

COMMISSION OF THE EUROPEAN COMMUNITIES

COMMUNITY SUPPORT FRAMEWORK 1991-93

Processing and marketing of fishery
and aquaculture products
(Objective 5a)

UNITED KINGDOM



DOCUMENT

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Preliminary note

Under Article 8 of Council Regulation (EEC) No 2052/88 of 24 June 1988 (OJ L 185, 15. 7. 1988, p. 9), some regions of France are covered by Objective 1 of the reform of structural Funds.

This document is:

an addendum to the Community support framework approved by the Commission on 31 October 1989 for regions covered by Objective 1,
an autonomous Community support framework for the other regions.

The indicative financing plan at Chapter 4 of this document includes two distinct series of tables:

a first series for regions covered by Objective 1,
a second series for the other regions.

Introduction by Mr Marín,

Vice-President of the Commission and Member responsible for fisheries

The Community support frameworks (CSFs) provide the context within which the Member States can apply to the Commission for finance.

The CSFs in the processing and marketing sectors for fish and aquaculture products are linked to the achievement of Objective 5a of the reform of the structural Funds.

This part of the fishing industry is among those economic activities to benefit from the Single European Act. The underlying principles governing the reform of the Funds — concentration, partnership, mutually consistent policies, programming, additionality — also apply to these sectors.

The priority schemes for regions whose development is lagging behind come under the CSFs for Objective 1 of the reform. All assistance to the territory of the former German Democratic Republic is covered by a CSF especially for the new *Länder*, to be published separately.

The 11 Community support frameworks (Luxembourg has not submitted a sectoral plan) represent a nominal financial commitment on the Community's part of some ECU 180 million in the years 1991 to 1993, which is one and a half times the amount of aid granted during the years before the reform.

The processing and marketing of fish and aquaculture products represent important sectors in the economic activity of certain regions and developing them contributes to economic and social cohesion.

The regions concerned are having to meet the challenges of an increasingly fierce competitive climate and major problems involving restructuring and adjustments in the fields of technology and hygiene.

The Community's assistance is therefore geared toward:

- (i) improving the competitiveness of the sector within the context of completing the internal market and of increased competition from non-member countries;

- (ii) guaranteeing a constant flow of inputs of raw materials;
- (iii) contributing to the application of Community hygiene and public health standards and greater attention to the quality of the environment.

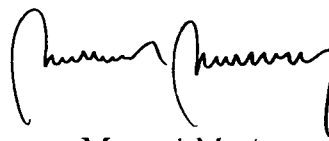
The Member States, in concert with the Commission, are required to implement the various forms of assistance on the basis of the Community support frameworks, particularly through operational programmes.

The first priority for Community assistance is building, modernizing and rationalizing auctions and markets and facilities for preparing and processing fish, developing new products, improving quality and hygiene in production and marketing processes and increasing the value-added of products.

Since individual investment schemes are allowed for in the overall programming, economic agents in the fishing sector will also be able to profit from certain advantages in connection with the processing and marketing of fish and aquaculture products:

- (i) more precise knowledge of the objectives pursued by the Community;
- (ii) greater transparency of Community support;
- (iii) less risk of dissipation of funds;
- (iv) better monitoring and evaluation of the actual impact of the assistance.

It is to be hoped that all the structural measures relating to the fishing and aquaculture sector — including those concerning fishing fleets — will be incorporated in the Community's structural instruments in the near future.



Manuel Marin

Objectives of the structural Funds

Community action through the structural Funds, the EIB and other existing financial instruments shall support the achievement of the general objectives set out in Articles 130a and 130c of the Treaty by contributing to the attainment of the following five priority objectives:

1. promoting the development and structural adjustment of the regions whose development is lagging behind (Objective 1);
 2. converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline (Objective 2);
 3. combating long-term unemployment (Objective 3);
 4. facilitating the occupational integration of young people (Objective 4);
 5. **with a view to reform of the common agricultural policy:**
 - (a) **speeding up the adjustment of agricultural structures (Objective 5a),**
 - (b) promoting the development of rural areas (Objective 5b).
-

1. General economic background

1.1. General

The United Kingdom comprises four distinct regions: England, Scotland, Northern Ireland and Wales. For the most part England and Wales are treated as one area.

Each area has a separate processing industry displaying its own unique features.

