in this field.

FRANCE

Background

With the exception of Lorraine, the Commission adopted the 19 Single Programming Documents (SPDs) for the French regions eligible under Objective 2 of the Structural Funds between 24 March 1997 and 4 August 1997.

The total contribution of the Funds (including unused resources amounting to MECU 208.6 transferred from the previous programming period 1994-1996 but excluding MECU 39.4 still to be allocated for a multiregional programme for the defence industry plus technical assistance funding) amounts to MECU 2,246 (ERDF 82 %; ESF 18 %) distributed as follows :

MECU			
Alsace	21.9	Aquitaine	132.5
Auvergne	82.3	Basse-Normandie	80.3
Bretagne	118.3	Bourgogne	69.7
Centre	37.9	Champagne-Ardenne	113.8
Franche-Comté	56.2	Haute-Normandie	164.2
Languedoc-Roussillon	98.9	Lorraine	173.6
Midi-Pyrénées	52.9	Nord-Pas-de-Calais	375.4
Pays de la Loire	162.5	Picardie	139.6
Poitou-Charentes	62.9	Rhône-Alpes	148.9
Provence-Alpes Côte d'Azur	154.4		

Regional Development Strategies

In broad continuity with the previous programming period 1994-1996, the global strategy of these regions is the creation and maintenance of employment. Although there is sometimes a degree of overlap, regional approaches may be grouped around the following main strategic aims.

- support for business creation and development including the provision of services to SMEs in respect of Information and Communications Technologies, financial engineering, increasing export capacity (**Basse-Normandie, Languedoc-Roussillon, Nord-Pas-de-Calais**).
- diversification from traditional industry into new economic activities includes research and technology transfer and local development (**Champagne-Ardenne**), high-level services and the development of tourism (**Provence-Alpes-Côte d'Azur**).
- In some areas, the approach is to consolidate or restart industrial employment (**Midi-Pyrénées**) or maintain a strong industrial presence whilst diversifying into new areas (**Rhône-Alpes**) and anchoring businesses in the area.

- the importance of endogenous development is stressed in the SPDs for **Bourgogne and Centre** and similarly,
- increasing the attractiveness of the area and improving the businesses and economic environment is highlighted in **Auvergne and Aquitaine**.

Priorities

The SPDs likewise encompass the following main development priorities :

- | |
|---|
| <ul style="list-style-type: none"> • Support to business development • Upgrading and restructuring the area and environment • Research and technological development and innovation • Valorisation of human resources • Improving the attractiveness of the area |
|---|

Impact

The SPDs contain estimates of the number of jobs to be created in the programme area (see text) as well as performance indicators and quantified objectives for each of the measures concerned.

Value added from the negotiations

This concerned in particular :

- the establishment of elements missing from some of the initial proposals relating, for example, to socio-economic analysis, base indicators, environmental evaluation, needs analysis, especially in terms of urban issues and the defence industry;
- strengthening of measures for assessing training needs;
- the promotion of R&D, which was already present in the previous phase, has been maintained or strengthened in both qualitative and financial terms.
- adjustment of resources towards assisting SMEs to counter negative effects arising from sectors in difficulty such as the defence industry;
- agreement in partnership to remove infrastructure proposals which did not correspond to the Commission's guidelines in this area;

- inclusion of Territorial and Local Employment Pacts (for example **Pays de la Loire** and **Nord-Pas-de-Calais**) and agreement with French authorities to pursue the Pact methodology for other proposals (e.g. **Picardie** and **Haute-Normandie**) for presentation in the course of implementation of the SPDs;
- increase in specific actions for urban problems;
- additional information relating to the environmental impact of measures especially, for example, relating to compatibility between economic and port development (**Haute-Normandie, Pays de la Loire**) and the preservation of habitats (notably Birds and Habitat Directives).

ITALY

Background

Between 7 May 1997 and 24 July 1997 the Commission adopted 9 of the 11 Single Programming Documents (SPDs) for the regions of Italy eligible under Objective 2. The SPDs for Friuli and Lazio were due to be adopted by the beginning of October 1997.

