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REPORT FROM THE COMMISSION

Twelfth annual report on the Structural Funds (2000)

This report has been prepared by the Directorate-General for Regional Policy, in collaboration with the Directorates-General for Employment and Social Affairs, Agriculture and Fisheries, and with contributions from the Directorates-General for Economic and Financial Affairs, Competition, Energy and Transport, Environment, Information Society, Internal Market, Budget and the European Anti-Fraud Office.

Following the introduction of the euro on 1 January 1999, the financial amounts in this report are all expressed in euro, including those relating to operations before that date. The '€' used in the report refers to the ecu where the amounts related to the period before 1 January 1999 and to the euro after that date.

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GENERAL SUMMARY

This report is compiled in accordance with Article 45(2) of the general Regulation governing the Structural Funds (Regulation (EC) No 1260/1999). It presents the application in 2000 of the rules on the Structural Funds, particularly the implementation of Objectives 1, 2 and 3 and the Community Initiatives.

In addition to the statutory requirements, the first chapter of the report looks at the major events of 2000, in particular the adoption of the programming documents and the start of the first assistance on the ground.

2000

The past year was marked by two major topics in the field of the policy on economic and social cohesion:

1. The adoption of the programmes for 2000-06 and the guidelines for the Community Initiatives and the innovative measures

Following the final preparations completed in 1999 (see the 11th annual report), the Commission was able to adopt a large number of programming documents (CSFs/SPDs/OPs) in this first year of implementation.

The situation is particularly satisfactory as regards the Objective 1 programmes (regions whose development is lagging behind), since all the 7 CSFs and 19 SPDs were adopted, with only one exception (the French national programme for computers). About half the OPs under the CSFs were adopted (46 in 2000; 51 are still to be adopted in 2001).

In the case of Objective 2 (areas undergoing economic conversion), only the SPDs for Finland, Sweden and Denmark could be adopted, 8 in all, because most plans did not reach the Commission until early in 2000.

All the CSFs/OPs or SPDs for Objective 3 (human resources) in the Member States concerned were adopted during 2000.

In all, 111 forms of assistance (SPDs and OPs) for Objectives 1, 2 and 3 were adopted during 2000.

During the year, the Commission adopted guidelines for the four Community Initiatives: INTERREG III, URBAN II, EQUAL AND LEADER+.

INTERREG III has three strands: cross-border cooperation; transnational cooperation and interregional cooperation.

URBAN II seeks to regenerate certain urban areas in crisis.

The EQUAL Initiative seeks to promote equal treatment on the labour market and the promotion of equality between men and women.

LEADER+, following on from Leader I and II, is designed to promote rural development.

The draft guidelines for innovative actions were adopted by the Commission in July. Following amendments requested by the European Parliament, the final version of the guidelines was adopted in January 2001.

Following adoption of the programming documents for Objectives 1, 2 and 3, some programmes could start in the first year of programming. This meant that **13% of total appropriations were committed and 5% paid by 31 December 2000.** These rates of implementation are similar to those recorded in 1994, the first year of programming for the previous period (1994-99).

2. Closure of old programmes

A large number of programmes from earlier periods were closed during 2000. The number of programmes still to be closed relating to assistance before 1989 was reduced from 89 to 35. A particular effort was made to close programmes in Italy, which were the most numerous.

Of the programmes for period 1989-93, some 73 programmes were closed during the year; 101 still remain. Progress was particularly significant in the case of programmes in Italy and the United Kingdom.

The closure of Objective 2 programmes (1994-96) also began during the year 2000.

CHAPTER 1: THE MAJOR EVENTS OF 2000 IN THE CONTEXT OF THE NEW PROGRAMMING PERIOD 2000-06

1.1. ADOPTION OF THE REMAINING OBJECTIVE 2 LISTS

Following the definition on 1 July 1999 of the ceilings of eligible population, the Commission invited the Member States concerned to send it their proposals for areas eligible under Objective 2 before 31 August 1999. They were in fact received between 16 August and 3 December 1999.

As a result, in 1999 the Commission took decisions of principle on certain lists: those for Finland, Belgium, Denmark, the Netherlands, Germany, the United Kingdom and Spain. For the first five of these Member States final decisions were also taken in 1999.

On 18 January 2000, the Commission adopted decisions of principle on the lists of Objective 2 areas in the other Member States concerned by this Objective (France, Sweden, Austria, Luxembourg), with the notable exception of Italy, on whose lists a decision in principle was taken in July. Final decisions on the lists awaiting approval were taken in the first quarter of 2000, apart from Italy (third quarter).

1.2. ADOPTION OF THE CSFS/SPDS/OPS 2000-06

Since the vast bulk of **the plans for Objective 1** reached the Commission before 31 December 1999, all the CSFs and SPDs could be adopted in 2000, apart from the French national programme for computers, which was adopted early in 2001. As regards the OPs under the CSFs, the situation differed from one Member State to another (see table below).

The lists of areas eligible **under Objective 2** were drawn up later (see point 1.2 above) and no plans had reached the Commission by 31 December 1999. Virtually all arrived between 1 January and 30 April 2000. The SPDs adopted in 2000 concerned only three of the twelve Member States concerned by Objective 2 (Finland, Sweden, Denmark). Most of the assistance under Objective 2 for the other Member States was adopted during the first quarter of 2001.

As regards the programming for Objective 2, France is the only Member State to opt to integrate rural development measures (financed by the EAGGF Guarantee Section, which is not a Structural Fund) into the SPDs. In all the other Member States, all rural development measures are integrated into a specific ‘rural development plan’.

It should also be noted that some Member States have chosen not to integrate the ESF into the programming for Objective 2, and have preferred to call on support from this Fund exclusively through programming under Objective 3 (co-financed exclusively by the ESF).

All the CSFs/OPs or SPDs **for Objective 3** for all the Member States concerned (since Portugal, Greece and Ireland are entirely covered by Objective 1 transitional support under Objective 1, they are excluded) were adopted during 2000. They totalled 39 items of assistance (25 OPs for Italy, Spain and the United Kingdom and 14 SPDs for the other Member States).

Nine SPDs **concerning assistance from the FIFG outside Objective 1** (Germany, Austria, Belgium, Denmark, Spain, Finland, France, United Kingdom, Sweden) were adopted in 2000. The three countries entirely covered by Objective 1 or transitional support under Objective 1 (Greece, Ireland and Portugal) are not concerned. The two SPDs for Italy and the Netherlands are still to be adopted. No assistance is planned in Luxembourg.

In all, 111 items of assistance (SPDs and OPs) were adopted in 2000 under Objectives 1, 2 and 3. Of these, 64 concerned Objective 1: 18 SPDs, and 46 OPs (the vast majority of the OPs for Italy, Portugal and Germany were adopted while no OPs have yet been adopted for Greece and a large number still remain to be adopted for Spain). Eight SPDs concern programming under Objective 2 and 39 assistance under Objective 3.