England and Wales

The English and Welsh processing industry is largely focused on secondary processing with most processing activity taking place in Hull and Grimsby. Although other areas of England and Wales have a primary processing sector some of this production is sold to the main secondary processing industry.

Scotland

The Scottish processing industry is largely focused on primary processing with most processing activity taking place in Grampian. This is due principally to the region's geographical position and its close proximity to sources of raw materials.

Northern Ireland

The processing industry in Northern Ireland is principally primary processing in volume terms; however, there is a strong shellfish industry involving both primary and secondary processing of high-value products and this sec-

tor is the most important in terms of value. The processing industry of Northern Ireland is primarily located at three main ports on the south-east coast at Portavogie, Ardglass and Kilkeel.

Within the United Kingdom the value of landings of the UK fleet in 1989 was UKL 389 million (ECU 550 million). A further UKL 29 million (ECU 41 million) was landed in the UK by other EC and foreign vessels. UK fleet landings account for approximately 0.1% of the UK gross domestic product. Exports of fishery products account for approximately 0.1% of gross domestic product. There are, at present, an estimated 43 000 people employed in the fishing, aquaculture and fish processing sectors. In addition a further 20 000 are employed in support services including shipbuilding and repairs, equipment manufacture and other services.

In total terms those employed within the UK fishing and fish processing industry and support services represent 0.25% of the UK total work force. The industry provides a valuable source of employment, particularly in remote areas and areas characterized by high unemployment.

1.2. Fishing fleet

The United Kingdom fleet in 1988 comprised 8 125 vessels. The majority of these vessels are under 12 metres representing 75% of the fleet, a further 21% are between 12 metres and 24 metres, the remainder are in excess of 24 metres. The majority of UK landings by weight (75%) and value (60%) are in Scotland. The number of fishermen employed in 1988 is tabled on p. 12.

Approximate employment by region is tabled below

	Employment in fish processing	%	Number of companies
England and Wales	11 790	56	542
Scotland	8 210	39	300
Northern Ireland	1 100	5	29
Total	21 100	100	871

Number of vessels and fishermen employed in 1988

	Vessels	%	Number of fishermen employed	%
England and Wales	5 433	67	12 506	56
Scotland	2 334	29	8 711	39
Northern Ireland	358	4	1 168	5
Total	8 125	100	22 385	100

In line with Council Regulation (EEC) No 4028/86 the UK multiannual guidance programme for the evolution of the fishing fleet has established objectives in terms of engine power and vessel tonnage for the reduction of the capacity of the fishing fleet.

Currently, the UK is not meeting these objectives. The UK Government presently has excluded the use of a decommissioning scheme to reduce fish-catching effort.

Virtually all fish landed by the home fleet is processed in the United Kingdom. The principal exception to processing of UK-caught fish is the sale to East European factory ships of pelagic species. However, recent changes in Eastern Europe have resulted in uncertainty in this market.

Closure of the herring fishery during the 1970s resulted in changed consumer tastes and loss of markets, and UK processors at present utilize only a small, but increasing, share of this pelagic resource. Further onshore development of pelagic processing facilities is planned.

Overall landings have remained relatively constant over the period 1985-88; however, provisional landings in 1989 show a significant decline, particularly in the traditionally processed species of cod and haddock. The table below shows the landings in 1 000 tonnes.

Landings in 1 000 tonnes

	1985	1986	1987	1988	1989 ¹
Demersal	439	416	412	402	340
Pelagic	300	266	301	293	282
Shellfish	76	89	113	97	83
Total	815	771	826	792	705

¹ Provisional figures.

1.3. Aquaculture

The aquaculture industry has developed significantly over the last 20 years and is an important source of raw materials to supplement decreasing supplies of traditional species. Aquaculture products tend to be high-value species sold into expanding international markets.

There are some 1 200 registered aquaculture businesses occupying 1 700 sites in the United Kingdom and providing employment for more than 5 000 people. The UK aquaculture industry can be divided into four sectors covering a range of species.

Atlantic salmon

The farmed salmon industry comprises 300 businesses and 550 sites engaged in either the freshwater production of smolts or on-growing in salt water. Most of the production of 29 000 tonnes is concentrated in the Islands and West Coast of Scotland, principally because of suitably sheltered waters. Output is expected to increase to 40 000 tonnes over the next five years. This sector provides direct employment for some 1 500 full-time and 500 part-time jobs.