The total contribution of the Structural Funds (including unused resources amounting to MECU 170 transferred from the previous programming period 1994-1996) amounts to MECU 968 (ERDF 80; ESF 20 %) distributed as follows:

MECU	
Emilia-Romagna	14.2
Friuli-Venezia-Giulia	39.3
Lazio	76.9
Liguria	129.5
Lombardia	34.0
Marche	31.0
Piemonte	309.5
Toscana	159.0
Umbria	53.2
Vallee d'Aosta	13.5
Veneto	107.9

Regional Development Strategies

Strategies have generally provided continuity with the previous programming period 1994-1996. Sometimes strategic aims have been better defined than before (eg.: Marche) or are more geographically focused (Lazio).

Examples of common strategic aims include :

- Strengthening and modernising SMEs and the creation of new businesses (eg. Friuli-Venezia-Giulia, Lazio, Liguria, Veneto, Marche, Piemonte, Toscana)
- Diversification into high technology research and innovative sectors (eg. Friuli-Venezia, Giulia, Liguria, Emilia-Romagna, Toscana)
- Environment improvement and increasing the attractiveness of the region (all regions except Vallee d'Aosta)
- Human Resources development and qualification (all regions)

A specific strategic aim of Emilia Romagna is to promote links between the new Objective 2 area of Ferrara and Reggio/Modena.

Development Priorities

The SPDs for Italy accordingly encompass the following range of main development priorities :

- Strengthening of existing SMEs and promotion of new businesses
- Upgrading and development of the local area
- Human resources development and qualification
- Environmental protection and regeneration
- Tourism and cultural heritage
- Research and Technology and Information Society
- Territorial Employment Pact (**Emilia Romagna**)
- Equal Opportunities

Impacts

In addition to the ex-ante estimates of the number of jobs to be created or maintained (see main text) examples of other expected impacts include :

- assistance to 1,700 SMEs (**Toscana**)
- increasing hotel take-up by tourists by 200,000 (**Umbria**)
- regeneration of 450,000 m² of waste land (**Piemonte**)
- treatment of additional 50,000-100,000 tons of waste (**Lombardia**)
- training of 120 graduates as Innovation Information Officers (**Lazio**)

Value added from the negotiations

Following an initial round of negotiations with the Italian authorities in Rome from 4th to 8th November 1996 on all 11 Programming Documents, separate discussions were undertaken with each region. The following main results were achieved:

- the Programming Documents were better defined in order to improve the targeting of the strategy and objectives of each programme;
- a revision of the financial allocations by measure. In particular, a general underestimation of human resources needs and technological innovation was ascertained. An increase in ESF assistance was therefore agreed for most of the SPDs in order to at least maintain the same level as in the previous period (i.e. around 20% on average). Additional support was also given to research and technological innovation;
- a reorganisation of priorities for each SPD. In particular, in terms of the introduction of innovatory elements (inc. information society, Employment Pacts) in line with the Commission guidelines;
- a detailed examination was undertaken of the different measures proposed for cofinancing, especially as regards their eligibility and suitability. The Commission's observations were generally welcomed by the Italian authorities;

- environmental aspects were given particular attention in order to improve the environmental profiles, the quantification of indicators and impact as well as the association of the environmental authorities in the preparation and implementation of the SPDs;

- the problem of additionality was addressed and representatives of the Treasury undertook to transmit provisional data for 1997-1999 calculated on the basis of the same methodology used in the past, as well as definitive data for the years 1994-1995.

- following the guidelines proposed by the Commission, particular attention was given in the programming of all the Italian SPDs to integrated approaches which were likely to create new jobs, especially with regard to new sources of employment. Furthermore, aids to employment are included in the majority of the SPDs.