Assistance adopted during 2000:

MEMBER STATE	CSF/SPD OBJ. 1		OP OBJ. 1		SPD OBJ. 2		OBJ. 3	
	Adopted in 2000	To be adopted in 2001	Adopted in 2000	To be adopted in 2001	Adopted in 2000	To be adopted in 2001	CSF/ SPD adopted	OPs adopted
Belgium	1 SPD					7 SPDs	5 SPDs	
Denmark					1 SPD		1 SPD	
Germany	1 CSF		6	3		11 SPDs	1 SPD	
Greece	1 CSF			25				
Spain	1 CSF		5	17		7 SPDs	1 CSF	7
France	6 SPDs	1 SPD				22 SPDs	1 SPD	
Ireland	1 CSF		6	1				
Italy	1 CSF		12	2		14 SPDs	1 CSF	15
Luxembourg						1 SPD	1 SPD	
Netherlands	1 SPD					4 SPDs	1 SPD	
Austria	1 SPD					8 SPDs	1 SPD	
Portugal	1 CSF		17	2				
Finland	2 SPDs				3 SPDs		2 SPDs	
Sweden	2 SPDs				4 SPDs		1 SPD	
United Kingdom	5 SPDs 1 CSF			1		14 SPDs	1 CSF	3
TOTAL	**7 CSFs 18 SPDs**	**1 SPD**	**46 OPs**	**51 OPs**	**8 SPDs**	**88 SPDs**	**3 CSFs 14 SPDs**	**25 OPs**

1.3. THE GUIDELINES FOR THE COMMUNITY INITIATIVES

On 28 April the Commission adopted the guidelines for the new Community Initiative **Interreg III** (2000-06)[1] and the indicative financial breakdown by Member State. Total assistance from the ERDF for the whole period amounts to €4 875 million (at 1999 prices).

The Interreg Initiative began in 1990 to promote cross-border cooperation and help the regions located on the Union’s internal and external borders to overcome the

[1] OJ C 143, 23 May 2000, p.6.

problems resulting from their isolation. The new Interreg III Initiative for the period 2000-06 is broader in scope because it also provides support for interregional and transnational cooperation. This means that Interreg III operates at three territorial levels:

- **Strand A: cross-border cooperation** between adjacent frontier communities to develop cross-border economic and social centres and strategies for territorial development;

- **Strand B: transnational cooperation** between national, regional and local authorities to promote a greater degree of integration within larger regional groupings. Thirteen programmes throughout the Union are planned;

- **Strand C: interregional cooperation** to make the regional development instruments more effective, mainly by networking the regions and public authorities responsible for regional policies. This strand also concerns cooperation between non-adjacent regions.

Urban II: Following the favourable opinion of the European Parliament, at the end of April the Commission adopted the guidelines on the new Urban II (2000-06) Community Initiative, which were published in OJ C 141 of 19 May 2000.

Equal follows on from the Employment and Adapt Community Initiatives and builds on the lessons learned from these programmes. It is distinct from the mainstream Social Fund programme by its focus on testing new ways of delivery for policy priorities and by its emphasis on partnership in a context of transnational cooperation. The main principles of Equal are:

- **partnership**: including public authorities (in particular at local and regional level), representatives of workers and employers, the equality commissions, education and training communities, the voluntary and community sectors and the management authorities for the countries;

- **thematic approach**: to explore new ways of tackling the problems common to different types of discrimination and inequality, rather than focusing on a specific group;

- **transnationality**: to work in cooperation with partnerships from other Member States, learning lessons and developing new methods and approaches to training and job creation;

- **empowerment/participation**: those targeted for support will have the opportunity to influence the design and evaluation of the activities proposed to help them;

- **innovation**: including new methods of delivery, new systems or innovative actions to address gaps identified in key reports, from, for example, the Social Exclusion Unit;

- **dissemination and mainstreaming**: to help inform policy developments at a national and European level.

The financial resources allocated to Equal are modest, €2 847 000. Nevertheless, its strategic character and visibility are more extensive because of the innovative approach and the transfer to more "traditional" programmes (mainstreaming – dissemination of best practice).

Leader+: On 14 April the Commission approved guidelines for the Member States on the new Community Initiative for rural development, Leader+[2]. The total Community contribution to Leader+ in the 2000-06 period will be €2 020 million, financed by the EAGGF Guidance Section.

As its name implies, Leader+ will not be a simple continuation of the existing Leader II Initiative but will be more ambitious, aiming to encourage and support high quality and ambitious integrated strategies for local rural development. It will also put a strong emphasis on cooperation and networking between rural areas. All rural areas of the EU will, in principle, be eligible.

The four priority themes proposed at European level concern key aspects of development in rural Europe: improving the competitiveness of rural products and services through the use of new know-how and new technologies; improving the quality of life in rural areas; better promotion of local products through collective marketing approaches; enhancement and protection of the natural and cultural heritage.

1.4. THE DRAFT GUIDELINES FOR THE INNOVATIVE ACTIONS

Under Article 22 of the general Regulation, up to 0.4 % of the annual ERDF budget may be set aside to co-finance innovative actions. The proposal for the new guidelines for ERDF innovative actions was approved by the Commission on 12 July 2000. The guidelines reflect the desire outlined in the general Regulation for greater efficiency in the use of the Structural Funds mainly through the proposals for :

- a programme rather than a project approach;
- a reduction in the number of strategic themes from 8 to 3;
- closer cooperation between the innovative actions and the mainstream Objectives 1 and 2 programmes;
- decentralised management and implementation at regional level.

The principal aim of the new regional programmes of innovative actions is to improve the quality of the Objective 1 and 2 programmes in relation to the following three strategic themes:

- regional economies based on knowledge and technological innovation: helping less-favoured regions to raise their technological level;
- e-EuropeRegio: the information society at the service of regional development;

[2] OJ C 139, 18 May 2000, p.5.

- regional identity and sustainable development: promoting regional cohesion and competitiveness through an integrated approach to economic, environmental, cultural and social activities.

Under the new system described in the guidelines, all regions in the EU are invited to submit an individual programme application which sets out a strategy for promoting innovation in the context of regional development. The strategy should be drawn up by a partnership consisting of all regional actors and should be based on an analysis of the region's particular strengths and weaknesses. The regional programmes should be seen as a laboratory for experimentation offering the regions a chance to test new ideas in ways that may not always be possible in the mainstream Structural Funds programmes. Nevertheless, the ultimate aim should be to transfer successful results to the operational programmes where they can be replicated on a wider scale. For this to work, there will have to be close cooperation between those responsible for innovative actions and the authorities responsible for Objectives 1 and 2.

In contrast with past practices, the Commission will no longer select individual projects. Since the regions are best placed to determine what is innovative for them, it will be up to regional steering committees to choose individual projects. These can be wide-ranging and may include studies, pilot projects, preparation of strategic plans, networking, etc. Pilot projects should be aimed at small and very small firms.

Networking is very important and participating regions should set aside between 1% and 3% of their budget for this purpose. In addition, the Commission is prepared to co-finance a limited number of specific network programmes involving at least five regions from five Member States who wish to set up new networks to promote innovation related to the three strategic themes outlined above.

The Commission amended the draft guidelines to take account of suggestions from the ERDF and the European Parliament's Committee on Regional Development, Tourism and Transport and formally adopted them in January 2001. The first programme applications are expected by end-May 2001. Each year between 2001 and 2005, the Commission will select programmes for co-financing based on a set of objective criteria with an emphasis on quality and the innovative character of the proposal. The ERDF contribution will vary from a minimum of €300 000 to a maximum of €3 million for up to two years. Once the regional programmes are underway, the Commission will organise two competitions to identify the best projects or actions which contribute to promoting innovation in relations to regional development.