Trout

The trout aquaculture industry produces an estimated 16 000 tonnes per annum. Around 400 businesses operate 500 sites located in Scotland, England and Wales and Northern Ireland. 90% of production comes from freshwater farms and the main constraint of the development of this sector is the availability of suitable sites and adequate water supplies.

Shellfish

The production of farmed shellfish accounts for some 5 000 tonnes per annum from 400 businesses occupying 550 sites spread throughout the United Kingdom. Production is based principally on the cultivation of native oysters, pacific oysters and mussels. The UK authorities have identified 10 000 hectares of estuary sites suitable for further shellfish production, particularly in high-value species such as pacific oysters, clams and scallops.

Other fin fish

Other fin fish aquaculture production is to some extent concentrated in Northern Ireland which supplies 60% of the UK requirement of eel and perch.

The other fin fish section of the aquaculture industry presently produces 200 tonnes per annum and is projected to increase; however it is unlikely this will exceed 1 000 tonnes by 1996.

In conclusion, projected growth of aquaculture output will require the upgrading of existing and the development of new processing capacity to meet high standards of quality and hygiene, together with improved packaging and labelling in order to compete effectively in an increasingly competitive international market.

1.4 Processing and marketing

1.4.1. Processing

In the United Kingdom an estimated 20 000 people were employed in 1989 in the fish processing industry, with 60% employed in the secondary processing sector, 33% in the primary processing sector and 7% in the shellfish processing sector. Of the total fish processing businesses in the UK 65% are primary processors, 25% secondary processors and 10% are shellfish processors.

The main processing centres are located in two distinct areas, Humberside and Grampian.

The secondary processing sector is to some extent dependent on the primary processing sector for supplies of raw

materials. This is particularly true in terms of demersal species.

To compensate for the decline in landings secondary processors have become increasingly dependent on imported supplies and on the primary sector to provide alternative species. An example is the increasing substitution of cod and haddock by Alaska pollack, hake and other white fish. (Cod and haddock landings declined from 195 000 tonnes in 1988 to a provisional 159 000 tonnes in 1989.)

The processing sector has suffered for many years from a lack of capital investment in processing premises resulting in a pressing need to develop new, and upgrade existing, facilities to maintain quality and improve hygiene standards, thus enabling processing businesses to take advantage of opportunities created by the development of the single European market. The changing pattern of retailing of fish products in the UK towards multiple retail outlets and increased consumer demand requires the processing industry to maintain and provide high standards of quality and hygiene.

Given the decline in landings of demersal species there is a need for processors to add value to this scarce resource. This can be achieved by more efficient production techniques, improved marketing and further processing.

1.4.2. Marketing

There are approximately 35 main landing ports located throughout the UK and fish are predominantly marketed through auction halls. These auction halls and support facilities vary significantly in standard between areas and ports; however, most ports have auction halls. Some auction halls need to modernize, upgrade and in some cases redevelop facilities, to maintain quality and improve hygiene standards. In other ports the auction and support facilities have not kept in step with the changes in the pattern of landings. For example, in some expanding ports, facilities to cope with increased landings are poor while in more established ports auction halls are no longer used to their full capacity. In addition there may be a need to provide additional storage facilities in specific areas.

1.4.3. Conclusion

The United Kingdom enjoys a very diverse fisheries industry in terms of the catching, aquaculture and processing sectors. Each region tends to have a distinct fish processing industry which is acknowledged in the Community support framework. The key issues facing the UK processing industry are summarized below.

- (i) The primary and secondary processing sectors require investment in buildings and equipment to meet increasing customer demands to maintain quality and improve hygiene, and to take advantage of opportunities offered by the single internal market.

- (ii) Investments are required in buildings and equipment in all sectors of the processing industry to improve efficiency in production techniques, including technical innovation in fish processing and packaging.
- (iii) Investments are required in buildings and equipment to encourage the better utilization of existing raw materials and the development of new products and markets in view of the decline in landings by the UK fleet.
- (iv) Investments are required to improve the marketing of fishery products, to maintain fish quality and to improve hygiene conditions, particularly in auction halls and related facilities.

2. Priority axes for common action

2.1. Priority axes

Based upon the strengths and weaknesses of the sector, the Commission and the UK authorities have agreed within the framework of partnership the following priority axes for granting Community aid.

The two axes are as follows:

Axis 1: Processing;

Axis 2: Marketing.