LUXEMBOURG

Background

On 15 April 1997, the Commission adopted the Single Programming Document (SPD) for the region of **Esch-sur Alzette** and **Capellen** concerned by Objective 2 in the Grand Duchy of Luxembourg. The total contribution of the Funds (including unused resources amounting to MECU 1.771 transferred from the previous programming period 1994-1996) amounts to MECU 9.837 (ERDF 81 %, ESF 19 %).

Regional Development Strategy

The Strategy proposed for the new programming period is aimed at continuing efforts at diversification from the region's traditional heavy dependence on the steel industry: attraction of new businesses including support infrastructures, productive investment, vocational training, research and development and technology transfer. Particular emphasis is being placed on improving the quality of the environment.

Development Priorities

In pursuing the above strategy, five development priorities were adopted for Community financing

- Innovation in Enterprises
- Stimulating development and the diversification of economic structures and activities
- Protection and improvement of the environment
- Support for the stability and growth of regional employment by measures for human resources development
- Technical assistance

Impacts

Amongst the expected impacts the SPD anticipates the creation or maintenance of 700-900 direct jobs. Quantified environmental objectives have also, for example, been provided under Priority 3: Protection and improvement of the Environment.

Value added from the negotiations

The proposals presented by the Luxemburg authorities already took account of the Commission's guidelines for Objective 2. In addition, negotiation with the Luxemburg authorities led to the following changes compared to the original proposals :

- The number of proposed measures was reduced in order to ensure greater coherence of the strategy.
- Project selection criteria (taking account of employment) and quantified objectives were devised for each measure and for the programme as a whole : this quantification concerned the number of jobs created, direct and indirect. It is thus anticipated that between 700 and 900 direct jobs could be created or maintained in the eligible regions as a result of the measures in the SPD.
- Implementation provisions were devised in order to increase the impact of measures for local businesses.
- Environmental indicators were provided under Priority 3 "Protection and Improvement of the Environment". Certain preventive measures were supported (e.g. recycling of cars).
- Priority 4 "Support for the stability and growth of regional employment through the development of human resources" was amended and makes explicit reference to actions aimed at equal opportunities, the implementation of Employment Pacts and the promoting of local services.
- Proposals for investment in certain "heavy" infrastructures were not accepted.

NETHERLANDS

Background

On 26 May 1997, the Commission adopted the five Single Programming Document (SPDs) for the Dutch region of **Arnhem-Nijmegen, Zuidoost Brabant, Zuid Limburg, Twente and Groningen-Drenthe**.

The Total contribution of the Structural Funds (including unused resources amounting to MECU 80 transferred from the previous programming period 1994-1996) amounts to **MECU 442** (ERDF 66 %, ESF 34 %) distributed as follows :

	MECU		MECU
Arnhem-Nijmegen	77	Zuidoost Brabant	107
Zuid-Limburg	66	Twente	79
Groningen-Drenthe	113		

Regional Development Strategy

The general strategic aim of all the Dutch SPDs is sustainable economic development, with the creation of new jobs and improvement of the quality of life without harming the environment.

The SPD for **Arnhem-Nijmegen** also builds on its strategic location on important transport arteries. The strategy for **Zuidoost-Brabant** emphasises the role of SME clusters and new technologies.

Development Priorities

In addressing the strategic aims, the SPDs encompass the following priorities :

Arnhem-Nijmegen

- “Euro Trade Port” (expansion of transport and distribution function and commercial services)
- Industry and Innovation
- Tourism and Urban (economic) climate.

Zuid-Limburg

- Industry and related services
- Transport and logistics
- Knowledge development and transfer
- Tourism and living environment.

Groningen-Drenthe

- Industry, business services and tourism
- Productive environment and urban economy.

Zuidoost-Brabant

- Strengthening of industrial structure
- Tourism, living and business environment.