1.5. WINDING UP OF EARLIER PROGRAMMES

Work on winding up earlier programmes continued apace during 2000. A survey carried out at the beginning of March 2001 determined the number of programmes closed for each programming period. The main points were that:

– <u>for assistance prior to 1989</u>, the number of programmes to be closed fell from 89 (30 June 2000) to 35 (end February 2001). The amount involved was €124 million. The items wound up included a large number of programmes in Italy, which accounted for the vast bulk of the programmes awaiting closure (75 out of 89 in mid-2000). This meant that by the end of February, only 24 Italian programmes still awaited closure;

– of the programmes for 1989-93, the number wound up since 30 June 2000 totalled 73, involving a total of €516 million. At the end of February 2001, some 101 items, involving €714 million still remained to be closed. Progress was particularly significant for the programmes in Italy (33 items closed) and the United Kingdom (26 items closed). Work is continuing and during the first half of 2001 it is expected that 17 items in Spain and 11 in France will be wound up;

– as expected, the winding up of the Objective 2 programmes (1994-96), which amounted to 65 in number and €759 million, began. The items under Objective 2 for 1994-96 which raise no particular problem should be wound up by the end of summer 2001.

CHAPTER 2 : IMPLEMENTATION OF PROGRAMMING IN THE MEMBER STATES

2.1. GENERAL OVERVIEW

This Chapter deals solely with the implementation of the new programming for 2000-06. Continuation of the programmes for 1994-99 is presented briefly by Member State in Chapter 2.2, where its main features so merit. Innovative actions will be covered in this chapter since they do not fall under the breakdown of appropriations by Member State.

2.1.1. Implementation of Objectives 1, 2 and 3

2000 saw the gradual implementation of assistance for period 2000-06 while most of the programmes for 1994-99 continued to be implemented on the ground.

Commitment appropriations from the Structural Funds for 2000-06 in million euros (1999 prices), excluding Community Initiatives and innovative actions:

Member State	Objectives					FIFG (Non-Objective 1)	Total
	1	Transitional support Objective 1	2	Transitional support Objective 2	3		
Belgium	0	625	368	65	737	34	1 829
Denmark	0	0	156	27	365	197	745
Germany	19 229	729	2 984	526	4 581	107	28 156
Greece	20 961	0	0	0	0	0	20 961
Spain	37 744	352	2 553	98	2 140	200	43 087
France	3 254	551	5 437	613	4 714	225	14 794
Ireland (2)	1 315	1 773	0	0	0	0	3 088
Italy	21 935	187	2 145	377	3 744	96	28 484
Luxemb	0	0	34	6	38	0	78
Netherlands	0	123	676	119	1 686	31	2 635
Austria	261	0	578	102	528	4	1 473
Portugal	16 124	2 905	0	0	0	0	19 029
Finland	913	0	459	30	403	31	1 836
Sweden (3)	722	0	354	52	720	60	1 908
UK (2)	5 085	1 166	3 989	706	4 568	121	15 635
EUR15	**127 543**	**8 411**	**19 733**	**2 721**	**24 224**	**1 106**	**183 738**

(2) Including appropriations for Peace (2000-04)
(3) Including appropriations for the special programme for Swedish coastal areas

Implementation of appropriations for all Objectives:

Since some 115 items of assistance (OPs and SPDs) were adopted in 2000, some measures could begin on the ground during the first year of the programming period (details by Member State in chapter 2.2.). In any case, as provided for in the general Regulation, expenditure on most programmes is eligible retroactively to 1 January 2000. However, the small number of programmes adopted under Objective 2 prevented the overall implementation rate for the year reaching a satisfactory level.

Taking all the Objectives together, **13% of the appropriations for 2000-06 was committed and 5% paid**. These implementation rates were similar to those recorded in the first year of the previous programming period, 1994-99. In 2001 implementation will probably speed up substantially since in that year work on the Objective 2 programmes will begin. The 7% advance and automatic annual commitments should facilitate implementation.

Annex 1 shows the implementation of the Funds by Member State and by Fund (commitments and payments made in terms of total appropriations allocated).

Annex 3 also shows financial implementation of the budget (i.e. commitments and payments made in terms of the budget available for the year).

Budgetary implementation shows that overall 51.8% of the appropriations available for all the Objectives, Community Initiatives and innovative actions for 2000 were committed. Consumption of appropriations varied widely by budget heading: Objective 3 used 94.6% of the appropriations available for the year while Objective 2 used only 4.6% (see explanations below). The FIFG (non-Objective 1) also used a very large proportion of the commitment appropriations available. The situation is similar as regards payment appropriations, with Objective 3 and the FIFG (non-Objective 1) using a very large proportion of the appropriations available while Objective 2 used very little and the Community Initiatives none at all. This failure to use all the appropriations in 2000 means that some will have to be carried over to following years.

Commitment appropriations carried over from 2000 to subsequent years:

Since some items of assistance could not be adopted or implemented in 2000, in May 2001 the Commission proposed, and the European Parliament approved, a reprogramming of commitment appropriations from 2000 to 2002-06. The amount in question totals €6 152 million in commitment appropriations: €3 589 000 for Objective 1; €864 million for Objective 2; €4.5 million for the FIFG non-Objective 1 and €1 695 million for the Community Initiatives. 2000, the first year of implementation in the 2000-06 programming period, is the only one when this type of transfer is possible.

Implementation of Objective 1 (regions whose development is lagging behind):

Almost all the SPDs and all the CSFs were adopted in 2000. About half the OPs under CSFs were adopted in 2000 (46 OPs were adopted while 51 are still to be adopted in 2001). This meant that appropriations could be committed and work on many measures could begin so that all the Member States, with the notable exception of Greece, could begin implementing their programmes in 2000. In the various

Member States the progress of the programmes was fairly uniform in terms of the commitment of appropriations although at 21% the rate in Ireland was considerably higher than the Community average of 9%, mainly because of better preparation in terms of the partnership (establishment and consultation of the Monitoring Committee) and the prior existence of eligible projects 'in reserve', awaiting co-financing. The disparities regarding payments were greater: while most Member States recorded a rate of around 7%, corresponding to the advance paid when the programme was adopted, there was a delay in some Member States (Germany, France and, particularly, Spain), mainly because the programmes were adopted at the very end of 2000 (the end of December in some cases), which meant that the corresponding payments could not be made that year. The first payments were made early in 2001. As a result, the average rate of payments under Objective 1 was 3.3%.

Implementation of Objective 2 (conversion of areas facing structural difficulties):

The SPDs for only three Member States (Denmark, Finland and Sweden) could be adopted in 2000 which meant that only those Member States could actually begin work on their programmes. However, the Objective 2 SPD for Sweden was not adopted until the end of December 2000 so no payment could be made that year. Both Denmark and Finland recorded payment rates of 7%, which, as in the case of Objective 1, corresponds to the advance paid when the programmes were approved. The Commission adopted the bulk of the programmes for the other Member States during the first quarter of 2001, so that work could begin immediately, which means that the measures are likely to make satisfactory progress in 2001. The overall rate of commitments is 15%, and 4% for payments.

Implementation of Objective 3:

Objective 3 supports human resource activities in all areas outside Objective 1. Around 75% of ESF funding under Objective 3 will go to just four Member States: Germany, France, Italy and the United Kingdom. Diversity in the scale of ESF support within Member States played a key part in both the negotiations and content of programmes. Larger programmes are typically allocated within existing active labour market policies whereas for smaller scale ESF programmes, there tends to be a greater emphasis on targeting a narrower range of (often) more innovative activities.