2.1.1. Axis 1: Processing

Measure 1: Upgrading and modernization of existing processing facilities and development of new processing facilities

In order to meet the requirements of customers and to compete effectively in the internal market, investments will be required in buildings and equipment in both the primary and secondary processing sectors where companies can demonstrate the ability to obtain supplies of raw materials and the availability of market potential if the following conditions are met:

(a) *Quality and hygiene*

Investments are required to maintain quality and improve hygiene conditions in processing premises.

(b) *Production technology*

The introduction of more efficient production methods will improve the competitiveness of businesses within all sectors of the processing industry and/or integrate additional processes within production units.

Measure 2: Better utilization of raw materials

A reduction in supplies of traditional species requires more efficient utilization of existing resources. Investment in buildings and equipment are required for:

- (a) the processing of species within the UK which are presently underutilized by the processing sector (for example pelagic species currently sold to foreign-own-

ed factory ships); and to encourage processing of underexploited species and non-quota species;

- (b) utilizing available raw materials to maximize their value by developing new products, packaging and markets.

Measure 3: Processing facilities for aquaculture

The projected growth of the aquaculture industry will require upgrading of existing, and development of new processing facilities, particularly for salmonids and shellfish. This will include investments to maintain quality and improve hygiene standards.

Measure 4: Pilot/demonstration projects, technical assistance, studies

Where investments involve pilot/demonstration projects, technical assistance and studies will be carried out to support the processing axis.

2.1.2. Axis 2: Marketing

In general most auction halls in the UK may require some attention to meet proposed EC hygiene standards; in particular they are located in areas dependent on fish catching and/or processing for employment opportunities.

Measure 1: Auction halls and equipment

Investments are necessary to ensure the efficient handling, marketing and/or storage of fishery products, particularly to maintain fish quality and improve hygiene standards in auction halls and related facilities.

Measure 2: Pilot/demonstration projects, technical assistance, studies

Where investments involve pilot/demonstration projects, technical assistance and studies will be carried out to support the marketing axis.

2.2. Coordination with other Community aid

2.2.1. Common fisheries policy (CFP)

The actions foreseen in this Community support framework must conform with the objectives of the common fisheries policy. The implementation of this policy consists of measures with a view to speeding up the adjustment of fisheries and aquaculture structures which include:

- Regulation (EEC) No 4028/86 on Community measures to improve and adapt structures in the fisheries and aquaculture sector;
- Regulation (EEC) No 3252/87 concerning the coordination and promotion of research in the fisheries and aquaculture sector.

The coherence between the actions foreseen in this Community support framework and the above measures will be ensured during their examination and implementation.

In the implementation of Regulation (EEC) No 2321/88 setting out application procedures for Community aid under Regulation (EEC) No 4028/86 concerning fishing port facilities, the UK presented a specific programme which was adopted by a Commission Decision on 29 June 1990.¹

2.2.2. Other objectives of the reform of structural Funds

As part of the reform of the structural Funds other Community support frameworks under Objectives 1, 2, 3 and 4 as well as 5b have been adopted. In order to ensure economic and social cohesion priority will be given, where appropriate, to actions within this Community support framework which complement and integrate with other Community support frameworks.

¹ OJ L 180 of 13 July 1990.

3. Forms of intervention

3.1. Forms of assistance

According to Regulation (EEC) No 4042/89 the Community intervention will take one or several of the following forms:

- (i) operational programmes;
- (ii) global grants;
- (iii) suitable projects;
- (iv) pilot/demonstration projects, technical assistance and studies.

Operational programmes will be the main form of assistance.

3.2. Rates of finance

The grant rate for financing all forms of assistance will be up to 30% of eligible costs, except for regions covered by Objective 1 of the reform of structural Funds, where the grant rate will be up to 50% of eligible costs.

4. Indicative financing plan

The amounts shown in the Community support framework financing tables are those agreed between the Commission and the United Kingdom Government. The figures relate to the period 1991-93. The tables contain commitments made under the European Agricultural Guidance and Guarantee Fund (EAGGF), Guidance Section, part of the structural Funds and are in line with Objective 5a of the reform of the structural Funds and also Regulation (EEC) No 4042/89 for the improvement of conditions under which fishery and aquaculture products are processed and marketed.

The indicative financing plan expressed in ecus at 1991 prices is presented in the form of two tables:

Table 1 shows funding by priority axis;

Table 2 shows funding by year.