Twente

- Transport and distribution
- Industry
- Tourism

Impacts

Amongst the key expected impacts are increases in Gross Regional Product in **Twente**, **Zuidoost-Brabant** and **Groningen-Drenthe** and a positive migration of enterprises to the region (**Twente** and **Groningen-Drenthe**). The number of estimated new jobs ranges from 11,400 (permanent and temporary) in **Groningen-Drenthe** to 2,000 permanent jobs in **Zuidoost-Brabant**. All the SPDs have training targets ranging from 17,500 employees and 9,500 unemployed people to be trained in **Groningen-Drenthe** to 3,330 and 2220 in **Arnhem-Nijmegen**.

Value added from the negotiations

In June 1996 DG XVI presented the Commission's guidelines with regard to the second programming period 1997-1999 to a joint meeting of DG XVI, the national authorities and the representatives of the five Objective 2 regions in the Netherlands. When the Dutch authorities presented the five Single Programming Documents to the Commission on 23 September 1996 many of the Commission's priorities had been taken into account, especially with regard to employment, business-oriented measures and productive investments.

In the negotiations which followed, emphasis was placed by the Commission on reflecting the new guidelines as concretely as possible. The share of basic infrastructure was reduced considerably and only allowed if of a productive nature and where a clear and direct link to economic activities and employment could be demonstrated. The smaller share for infrastructure benefited the business-oriented measures (mainly SMEs) as well as actions aimed at R&D whose share was increased.

- greater emphasis was given to improving skills and adapting vocational qualifications of the labour force which has led to an increase of human resource activities in the new programmes and the fostering of local employment initiatives for the worst affected groups.
- the importance of actions favouring employment creation was emphasized by the inclusion of physical indicators for every measure and the stipulation that every project had to demonstrate its employment effect. A further positive change compared to the first programming period was the introduction of measures containing actions with regard to local employment initiatives.
- strict conditions were included on environmental reporting such as an environmental profile of the region and an annual report on the effects of the projects on the environment.
- during the negotiations of 1994-1996, the Commission encouraged the drafting of Regional Technology Plans, the implementation of which will take place during the second Objective 2 programming period 1997-1999.
- the programming approach was refined, i.e. a greater coherence was sought between the socio-economic analysis and the various priorities and measures, but also between the Funds as the Commission encouraged the initiation of combined ERDF and ESF projects. An example with regard to the latter : in the **Groningen-Drenthe** programme the project concerning the zoo in Emmen was approved on condition that ESF-training projects were included. The programme for both **Limburg** and **Zuidoost Brabant** have integrated specific human resources measures into their priorities for local development and new sources of employment.

FINLAND

Background

On 24 April 1997 the Commission adopted the Single Programming Document (SPD) for Finland under Objective 2 of the Structural Funds for the period 1997-1999. The total contribution of the Structural Funds (including unused resources amounting to MECU 16.145 transferred from the previous programming period 1995-1996) amounts to MECU 135.293 (ERDF 78 %; ESF 22 %) distributed as follows:

		MECU	
Varsinais Suomi	6.782	Kymenlaasko	14.465
Satakunta	30.250	Itä-Uusimaa	1.579
Päijät-Häme	27.473	Etelä-Karjala	17.146
Keski-Suomi	24.758	Keski-Pohjanmaa	8.654

Regional Development Strategy

In the 1997-1999 programming period, the development strategy for the Objective 2 areas is to:

- create and upgrade jobs and diversify the structure of the economy;
- improve the competitiveness of businesses and the skills of the labour force;
- and to increase international cooperation.

To emphasise the employment aspect, the effect on job-creation will also be a core criterion for selecting projects.

Development Priorities

The programme comprises three main development priorities:

- Increasing, developing and internationalising business activity.
- Raising levels of skills and technology.
- Infrastructure, environment and tourism.

Impacts

In addition to quantified targets for the number of jobs to be created or maintained (see main text) the other aims of the programme include:

- 2,900 new SMEs;
- 1,020 new businesses run by women;
- 400 agreements for sub-contracting, cooperation or networks;
- improving employability through the training of 8,300 people.