During 2000, many programming documents were adopted under Objective 3 so that implementation on the ground could begin in the first year of programming. However, for the three Member States (Spain, Italy and the United Kingdom) which opted for programming through a CSF divided into a number of OPs (unlike the others, which opted for programming through an SPD), the CSF was adopted in 2000 but the corresponding programmes were not adopted until 2001. That explains why the rate of implementation for Objective 3 is lower than for Objectives 1 and 2, particularly as regards commitments: the overall rates are 10% for commitments and 4.5% for payments.

2.1.2. *Implementation of the Community Initiatives*

<u>Interreg III:</u>

Following adoption of the guidelines for Interreg III, the Member States were invited to submit detailed proposals within six moths of the date of publication of the final notice in the *Official Journal*[3].

Towards the end of 2000, the Commission received 46 cross-border programmes (strand A) and 7 transnational programmes (strand B). The Commission started consideration of a large number of these programmes and negotiations with the regions concerned so that the various programmes could begin as soon as possible, in fact in 2001.

<u>Urban II:</u>

Following the publication of the guidelines for Urban II, the Commission helped its partners in the Member States to prepare the new programmes, mainly through a Vademecum which was put on the Inforegio Internet server in September 2000.

The Member States sent the Commission applications for a number of towns well above the 55 originally planned. The Commission made a special effort so that 70 towns could be supported by the Urban programme. However, by 31 December, only 28 programmes had been submitted.

<u>Equal:</u>

The guidelines for Equal were signed in Lisbon on 14 April 2000 during the Portuguese presidency of the Union. The arrival of draft programmes in September saw the start of negotiations between the Commission and the Member States which continued throughout the autumn and winter and culminated in March 2001 with the adoption of 17 programmes (Belgium submitted two separate programmes: one for the French- and German-speaking part and one for the Dutch-speaking part and Northern Ireland has a special programme within the United Kingdom).

<u>Leader+:</u>

The Leader+ Community Initiative will be implemented through 73 programmes, 12 at national level and 61 at regional level. They were approved during the first half of 2001.

2.1.3. *Innovative actions and technical assistance*

Innovative actions:

No new innovative actions or projects were launched in 2000. The implementation and winding-up of the 'old' projects approved in 1994-99 continued alongside preparation of the new guidelines for 2000-06. At the beginning of 2000, 295 of the original 329 projects were in operation. By end-2000, this had dropped to 252: a large number of these will be closed in 2001 and the remainder in 2002.

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3 OJ C 143, 23 May 2000, p.6.

Events of particular interest related to these projects during 2000 were:

- After 10 years, the final Europartenariat at the initiative of the Commission took place in Palermo, Sicily, in December. Henceforth, events of this type may be organised by the regions in the context of the Objective 1 and 2 programmes.

- A seminar for participating RIS/RITTS (information technology) regions took place in Madrid in June. Over 200 representatives from nearly 100 European regions, including accession countries, took part in the seminar, which provided an opportunity to exchange good practice and develop further inter-regional cooperation in the field of innovation promotion.

- RINNO (technical assistance for the development of a regional innovation policy measures resource base) is a €1 million joint project between DG Regional Policy and DG Enterprise, which started in January 2000 and will last for two years. RINNO is a central resource for regions to obtain information and good practice on what others are doing in the field of (technological) innovation promotion, particularly with respect to SMEs.

- Implementation of the action plans of the Regional Innovation Strategies (RIS) continued in 30 regions; six inter-regional technology transfer projects (RTTS) have developed in the latest stages of their implementation phase.

- RISI 1/RISI 2/RISI+ (regional information society initiative) projects: 6 projects ended in 2000; 22 projects are still ongoing. Among these, 13 RISI+ projects were successful in helping the regions to incorporate the results of the pilot projects into the mainstream Objective 1 and 2 programmes. A conference was held in Sovia, Spain, in July, attended by some 50 regions. The objective was to familiarise regions with ways of developing a regional information society on a larger scale. These actions are supported by either the ERDF or the ESF.

- Ecos-Ouverture (interregional cooperation with non-member countries): a seminar for participating regions was held in Brussels in January. At present all 63 projects are ongoing.

- A seminar on territorial employment pacts was held in Naples in July, attended by some 400 participants. Examples of TEP experiences which had been incorporated into mainstream programmes were discussed. Funding for technical assistance for the pacts provided under Article 10 of the ERDF Regulation will end in December 2001 at the latest. Some of the pacts have already secured a continuation of their activities in the new SPDs and Operational Programmes 2000-06.

- Culture: most of the 37 projects have now been closed. However, three projects are still to send in their final reports and on 11 other projects further information is needed. One of the projects runs until mid-2001.

An evaluation of the 1994-99 projects carried out in 1999 showed that a large proportion had produced sound results. Their success can also be measured by the fact that activities of this type are now firmly embedded in the mainstream programmes. This has allowed the Commission to launch a new generation of innovative actions, based on the strategic approach used by RIS and RISI, which concentrates on the demands of the new economy.

In the human resources domain (Article 6 of the ESF Regulation), progress was also made in 2000:

- New sources of employment: The majority of the projects originally selected in 1996 and 1997 had come to an end by December 2000. Given the closeness of the content to the Third System and Employment Pilot[4], a selection of the projects took part in the 'capitalisation' process initiated for the Third System projects. This has so far produced outputs which are sectoral (e.g. culture or neighbourhood services); horizontal (e.g. job creation, new information technologies) or instrumental (development tools and financing).

At the beginning of 2000, the Commission published a Project Directory containing descriptions and contact information for the 82 projects funded under the 1996 and 1997 calls for proposals[5] This was distributed to a wide range of organisations including the ESF missions in the Member States.

- Local Social Capital: The 30 projects in 12 Member States under the Local Social Capital pilot measure began on 1 September 1999. The pilot measure will allow the identification of good practices for the implementation of the provisions of Article 4(2) of the ESF Regulation concerning Objectives 1 and 3 programmes. The local social capital intermediary bodies are non-profit organisations that provide financial and technical support to micro-projects aimed at restoring social cohesion, reinforcing local networks and groups promoting social inclusion and the start-up of micro-firms and cooperatives.

A *'Summer School'* which brought together representatives of all the intermediary bodies, the external evaluators and the European Commission was held in Belgium on 8-11 July. It focused on specific practical issues such as the selection and monitoring of micro-projects and the management of partnerships, building on discussions started on the CIRCA electronic discussion forum. The Summer School also provided a general opportunity for project promoters to meet and exchange information and experiences.

In November the first year report was submitted by the external assessors responsible for the on-going and *ex-post* evaluation of the pilot project as a whole. The report concluded that in general the pilot project is now fully established and operational (including financial management systems), has a substantial volume of micro-projects and well-functioning local partnerships. The report was presented to the European Social Fund Committee at its meeting on 15 December 2000.

- Labour mobility: To promote innovation in support of the aims of the Action Plan for the reinforcement of free movement of workers (COM(97) 586), ESF support has been provided to 13 projects linked to industrial change and restructuring. They focus on the impact of barriers to freedom of movement and/or on

4 http://europa.eu.int/comm/employment_social/empl&esf/3syst/index_en.htm

5 "ESF Article 6 96/97 Project Directory - New Job Sources", ISBN 92-828-7728-0. This information can also be found at http://europa.eu.int/comm/employment_social/actions/index_en.htm

supporting geographic and occupational mobility. These projects are currently in their final stages.