European Investment Bank

Concerning the possible participation of the EIB, the loan packages are not estimated at this stage, the actual amounts of loans being dependent on the projects to be submitted by the promoters with the consent of the national authorities concerned and the approval of the EIB organs.

Whenever appropriate, the EIB is prepared to approve, on the basis of its customary criteria, applications for loans for eligible investments not provided for in the Community support framework.

Table 1a
Indicative financing plan
by priority axis and existing commitments (1991-93)

At 1991 prices

Regions covered by Objective 1

(1000 ECU)

Priority axes	Total cost ¹	Public expenditure									Private sector	Community loans EIB ³
		Total public expenditure	Community grants				National contribution ²					
			Total EEC	EAGGF 5a	ERDF	ESF	Total national	Central government	Local authorities	Other		
1	2=3 + 7	3=4 to 6	4	5	6	7=8 to 10	8	9	10	11	12	
<i>New actions</i>												
1. processing	3 182	1 750	1 591	1 591	—	—	159	159	—	—	1 432	
2. marketing	800	440	400	400	—	—	40	40	—	—	360	
New actions Subtotal	3 982	2 190	1 991	1 991	—	—	199	199	—	—	1 792	token entry
<i>Existing commitments (token entry)</i>	—	—	—	—	—	—	—	—	—	—	—	—
Existing commitments Subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Total	3 982	2 190	1 991	1 991	—	—	199	199	—	—	1 792	token entry

¹ Only including investments which are planned for co-financing under this Community support framework.

² Breakdown between State/region/other will be decided later.

³ Participation of the EIB will be decided later.

Table 2a
Indicative financing plan
by year

At 1991 prices

Regions covered by Objective 1

(1000 ECU)

	Total cost ¹	Public expenditure								Private sector	Community loans EIB ³	
		Total public expenditure	Community grants				National contribution ²					
			Total EEC	EAGGF 5a	ERDF	ESF	Total national	Central government	Local authorities			Other
1	2=3 + 7	3=4 to 6	4	5	6	7=8 to 10	8	9	10	11	12	
1991	1 300	715	650	650	—	—	65	65	—	—	585	
1992	1 600	880	800	800	—	—	80	80	—	—	720	
1993	1 082	595	541	541	—	—	54	54	—	—	487	
Total	3 982	2 190	1 991	1 991	—	—	199	199	—	—	1 792	token entry

¹ Only including investments which are planned for co-financing under this Community support framework.

² Breakdown between State/region/other will be decided later.

³ Participation of the EIB will be decided later.

Table 1b
Indicative financing plan
by priority axis and existing commitments (1991-93)

At 1991 prices

Other regions

(1000 ECU)

Priority axes	Total cost ¹	Public expenditure									Private sector	Community loans EIB ³
		Total public expenditure	Community grants				National contribution ²					
			Total EEC	EAGGF 5a	ERDF	ESF	Total national	Central government	Local authorities	Other		
			1	2=3 + 7	3=4 to 6	4	5	6	7=8 to 10	8		
<i>New actions</i>												
1. processing	46 691	16 342	14 007	14 007	—	—	2 335	2 335	—	—	30 349	
2. marketing	11 673	4 086	3 502	3 502	—	—	584	584	—	—	7 587	
New actions Subtotal	58 364	20 427	17 509	17 509	—	—	2 918	2 918	—	—	37 937	token entry
<i>Existing commitments</i>												
Token entry	—	—	—	—	—	—	—	—	—	—	—	
Existing commitments Subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Total	58 364	20 427	17 509	17 509	—	—	2 918	2 918	—	—	37 937	token entry

¹ Only including investments which are planned for co-financing under this Community support framework.

³ Participation of the EIB will be decided later.

² Breakdown between State/region/other will be decided later.

Table 2b
Indicative financing plan
by year

At 1991 prices

Other regions

(1000 ECU)

	Total cost ¹	Public expenditure								Private sector	Community loans EIB ³	
		Total public expenditure	Community grants				National contribution ²					
			Total EEC	EAGGF 5a	ERDF	ESF	Total national	Central government	Local authorities			Other
1	2=3 + 7	3=4 to 6	4	5	6	7=8 to 10	8	9	10	11	12	
1991	17 347	6 071	5 204	5 204	—	—	867	867	—	—	11 275	
1992	23 667	8 283	7 100	7 100	—	—	1 183	1 183	—	—	15 383	
1993	17 351	6 073	5 205	5 205	—	—	868	868	—	—	11 278	
Total	58 364	20 427	17 509	17 509	—	—	2 918	2 918	—	—	37 937	token entry

¹ Only including investments which are planned for co-financing under this Community support framework.