Value added from the negotiation of the programme

The renegotiation of the programme (in Finland's case after only two years) brought a number of benefits; As regards the priorities for Objective 2, these included:

- job-creation raised to first place in the list of priorities in selecting projects and a greater attempt made to operationalise this criterion;
- other Objective 2 priorities (innovation, equality of opportunity and environment made more explicit and given status of 'core criteria' for the selection of projects;
- infrastructure provision reduced from 13% to 10% of the budget with an agreement to explore the possibilities of loan finance from the EIB.

Other aspects included:

- a rethink of the programme from the bottom up;
- an opportunity to simplify the structure of the programme;
- clarification of the rules of partnership in decision-making;
- the contribution of additional ex-ante evaluation and ex-post evaluation;
- the consideration of 'taboo' subjects (such as the possibility of transferring funding from poorly performing regions to better performing ones);
- the need for simplification of the budget arrangements for national funding and to create scope for innovative financial packages for business projects such as combinations of grant and loan finance and for EIB loans for infrastructure;
- demonstration of the inadequacies of the monitoring system when the old programme had to be closed;
- provision for interregional projects

UNITED KINGDOM

Background

Between 3 April 1997 and 11 July 1997, the Commission adopted the thirteen Single Programming Documents (SPDs) for the regions of the U.K. eligible under Objective 2. The total contribution of the Funds (including unused resources amounting to MECU 155 transferred from the previous programming period 1994-1996) amounts to MECU 2,676 (ERDF 75 %; ESF 25 %) distributed as follows :

MECU	
East London and the Lee Valley	101.7
East Midlands	113.7
Eastern Scotland	139.9
Gibraltar	6.0
Great Manchester, Lancashire, Cheshire	404.8
Industrial South Wales	254.4
North East England	378.4
Plymouth	38.6
Thanet	22.4
West Midlands	448.2
West Cumbria and Furness	32.4
Western Scotland	334.5
Yorkshire and Humberside	400.7

Regional Development Strategies

In many cases the socio-economic situation of the region had not significantly changed and the strategic aims and underlying vision of the programmes therefore remained the same as in the previous period. Nonetheless, certain changes in strategic priorities have been made compared to 1994-1996 as follows :

- Strategic Spatial Development comprises a new priority for most Objective 2 regions, recognising the need for an integrated area-based approach focused on areas of opportunity to substantial physical investment in order to maximise its job-creating potential. **N.E. England's** 1994-1996 priority for business development and inward investment was also been transformed into a priority for strategic area-based regeneration. This new priority provides a direct link to Community Economic Development by encouraging the planning of major physical developments in such a way as to optimise job creation and training opportunities for residents of the regions' most deprived communities.
- Community Economic Development
A new priority for Community Economic Development (inc. building local capacity to develop and deliver local regeneration projects) has been introduced in **Thanet** while in **Industrial South Wales** the existing local development actions have been strengthened and now comprise a dedicated priority.

- Other strategic changes include less focus on infrastructure and more on job creation, perhaps most notably in **Gibraltar** where the programme will no longer be dedicated entirely to infrastructure; more precision in SME measures in **West Cumbria and Furness**; a new Priority for tourism in **E. Scotland** and the adjustment of strategic objectives to maximise job-creation in **E. London** ; a new Priority for applied research, technological development and innovation in **Western Scotland** ; a review of the quality, impact and focus of tourism training in **Eastern and Western Scotland** ; and the introduction of local job brokerage facilities under several programmes.

Development Priorities

Including the above, the U.K. SPDs encompass the following range of main development priorities :

- Actions to support SMEs, inc. start-up, development of SME growth competitiveness and indigenous potential
- Knowledge-based industries, advanced technologies, R&D and innovation
- Tourism and cultural industries
- Strategic spatial development
- Community economic development

Expected Impacts

All the SPDs contain ex-ante evaluation of the programmes impact; including an estimate of the number of net additional jobs in the programme area, as well as a range of quantified physical and economic outputs.