- Inter-professional and sectoral social dialogue: Following a call for proposals at the beginning of 1999 addressed to the European social partner organisations, support is being provided to nine projects in the areas of new forms of work organisation, new training methodologies and new forms of dialogue.

Technical assistance:

Apart from the technical assistance measures financed under the CSFs, OPs and SPDs, the Commission may undertake technical assistance operations of Community interest to meet specific needs relating to the implementation of the Structural Funds. Sometimes the Commission has to undertake tasks which it cannot accomplish without the aid of outside experts. Such aid may take the form of contracts or grants.

For the programming period 2000-06, this technical assistance at the initiative of the Commission is defined by Article 23 of the general Regulation, which limits the maximum amount of technical assistance to 0.25% of the annual allocation of each Fund.

Financial implementation of technical assistance at Community level in 2000 was as follows (€million):

	ERDF	FIFG	TOTAL
Commitments	12.154	0.794	12.948
Payments	3.762	0.418	3.762

Annex 2 lists the types of measures and the amounts committed.

At the beginning of the year, in accordance with Article 48(3)(c) of the Regulation, the Directorate-General for regional policy, which is responsible for management of the ERDF, sent the forecasts of consumption during the year to the Committee for the Development and Conversion of Regions (comprising representatives of the Member States) for its opinion.

2.1.4. The ex-ante verification of additionality

Since 1989, the rules governing the Structural Funds have provided for application of the principle of additionality, which requires the Member States to maintain at least the same level of national structural expenditure (excluding the EU contribution), in real terms, from one programming period to another. Public structural expenditure includes both expenditure which is co-financed under Structural Funds programmes and those which would have been eligible for such finance.

For the period 2000-06, the process of evaluating additionality has been simplified. Instead of the previous annual verification there will be three stages: *ex-ante*, mid-term (2003) and before the end of 2005. Furthermore, the expenditure level to be maintained in 2000-06 by comparison with 1994-99 takes account of the prevailing general macro-economic conditions in each Member State and certain specific situations such as privatisations, exceptional levels of structural spending in the previous period and any reduction in Structural Fund assistance in 2000-06 compared with 1994-99.

Additionality is verified if:

– with the exception of certain cases mentioned in Article 11 of the general Regulation on the Structural Funds, the *ex-ante* evaluation shows that average annual expenditure planned for 2000-06 is at least as high as average annual expenditure during the previous period;

– the evaluation at the end of 2003 shows that average annual expenditure in 2000-02 is at least as high as the average annual expenditure for 2000-06 agreed during the *ex-ante* evaluation;

– the evaluation at the end of 2005 shows that average annual expenditure in 2000-04 is at least as high as the average annual expenditure for 2000-06 agreed during the *ex-ante* evaluation or revised at mid-term.

This condition must be met by each Member State, overall in the case of expenditure for all the Objective 1 regions. In the case of those eligible under Objectives 2 and 3, it is the expenditure undertaken at national level which is taken into account.

Link between programming and additionality

Additionality is linked to programming and the various stages of evaluation of the Structural Funds programmes, *ex-ante*, interim and final evaluation, and so it is a factor in the various decisions taken by the Commission during programming:

– under Article 11 of the general Regulation, the Commission cannot approve the CSF/SPD unless additionality has been verified *ex-ante*;

– the Commission has included a clause in the CSFs/SPDs, under which it will not approve mid-term reprogramming unless by the end of 2003 the Member State has provided relevant data concerning the mid-term verification of additionality. In exceptional and duly justified cases, and to avoid excessive delay in the programming process, the Commission may include in the decision on the mid-term re-examination a clause permitting the suspension of new commitments until full information on the mid-term verification of additionality has been provided;

– at the end of 2005, if the information it has available shows that a Member State is not in fact complying with the principle of additionality (because it is not maintaining its level of expenditure rather than failing to provide information), the Commission may consider reducing planned Structural Funds allocations to that Member State in the following period.

***Ex-ante* verification 2000-06**

The *ex-ante* verification of additionality had to be concluded before any Member State's programme for the new period could be adopted. This exercise was carried out separately for the Objective 1 regions on the one hand, and for Objectives 2 and 3 together on the other, which means that the methodology of verification has changed radically compared to the previous programming period.

Objective 1

For Objective 1, the regulation stipulates the need to determine the level of public or equivalent structural expenditure that the Member State is to maintain in all its Objective 1 regions. In general, the level of this expenditure shall be at least equal, in real terms, to the amount spent in the previous period. The main outcomes of these calculations, which were provided by the Member States and scrutinised by the Commission, can be seen in the table below.

In interpreting the table, a comparison between the Member States is difficult, not least because of the varying sizes of the populations and economies of Objective 1 regions in different Member States. Moreover, the different institutional arrangements in each Member State require appropriate methodologies and assumptions in order to keep the administrative costs of verification within reasonable proportions. For this reason, when defining the methodologies, more emphasis has been put on the comparability of data over time within a Member State than on full comparability between Member States.

The crucial figures are those in the column for 2000-06, which gives the level of average annual expenditure that Member States have to achieve and that will be verified before the end of 2003 and again before the end of 2005. Expenditure in 1994-99 provided some guidance in determining the level for 2000-06 although, due to the timing of the *ex-ante* verification which was to be concluded at the end of 1999 or in early 2000 for most Member States, many figures for the years 1998 and 1999 were still provisional. When comparing the percentage changes between 1994-99 and 2000-06, it should be noted that:

– the Commission considered Germany's 10% decline in expenditure as in line with additionality requirements. This is because the regulation states that, when determining *ex-ante* the level of expenditure to be achieved during the period, "account should be taken of (…) an exceptional level of public structural effort or equivalent effort on the part of the Member State during the previous programming period". This was clearly the case in the aftermath of German unification;

– in the cohesion countries, substantial increases arise both from the co-financing requirements and from the efforts needed to close further the gaps in physical and human capital relative to the rest of the EU. In the specific case of Ireland, the planned increase of nearly 100% is due to a very ambitious National Development Plan which was set up to reduce development bottlenecks and allow continuing high growth;

– in Italy, the 20% increase in expenditure is to be considered in relation to the lower than expected level of spending in 1994-99, and is based on the government's commitment to increasing capital expenditure in order to stimulate the economic development of the South;

– elsewhere, the economic and social problems in the Objective 1 regions are often less pronounced and do not necessarily justify substantial increases from one period to the next.

Table: Annual average national public or equivalent structural expenditure in Objective 1 and Objective 1 transitional regions (in €million, at 1999 prices)

	1994-99	2000-06	Change in %
Belgium	906.3	939.3	+3.6
Germany	27 146.1	24 474.5	-9.8
Greece	6 884.0	8 952.0	+30.0
Spain	12 690.0	13 917.0	+9.7
France	2259.7	2325.1	+2.9
Ireland	2258.2	4464.6	+97.7
Italy	16 308.03	19 591.55	+20.1
Netherlands	372.8	406.0	+8.9
Austria	138.0	138.2	+0.1
Portugal	4 496.0	5 109.0	+13.6
Finland	893.0	899.0	+0.7
Sweden	2776.2	2776.2	0.0
United Kingdom	5260.5	5547.7	+5.5

For Objectives 2 and 3 together:

The Member States must provide the national expenditure relating to the active labour market policy and, where appropriate (as demonstrated by the Member State), other expenditure required to implement Objectives 2 and 3. Accordingly:

– a single verification, based on the same data, is carried out for Objectives 2 and 3;

– expenditure concerns the whole of the country, including the Objective 1 regions. The data are therefore derived directly from statistics at national level.