² Breakdown between State/region/other will be decided later.

³ Participation of the EIB will be decided later.

5. Community policy and additionality

5.1. Coordination and compliance with Community policies

5.1.1. Rules on competition

For the Community to part-finance national aids, the Commission must have approved such aid in accordance with Articles 92 and 93 of the EEC Treaty.

When Member States send their applications for assistance (operational programmes, aid schemes or global grants or projects, as the case may be) in connection with Objective 5a to the Commission, they must identify in those applications the measures which constitute aid (aid schemes or *ad hoc* aid measures). At the same time, they must notify the Commission (Secretariat-General), in accordance with Article 93(3) of the EEC Treaty, of any aid measure not yet notified and not yet approved by the Commission, whether it involves a new aid measure or modification of an existing aid measure.

As these aids are to be examined simultaneously with the grant applications, the Commission intends to adopt a position on them, and on any amendments made to them by the Member State, when it decides on the grant application.

As regards in particular aids in regions which are currently not eligible for national regional aid, a double examination will be undertaken by the Commission, in order to ensure coherency between regional policy and competition policy.

5.1.2. Award of public contracts

Invitations to tender for the award of public contracts must be issued in accordance with the directives governing public supply and works contracts and, in future, when similar directives are required to be implemented for a certain number of those services and sectors currently excluded.

The criteria governing the monitoring of compliance with public procurement rules in the case of projects and programmes financed by the structural Funds and financial instruments are set out in Commission Notice C(88) 2510 of 4 May 1988 to the Member States (OJ C 22 of 28 January 1989).

5.1.3. Protection of the environment

The measures taken in the course of implementing the Community support framework (CSF) must satisfy the conditions laid down by European Community legislation on the environment. Where gaps are found to exist in its implementation, priority must be given to the attainment of the objectives of the legislation in question during the period covered by the CSF in so far as such legislation relates to the development measure envisaged.

Where operations or measures are likely to have a significant impact on the environment, the Member States will, in accordance with Article 14 of Regulation (EEC) No 4253/88, provide the Commission with appropriate information to enable it to assess the environmental impact of the operations or measures concerned.

The CSF includes assistance directly relating to the protection and development of the environmental resources of the regions concerned and so contributing to Community policy in that field.

5.1.4. Completion of the single market

The activities of the Funds, the EIB and the other Community financial instruments should, in accordance with their priority objectives, help to strengthen the local economic base by ensuring that firms, in particular small and medium-sized firms, have at their disposal a range of financial and other services to enable them to prepare for the challenge of the single market (e. g. awareness of the opening up of the public procurement markets, product testing and certification infrastructures) and, in that context, for the abolition of intra-Community frontiers in accordance with the provisions of the Treaty.

5.1.5. Agriculture

Measures under this CSF must be compatible with the objectives of the common agricultural policy. Consistency between the measures under this CSF and the objectives referred to above will be ensured at the examination and implementation stages.

5.1.6. Social policy: equality of opportunities for men and women

The actions under this Community support framework must conform with, and where appropriate contribute to, the implementation of Community policy and legislation relating to equality of opportunity for women and men. In particular, consideration must be given to infrastructure requirements which facilitate participation in the labour force by people with children.

5.1.7. Research and technological development, information and telecommunications technologies, transfer of technologies

Local development depends in large part on the transfer of technological innovation. From this point of view, stronger links between those active in development at local level and those engaged in research are very important, particularly with regard to the biotechnologies, the environment and the new information technologies. The telecommunications networks now being installed will assist the dissemination of information, and measures to support demand are likely.

5.1.8. Energy

To the extent that the CSF concerns the energy sector, the related actions shall be in conformity with Community policy in that sector.

The new Community programme Thermie enables actions concerning demonstration projects to continue.

5.2. Additionality

As laid down in Article 9 of Regulation (EEC) No 4253/88, the Commission and the Member State, in establishing and implementing the Community support frameworks, must ensure that the increase in the appropriations for the Funds provided for in Article 12(2) of Regulation (EEC) No 2052/88 has a genuine additional economic impact (...) and results in at least an equivalent increase in the total volume of official or similar (Community and national) structural aid in the Member State concerned, taking into account the macroeconomic circumstances in which the funding takes place.