Value added from the negotiations

The 1997-1999 U.K. Objective 2 SPDs were the result of detailed negotiations which took place in the framework of the partnership in each eligible region, sometimes with more than 200 people attending meetings. As a result, all the new SPDs now contain a significantly improved analysis of the traditional industrial regions' particular socio-economic conditions, needs and opportunities. The regions were encouraged to focus their development strategies on their real priorities, some of the SPDs containing fewer priorities compared to 1994-1996 in order achieve greater concentration on the main regional 'drivers for change'. The following particular aspects may be highlighted:

- an improved definition of the economic development measures to be implemented through each priority, better clarifying the scope of each measure and the outputs to be achieved;
- an integration within each development priority of 'hard' and 'soft' measures (ERDF) with appropriate provision for human resources development (ESF). In all the new SPDs, each priority now combines measures financed by each Structural Fund;

- clarification of responsibilities within the regional partnerships in terms of the strategic delivery of each priority;
- an increased allocation to measures better able to create quality jobs in the regions with a reduction in ERDF support for 'hard' infrastructure, from 65% in the 1994-1996 programmes to an estimated 52% for 1997-1999.
- an explicit requirement on partners to improve labour market information, to allow greater labour market responsiveness in ESF project and programme development, and consequently improve the chances of a positive employment outcome. This work will be overseen by a new Labour Market Strategy Group in each region, which will advise on key issues and trends in the local labour market and establish specific sectoral, thematic and quality priorities for ESF spending. They will also foster better integration between ESF under Objectives 2 and 3, and between ESF and ERDF within each region.

As regards the more specific European Regional Policy orientations, programming improvements were obtained in the U.K. Objective 2 SPDs in the following ways:

- specific priority for the development of SMEs, including a better defined range of actions to assist all phases of start-up, development, growth and improved access to risk capital on a regional basis, has been developed for each SPD, giving a stronger focus than the more general "business development" priority from earlier programming phases. Overall, the development of SMEs now accounts for some 30% of the total Structural Funds allocation to the Objective 2 regions in the U.K.
- particular attention has been paid to providing the optimum delivery mechanism for the priority of Research and Technological development, bringing into mainstream programmes the principal lessons learned from the Regional Technology Plan exercise piloted in certain regions during the previous period. Each programme includes new actions to help realise the economic development potential of the information society in the regions concerned;
- with encouragement from the Commission, the regions have significantly improved the environmental profile contained in each Objective 2 SPD and have further clarified the ways in which the environmental impact of the programmes will be measured;
- the regions have responded to the Commission's priority orientation for Equal Opportunities in a number of ways. Common to all SPDs is an improved analysis of the regions' labour market conditions with a far higher degree of gender-specificity than in 1994-1996. Some SPDs contain specific quantified targets in certain measures (e.g. 'percentage of new SMEs created with female managers'). Others propose the establishment of an Equal Opportunities Advisory Group as part of their administrative arrangements.

Expected impact on employment in Member States

- Objective 2 SPDs (1997-99) -

Member States	B	DK	D	E	FIN ²	F	I	LUX	NL	UK	EU
Temporary jobs ¹	120	--	4,100	13,986	--	14,049	6,255	--	20,193	40,350	106,115
Created or maintained jobs	14,457	2,348	114,224	93,500	15,780	147,459	116,359	570	43,762	341,873	874,552
Average public (Community+National) cost per gross job (ECU)	23,172	59,454	15,865	22,450	22,669	30,567	18,646	41,111	25,932	15,096	20,558
Average EU cost per gross job (ECU)	10,259	29,060	7,640	11,116	8,510	13,244	7,318	17,258	10,103	6,992	9,158
Average public cost per gross job (ECU) for measures estimating job creation	16,177	51,006	11,181	9,159	--	16,811	15,698	21,842	17,484	13,305	13,847
Average EU cost per gross job (ECU) for measures estimating job creation	7,226	24,251	5,466	4,475	--	7,196	6,065	7,107	6,521	6,219	6,154

Source: SPDs 1997-99.

NOTES.