To facilitate the development of a transparent benchmark for public expenditure, the Commission encouraged Member States to draw on data on active labour market policies (ALMPs) collated by the OECD. For over a decade, the OECD has produced an annual series of data on expenditure on ALMPs in Member States. The series is internationally recognised, has a proven track record, and Member States themselves provide the data to agreed definitions. Most Member States chose to adopt the data as the starting point for discussions over trends in expenditure to help assess additionality.

However, in promoting the use of a common dataset, the aim was not to have a rigid system for reviewing additionality. Where Member States provided a convincing case that the data did not fully reflect the range of labour market programmes (Sweden) or the underlying changes in economic circumstances (Finland), then the additionality tables were modified to take account of these factors. Over the programming period, the use of the OECD data will provide a valuable benchmark to assess Member States' commitment to the principle of additionality in Structural Fund programmes under Objectives 2 and 3.

2.2. IMPLEMENTATION OF PROGRAMMING IN THE MEMBER STATES

2.2.1. BELGIUM

1994-99

The final outturn of commitments under the Objective 1 SPD for Hainaut, closed at the end of 1999, shows a rate exceeding 98%. The measures providing direct aid to firms (aid for investment and research) and indirect support (preparing industrial areas) were the main beneficiaries of the Structural Funds. The development of and facilities for research centres and centres of excellence also continued. The number of jobs created may be considered a success since the only measure providing aid for investment had already resulted in the creation of 6 692 jobs as compared with the 4 800 originally expected. The evaluations available suggest that 12 000 jobs may reasonably be expected.

Measures to modernise education continued. These measures were linked with, and more importantly preceded by training of, teaching staff in both the new technologies and their implications for schools. The fields of new information and communications technologies were given pride of place both in schools and in contacts with job seekers and workers in small firms. This measure resulted in the emergence of new structures such as the CEMI (Centre d'excellence en maintenance industrielle - Centre for excellence in industrial maintenance), the Centre de technologies avancées (Centre for advanced technologies) and CEqual.

The measures under the Objective 2 SPD for Meuse Vesdre continued. By mid-June, 906 jobs had been created and 63 research projects supported. Work on most of the infrastructure projects (improved access, reception, R&D, tourist projects and restoration of waste land) was continuing or completed. In the Aubange SPD, construction of the distance support centre on the triple point industrial area began and the economic development projects were continuing.

In Flanders, after the last amending decisions in 1999, all available funds were committed. The rhythm of payments indicates that the two Objective 2 programmes are on schedule. For both areas (Limburg and Turnhout), the programmes focus on encouraging the services sector, in particular services which are expected to create additional jobs for women.

As regards human resources, the short-term training measures for workers and job seekers and the training measures in the field of the new technologies were very successful. The ESF/ERDF integrated measures concerning improvements to research centres achieved satisfactory results. The measures for the development of the social economy did not really begin until 2000, so the results are expected to be satisfactory, but well below expectations.

Objective 3**:** in Flanders, the available resources were used mainly for measures to help the long-term unemployed, ex-convicts, immigrants, the handicapped and those with poor educational records.

In the French Community (Wallonia and Brussels), the establishment of pathways to integration brought results. The "Training Carrefour" played its full part in providing information and advice, so ensuring transparency in supply and the dissemination of information to all those operating at local level.

In Brussels, the bulk of the resources for the Objective 3 programme went to develop supporting and accompanying measures and centres to promote social assistance (local missions).

Objective 4: in Flanders, extra efforts were made as regards training. The sectoral Funds asked consultants to carry out promotional work and draw up potential training dossiers in firms. These plans came to fruition in 2000 and became training projects.

Almost all the funds for the French Community were used by the end of 2000, despite initial problems. The Walloon employment observatory, which was established under Objective 4, produced studies and surveys on sectors undergoing change and conversion, the new sectors and the non-merchant sector. The various measures for small and very small firms continued, including the PLATO project which combines a management training programme for small firms with sponsorship by managers in large firms to train managers in small firms, so facilitating the exchange of experiences and know-how.

2000-06

The Commission approved the **Objective 1** SPD for Hainaut (transitional support) on 15 May 2000. The Community Structural Funds will provide €645 million.

The six priorities selected are:

- focussing growth through development of the productive base,
- developing and exploiting local potential for research and technological innovation,
- exploiting the potential of agriculture, forestry, aquaculture and the countryside,
- making the area more attractive by restoring and promoting its image,
- preventing unemployment, and
- encouraging a skilled labour force and improving professional reintegration.

A task-force to examine the match between the priorities of the SDP and the projects submitted by operators began work and will, early in 2001, send its findings to the

Walloon Government, which will select the projects to receive support from the Structural Funds.

The projects under the **Objective 2** SPD for the Meuse-Vesdre basin (assistance from the ERDF and the ESF totalling €158 million) and for the rural area of Dinant-Philippeville (assistance from the ERDF and the ESF totalling €58 million) were submitted to the Commission and judged acceptable in July 2000. Negotiations on these two SPDs took place during second half of the year 2000.

The same was true of the Objective 2 SPD for Brussels-Capital (assistance from the ERDF of €43 million) which was submitted to the Commission and judged acceptable in May 2000.

Flanders proposed four Objective 2 programmes, each of which includes a transitional component as well: Limburg, Antwerp, West Flanders and East Flanders. The total allocation for these programs (ERDF and ESF) is €148.2 million for the new Objective 2 areas and €38.2 million for the transitional areas. The programmes focus on the development of tourism in rural areas, increasing the attractiveness of industrial city districts for business and potential inhabitants, the reutilization of former mining sites and measures to increase the potential of the local labour force. The negotiations on the four programmes are about to be completed and they are expected to be adopted during April-May 2001.

The Commission adopted five programmes under **Objective 3** in Belgium for vocational training and employment for a total de €737 million and a programme of transitional support for Hainaut with an ESF contribution of €192 million.

Federal Ministry of Employment and Labour SPD: €9.1 million. Half the budget will go to measures to reintegrate disadvantaged groups into the labour market. Other measures will concern the consolidation of employment and measures to promote equality for men and women at work.

Flanders SPD: €376.2 million. The labour market in Flanders suffers from a shortage of skilled labour, a low rate of employment among older workers and high unemployment among young people, women and immigrants.

Wallonia/Brussels SPD: €285.5 million. The priority remains reducing unemployment. Social and vocational exclusion also affects a large number of men and women.

Brussels-Capital SPD: €23.7 million. Although it is the major source of employment in the country, Brussels has the highest unemployment rate in Belgium. The measures adopted concern the socio-professional integration of job seekers.

German-speaking Community SPD: €10.7 million. This assistance is intended to reduce long-term unemployment, encourage the integration into the labour market of disadvantaged groups, promote training and education, develop capacity to adapt and the business spirit and promote equality for men and women.

Hainaut SPD: €191.9 million. These resources will be used mainly under two ESF monofund priorities: a preventive approach to the labour market and improving vocational reintegration and social inclusion.