By agreeing to this Community support framework, the Member State also confirms its commitment to this legal obligation. The Commission will check implementation of this commitment on a regular basis by undertaking a periodic assessment of additionality throughout the period of implementation of the Community support frameworks.

6. Implementing provisions

6.1. Monitoring and control

6.1.1. Implementation

In the framework of the partnership, the Member State, the implementing authorities designated by the Member State and the Commission (hereinafter 'the partners') shall strive to obtain the desired economic impact by a full and proper use of the financial resources provided for in this CSF.

To this end, the partners:

- (i) shall define precisely responsibilities at Community, national, regional and local level;
- (ii) shall with the aid of a jointly agreed monitoring and evaluation system, ensure:
 - the transparency of management, and its strengthening where necessary;
 - good management information, facilitating decisions required to implement the CSF as approved, or to amend it where necessary;
 - an effective use of technical assistance, if required.

The definition of responsibilities

Within 60 days of the adoption of this CSF, the Member State shall designate or confirm the designation of the authority which is to have overall responsibility for the effective management of the implementation of this CSF. The designated authority shall ensure that specific responsibilities for each implementing, coordinating and control activity are clearly defined, and that instructions are given to discharge these responsibilities correctly.

The responsibility of this designated authority concerns in particular:

- (i) the proposal of methods of *ex-ante* evaluation used by the Member State in drawing up proposals for Community intervention;
- (ii) the proposal of methods and procedures for defining, selecting and implementing individual actions or projects to be financed in the framework of operational programmes, aid schemes or global grants or loans after approval by the European Community;
- (iii) ensuring the compliance with Community policies;
- (iv) the follow-up of financial flows to implementing agencies to ensure the timely availability of Community and national resources;

- (v) the designation of mechanisms to prevent and detect any irregularities in the use of public finance;
- (vi) ensuring that the final beneficiaries of development programmes are fully aware of the opportunities available to them and of the contribution of the European Community to the development effort.

The Commission shall include a commentary on these matters in the reports foreseen under Article 6 of Regulation (EEC) No 2052/88.

Within 60 days of the adoption of this CSF, the Member State shall designate or confirm the designation of the authority responsible for meeting its obligations as regards financial control under Article 23 of Regulation (EEC) No 4253/88.

The Member State shall submit to the Commission with the application for an operational programme a description of the management and control system of the programme as well as the necessary information on the administrative and judicial arrangements set in place to ensure the respect of its obligation regarding financial control.

6.1.2. Monitoring, indicators and evaluation

6.1.2.1. Monitoring Committee

A Monitoring Committee, organized in the context of the partnership, shall monitor the Community support framework as well as the forms of assistance outlined in this CSF.

The tasks of this Monitoring Committee shall be among others:

- (i) to coordinate all structural operations implemented within this CSF by the regional and central authorities of the Member State as well as the grant and loan instruments of the Communities, and to harmonize them with other Community policies, with a view to achieving the strategic objectives of the Community support framework;
- (ii) to evaluate regularly the progress made with the implementation of the CSF;
- (iii) to analyse proposals for possible modifications of the CSF.

The Monitoring Committee shall also adopt, on proposal of the authority responsible for the overall implementation of the CSF:

- (a) the methods of *ex-ante* evaluation of proposals for Community intervention;
- (b) the methods and procedures for defining, selecting and implementing individual actions or projects to be financed under the different forms of assistance.

In the framework of partnership, the Monitoring Committee will be composed of the Commission, the EIB and Member State representatives, including, where appropriate, representatives of the competent authorities designated by the Member State at local, regional, national or any other level. The Monitoring Committee shall establish its own rules of procedure, including any appropriate organizational arrangements.

The Committee may meet at the initiative of either the Commission or the Member State concerned. The frequency of the meetings of the Monitoring Committee shall, as a general rule, be once or twice every year or more often if necessary.

The Member State, the Commission and the EIB shall designate their representatives in the Monitoring Committee, 60 days (at the latest) after notification to the Member State of the Commission decision approving the Community support framework.

The chairman of the Monitoring Committee will be designated by the Member State. The implementing authority shall provide the secretariat to the Monitoring Committee.