¹ Data on temporary jobs are not estimated for Denmark, Finland and Luxemburg.² Jobs data for Finland are not related to measures or priorities and are therefore not included in overall totals or further analysis

TERRITORIAL AND LOCAL EMPLOYMENT PACTS PROJECTS (OBJECTIVE 2 REGIONS)

Country	Region/Area	Objective	Population	Unemployment rate	Main Partners	Action plan priorities (provisional)
Germany	Bremen	4 + 2	679.900	15,6 %	Government of the Land, civil service departments, chamber of commerce and industry, firms, trade unions, labour associations, bank, SMEs, citizens' associations, educational, research and scientific institutions	Improving intangible growth factors such as skills, support for the creation of new types of activities and jobs, especially in SMEs. Organization of working hours, improved opportunities for jobseekers to get back to work
Deutschland	Nordrhein Westfalen network of three pacts for Ruhrgebiet	2	3.376.000	15,70 %	Government of the Land, towns, businesses, chambers of commerce, industry and trade, universities and research institutes, trade unions.	Innovation and technology for industrial areas, model project for the development of new services, improving the presentation of the Niederrhein region specialized in logistics.
Spain	Cataluna : Valles occidental	2	680.000	13,70 %	Representatives of the region, trade unions, companies, universities, chambers of commerce and industry.	To fix quantified impact and activity objectives for employment; to determine the appropriate level for action on each type of problem, from municipal to regional level; to ensure close cooperation with the Structural Funds Monitoring Committee.
France	Champagne-Ardenne: Pointe des Ardennes	2 + 3	35.000	21 %	Employment area committee, intermunicipal structures "locality"	To develop new sources of employment in the sectors of tourism and leisure, personal services and upgrading of heritage

Country	Region/Area	Objective	Population	Unemployment rate	Main Partners	Action plan priorities (provisional)
France	Nord-Pas de Calais: Roubaix	2 + 3	418.975	17,7 %	Employment area committee and local authorities	To develop new sources of employment with the support of large companies to improve skills and reorganize work.
France	Pays de Loire : Saint-Herblain	2 + 3	64.000	16,5 %	Local authorities, training bodies, associations, firms	Development of personalized services for everyday life, environment-related jobs, job-sharing, micro-companies and "new occupations" : at least ten significant experiments for each theme
Italy	Abruzzi : Sangro Aventino	1 and 2	132.000	10 %	Provinces, municipalities mountain communities, chambers of commerce, trade unions, business association, cultural association.	Increase the production capacity of SMEs, especially in mechanical engineering, broaden the range of services to firms, develop tourist potential, expand activity in the personal services sector.
Italy	Emilia/Toscana/Umbria: Apennino centrale	2	335.000	11 %	Representatives of local authorities (mountain communities, provinces), chambers of commerce, associations (agriculture, tourism, industry), trade unions.	Development of business, integrated tourism development project, training, technology transfer, enhancement of historical and artistic heritage, improving production processes in the primary sector.

Country	Region/Area	Objective	Population	Unemployment rate	Main Partners	Action plan priorities (provisional)
Luxembourg	Dudelange : CLE	2	16.500	4,00 %	Municipality, town social services office, Ministries of labour, employment, economics, Ministry of Education vocational training service, employment department, local industry, traders' and craftsmen's federation	Setting up an employment initiative guidance and aid facility, ministry of education training courses, measures to enable women to return to work, organization of an employment week, sandwich training.
Netherlands	Limburg	2 (wider than Objective region)	1.130.000	12,5 %	Employment exchange, trade unions, employers' organizations, municipalities, education services.	To create an integrated approach through cooperation, to create jobs and reduce unemployment.
Netherlands	Noord-Brabant	2 (wider than Objective region)	2.290.424	5,6 %	Representatives of the region, two sides of industry.	To create new jobs for long-term jobseekers
Finland	Lahti	2	197.707	21,6 %	Town of Lahti, local authorities, association	To use schools' facilities and resources to increase employment and extend the network of businessmen develop jobs in domestic help services, develop cooperation activity, set up a partnership and the development of businesses.

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