Non-Objective 1 FIFG: The programme adopted includes an allocation of €35.3 million for fish processing and the renewal and modernisation of the fishing fleet.

2.2.2 DENMARK

1994-99

The Objective 2 programmes for Lolland and Nordjylland 1997-99 are in the final phase of implementation.

Both programmes performed well in 1997-99 in terms of both financial and physical implementation. Job creation, for example, exceeded the targets set out in the programme. Demand was also high for these programme and consequently all the funding available was committed by the end of 1999.

In the fisheries sector, the programme continued as planned during 2000. The Commission has effected all payments to this programme, except the final payment, which is not due until the programme has been wound up.

2000-06

On 9 November 2000 the Commission took the final decision on the **Objective 2** programme for Denmark for 2000-06. The programme totals €617 million, €189 million of which (including €27 million for the transitional areas) comes from the EU.

In general, the Commission found the programme proposal to be of a high quality but suggested some amendments concerning mainly the SWOT analysis and the focus of the strategy. The Danish authorities agreed to these adjustments and revised the programme accordingly.

The programme aims to create the conditions for self-sustaining growth in the regions of Denmark that are facing structural difficulties. Most importantly the programme will – in an environmentally sustainable way – create and safeguard over 6 000 jobs, decrease the income gap, increase the capacity for innovation in new and existing small businesses and provide training for thousands of people thereby increasing the educational level (especially of women).

The programme combines measures under the European Regional Development Fund (ERDF) and the European Social Fund (ESF), which will receive respectively 71% and 29% of the Community resources.

Three priorities have been selected to achieve this objective: 1) Development of the region – focusing on the conditions for growth (infrastructure, counselling, studies, etc.), 2) Business development – primarily development of SMEs (investment support, counselling, development plans etc.) and 3) Development of skills/human resources (more specifically development of skills in companies, development of strategic infrastructure and optimising usage of ESF resources). In addition funding is made available for technical assistance (monitoring, evaluation, information campaigns, seminars, etc.).

The first meeting of the Monitoring Committee for the Objective 2 programmes took place on 6 March 2001 when the programme complement was presented.

Objective 3: A €379 million programme to support education, training and employment in Denmark for the next seven years was approved by the Commission in 2000.

The programme sets out **five priorities**, which reflect the objectives of the country's 1999 National Action Plan for Employment:

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

The overall budget for the Danish programme is €758 million, of which €285 million will be contributed by the public sector, €379 million by the EU and €94 million from other sources.

Responsibility for day-to-day coordination, management and monitoring of the SPD lies with the National Labour Market Authority within the Ministry of Labour. The Regional Social Fund Committees of the counties will also play a role in the implementation of measures and projects. The Monitoring Committee will comprise representatives of the relevant ministries, the European Commission, the Association of County Councils, the Association of Local Councils, the social partners and other relevant interest groups.

€205 million is available from the FIFG **for the Fisheries programme**. The major focus areas will be processing, port facilities and the fleet, which is in need of modernisation in order to improve working conditions and selectivity of the fishing gear.

2.2.3. GERMANY

1994-99

By the end of 1999 the last commitments under the 1994-99 programming period had been made. Implementation of the most recently selected projects continued throughout 2000 and should be completed by the end of 2001. On the basis of the expenditure incurred under the different programmes, the Commission was able to commit the total available amount of funds, with the exception of two programmes (Saarland Objective 5(b) and Nordrhein-Westfalen Objective 5(b)). Full commitments were achieved for all the Community Initiatives.

The situation as regards ERDF payments from the Commission is best for Objective 1, where on average 93% of the funds available from the ERDF has already been paid to Germany. For some Objective 2 programmes (1997-99) and some specific Community Initiative programmes, the rate of payments by the Commission is behind schedule and needs further attention during 2001, which is the last year for payments.

2000-06

Objective 1: the negotiations on the Community support framework (CSF) were concluded in 2000. Ten years after German unification, the new Länder are entering a critical phase in their structural adjustment, when the process of catching up has virtually stalled. By committing a substantial aid package to the new Länder, the European Union will help to develop and realise the available potential in order to overcome the economic and social problems in these regions. The federal and Land governments will implement nine operational programmes (including one transitional programme for east Berlin) within the Community support framework for the new Länder and east Berlin:

- a regional multi-fund programme for each Land, in which the contribution from the ERDF, ESF and EAGGF Guidance Section is co-ordinated;

- three sector-specific monofund programmes for the whole eligible region: transport infrastructure measures of supra-regional importance (ERDF); federal development programme for employment (ESF); restructuring programme for the fisheries sector (FIFG).

The total EU contribution amounts to €20.7 billion. The main change compared to the previous CSF is the shift (in relative terms) from productive investment to infrastructure (basic infrastructure, R&D, education and urban infrastructure). The most important priorities in the CSF are infrastructure (receiving 27.7% of Structural Funds assistance) and human resources (27.1%), followed by productive investment (19.3%), agriculture and fisheries (17%), the environment (7.2%) and technical assistance (1.8%).

The CSF should result in up to 370 000 jobs being maintained and created and 265 000 full-time equivalent temporary jobs. Around 1.35 million people will be trained under ESF-supported schemes. One of the main objectives of the human resources measures is to reduce the number of long-term unemployed (at present around 31% of total unemployed).

In the agricultural and rural development domain, priority is given to investments in agricultural holdings, forestry measures, reparcelling, the renovation and development of villages and protection and conservation of the rural heritage. Assistance for early retirement and financial engineering are of less importance in the programmes.

The programme for fisheries is particularly focused on investment in fishing ports.

Within the framework of the CSF approved, the negotiations on the different operational programmes continued in all but two cases and were finalised before the end of 2000. Negotiations on the transport infrastructure OP were finished and those on the human resources OP almost finished before the end of the year. Approval followed early in 2001.

The first Monitoring Committees for the new programmes met in 2000 and discussed their rules of procedure and the draft programme complements. By the end of the year it appeared necessary to introduce a first amendment to the CSF in order to ensure that financing table in the CSF was fully consistent with those in the nine underlying programmes.

Objective 2: for the programme period 2000-06 Germany is entitled to €3 096 million for Objective 2 and €530 million for the transitional areas (eligible until the end of 2005).

During the first half year of 2000 the Commission received 11 proposals for Objective 2 programmes. Eight programmes were submitted before 30 April 2000 and accepted by the Commission for negotiation: expenditure on these programmes is therefore eligible from 1 January 2000. The draft programmes for Baden-Württemberg, Hamburg and Berlin were not received or assessed as complete before 30 April: the starting date of eligible expenditure for these programmes is therefore the date of receipt of the last element required for the document to be complete.

The Commission gave approval in principle to six programmes at the beginning of 2001 and commitments from the budget year 2000 could be carried forward to 2001 for these programmes. Negotiations on the other five programmes (Hesse, Hamburg, Schleswig-Holstein, West Berlin and Bavaria) continued into 2001; for these five programmes the budget year 2000 had to be split up and divided across the other budgetary years.