6.1.2.2. Indicators

In order to make possible the monitoring and evaluation of operations, the Monitoring Committee is responsible for the compilation of data on financial, physical implementation and performance indicators. The partners will jointly agree the detailed specification of the reporting system.

(a) *Financial indicators*

The financial indicators for each year of execution shall relate to commitments, payments, indicatively planned expenditure for multiannual operations (budget) as well as changes in the financial execution of operations, all broken down by:

- Fund or loan instrument for the Community sources and for each form of assistance within each priority;
- public contributions (from central, regional or local authorities), as well as private expenditure for each form of intervention within each priority.

(b) *Physical implementation and performance indicators*

The following will be established:

- (i) physical implementation indicators (where relevant) to allow assessment of the degree of implementation of planned operations;
- (ii) performance indicators, which aim to measure the degree of achievement of the objectives of structural operations as well as their indirect socioeconomic effects.

The definition and the collection of all types of indicators shall be the object of a joint effort by the partnership. The same indicators will also be used, in so far as is possible, for monitoring the progress made with the different forms of assistance planned under the CSF.

6.1.2.3. Evaluation

(a) *Ex-Ante assessment*

The presentation of the various forms of intervention shall be accompanied by an *ex-ante* assessment, which shall be undertaken by the Member States with a view to:

- (i) assessing the compatibility of interventions with the Community support framework;
- (ii) assessing the existence of adequate implementation and management structures;
- (iii) assessing the coordination of structural operations with other Community policies, the combination of grants and loans, as well as their economic soundness and the viability of the operations.

For its part the Commission reserves the right to make its own assessment of these issues.

(b) *Ex-post evaluation*

Ex-post evaluation shall be undertaken in respect of the CSF as well as the individual operations. A method for carrying out this task will be established by the partnership and will take account of the results of the constant monitoring of operations by the Monitoring Committee.

6.1.3. Progress reports for the implementation of operations

The reports which the authority designated by the Member State shall send to the Commission shall be established in a standardized form to be jointly defined (for multiannual operations lasting less than two years).

The final reports shall include a first provisional evaluation of the operation concerned, according to the guidelines which will have been agreed upon by the Commission and the Member State concerned.

6.1.4. Procedures for the modification of a Community support framework

According to the provisions of Council Regulation (EEC) No 2052/88, the Community support frameworks may, if necessary, be revised and adjusted, on the initiative of the Member State or of the Commission in agreement with the Member State, in the light of relevant information and of the results obtained during implementation of the operations concerned.

The principles concerning the modification of Community support frameworks, established through agreement between the Member State and the Commission with a view to allowing their flexible implementation are as follows:

- (a) The following modifications can be decided by the Monitoring Committee(s):
- variations between priorities compared to the initial estimates included in the indicative financing plan of not more than 15% for each separate priority for the whole of the period, or 20% for one financial year. The variations must remain compatible with the Commission's budgetary rules and procedures and must not affect the total amount of assistance of the Fund;
 - other minor modifications concerning the implementation of actions, with the exception of the provisions concerning aid schemes.

The Commission and the Member State shall be informed of the decisions to adopt these modifications. They shall be valid unless within a period of 20 working days following the date of receipt by the Commission or by the Member State of the information, the Commission or the Member State has requested the suspension of that modification.

If necessary, the Commission and the Member State shall adapt their decisions approving the operations concerned.

- (b) The following modifications can be adopted by the Commission, in agreement with the Member State:
- modifications going beyond the thresholds of 15 and 20% defined in (a) but not beyond 25%;
 - transfers of Community resources between forms of assistance within a CSF up to 25% of the total Community allocation anticipated.
- (c) Other modifications require a revision of the Community support framework following the same procedures applied for its adoption.

Provisions relating to the modification of individual operations during implementation are included in decisions approving such operations.

6.2. Information and publicity

The Member State, the entities responsible for the implementation of the Community support framework and the Commission will decide on the information and publicity measures to be undertaken for actions benefiting from Community financial support on the basis of the principles set out in Article 32 of Regulation (EEC) No 4253/88.

These information and publicity measures shall be determined in the context of the individual decisions for the forms of intervention.

6.3. Technical assistance

If required, the partnership shall agree as soon as possible a programme for technical assistance for supporting management, coordination and control, as well as monitoring and evaluation systems of this CSF.

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Community support framework — 1991-93

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