In addition to the topics already mentioned under Objective 1, discussions between the Commission and the German authorities on the Objective 2 programmes focused on:

- the introduction of multi-fund priorities in the programmes where ESF and ERDF measures are integrated in the same priority and where the ESF measure are tailor-made for the Objective 2 strategy (in contrast to the broader horizontal measures under Objective 3);

- the partnership principle: role of the different partners before and after approval of the programmes;

- the introduction of new financial instruments in the programmes

- the focus of the business development priorities on SMEs;

- the differentiation in strategies between the Objective 2 areas and the transitional areas under the same programme;

- the differentiation in strategies between Länder covering cities (Hamburg, Bremen), Länder with a large share of urban areas covered by Objective 2 and Länder with a larger share of rural areas covered by Objective 2: specific attention has been paid to urban problem areas.

The German authorities had presented one single programming document (SPD) for **Objective 3** which regroups all activities by the federal Government and the 11 Länder concerned by this Objective. Negotiations which had already started at the end of 1999 continued until summer 2000 and focussed on the following points:

- reinforcing the preventive approach to long-term unemployment at federal and Land level;
- improving skills for older workers;
- improved services;
- reducing the risk of dropping out of school
- improving the systems of monitoring and evaluation.

Because of its importance with respect to the European Employment Strategy, the first topic (reinforcing the preventive approach) dominated the negotiations. As a result of the negotiations the Commission acknowledged the efforts made in the German labour market policy to reinforce its preventive thrust while the German Federal and Land authorities gave an undertaking to increase the proportion of short-term unemployed in ESF-assisted measures during the programme.

The improvement of the monitoring and evaluation system was another important result of the negotiations with agreement on a "common minimum" of output data to be collected in the monitoring process. Most important is the agreement to collect data on each individual beneficiary, enterprise and training provider (Stammblattverfahren). Work relating to monitoring and evaluation will be coordinated by a pilot group made up of representatives from the Federal Government, the Länder and the Commission, which will also include representatives of Objective 1 administrations.

The SPD was eventually approved on 10 October. ESF assistance amounts to €4 756 000, 95% of which will finance the five policy fields of the ESF Regulation. In addition, 1% is set aside for small-scale projects to promote employability and local social development, with a further 4% earmarked for technical assistance measures. The SPD also describes how the horizontal themes - local employment initiatives, information society and gender mainstreaming - have been taken into account in developing the strategy for Objective 3 and in selecting priorities.

The non-Objective 1 fisheries measures (€111.1 million) focus on the processing and marketing of fish and on the renewal and modernisation of the fishing fleet.

2.2.4. GREECE

The year was primarily a period for negotiations, as regards both the CSF for 2000-06 and the 24 operational programmes it includes - 11 for specific sectors at national level and 13 regional operational programmes, one for each region of the country.

The conclusion of the negotiations for the CSF enabled the Commission to approve the CSF in November. It provides an overall development strategy for the use of €22.71 billion in grants from the Structural Funds and €3.32 billion in grants from the Cohesion Fund). The total investment plan, also taking into account the national contribution and private funds, exceeds €50 billion.

The main priorities of the development strategy under the CSF for 2000-06 are as follows:

- improving skills (around 10% of total investment under the CSF);
- continuing efforts to complete the main communications infrastructure (around 27%);
- increased competitiveness of the productive sector (around 18%);
- development of rural areas and agriculture (around 8.5%);
- improved quality of life for the country's citizens (around 4%);
- access to and use of information society technology (around 4%);
- measures to promote the balanced development of the regions (26%).

Both the Commission and the Greek authorities are fully aware that this ambitious CSF is a major challenge for the management capacity of implementing organisations. The Structural Funds Regulation requires Greece to introduce new management structures to manage the CSF and the ensuing operational programmes. Success will depend to a great extent on their effectiveness and, more particularly, on the quality of the project development and selection process.

On 31 October, the Greek Parliament passed a law on the organisation of the management of the CSF. This is an important step forward, and creates the new legal framework which is necessary for efficient and transparent management of the CSF and its operational programmes.

As far as these programmes are concerned, negotiations made substantial progress by the end of 2000. Most of the operational programmes were approved during the first quarter of 2001, and a small number in April. At the same time, the Greek authorities should have made substantial progress in establishing and making operational the new managing authorities and structures, on the basis of the procedures provided by the new law referred to above. The new Management Information System covering all CSF and Cohesion Fund projects should also be operational by then. This will permit implementation of the CSF in Greece to start on a sound basis and in a way which will best guarantee the success of this huge investment and development effort.

The ESF measures are particularly concentrated in two operational programmes ('employment promotion and continuing training' and 'education and initial vocational training'). The main objectives of these measures are: to prevent long-term unemployment through active, preventive and individualised assistance; to promote equal opportunities for all in access to the labour market; to promote and improve training and education; to promote entrepreneurship and the adaptability and performance of the workforce and to improve women's access to the labour market.

As regards agriculture and rural development, the EAGGF Guidance Section will contribute a total of €2 260.3 million to co-finance the Agriculture and Regional Development priorities throughout the period 2000-06.

The EAGGF Guidance Section acting alone will contribute €1 233.4 million to the Agriculture priority and €1 026.9 million with the other Funds to the Regional Development priority. The main measures are intended to achieve:

- enhanced competitiveness of agriculture through integrated assistance to holdings, assistance for the processing, standardisation and marketing of agricultural and forestry products and assistance for agricultural products,
- sustainable and integrated development of rural areas and the restoration of social balance, improved support mechanisms to inform and raise awareness among the rural population and plans for the integrated development of rural areas,
- the maintenance of the environment and social cohesion through the development and protection of natural resources and the environment.

No forecast expenditure was committed during 2000.

The guidelines for the fisheries programme (FIFG contribution €211.1 million) are similar to those for the previous period except that there is more emphasis on improving the quality of fish products and working conditions as well as fighting environmental pollution.

2.2.5. S P A I N

1994-99

Objective 1: Since all the resources for programmes for the period 1994-99 have been committed, all that remains to be paid are the closing balances for the programmes. The Commission already has an initial assessment of the work of the ERDF during this period carried out by an independent assessor at the request of the Spanish authorities.

The overall view of the report is clearly positive, stressing the results achieved, which are in line with the initial needs, effectiveness in terms of the objectives sought, the degree of efficiency in using resources and compliance with Community policies and principles.

Nevertheless, the report also points to a number of shortcomings regarding mainly the complexity of the system, inter-institutional coordination, the excessively traditional nature of the assistance, the inadequate resources for non-material investment by firms and the lack of sensitivity by managers to the principle of gender equality. Negotiations on the current CSF have taken all these points into account.

Objective 2: Reprogramming decisions for the 1997-99 programmes were signed in May (OPs for the Balearic Islands, La Rioja and Navarre), June (OP Aragon) and October (OP Basque Country); the remaining two decisions were signed in 2001 (OPs for Catalonia and Madrid).

Payments made by the ERDF at the end of 2000 for the seven items of assistance concerned ranged from 50% for the Basque Country to 84% for Aragon.

As regards the programmes for 1994-96, following completion of the closure reports for ERDF assistance, by the end of 2000 all payments had been completed except for the Madrid OP (final payment in 2001). In four cases (Aragon, Catalonia, Navarre and the Basque Country) all the available Community appropriations were used and in two cases (Balearic Islands and La Rioja) virtually all.

2000-2006

Objective 1: The Commission approved the CSF for Spain for 2000-06 on 19 October; at current price and excluding the performance reserve, it contains €39 548 million in Community appropriations, almost 28% of the resources of the Structural Funds allocated to Objective 1, for total investment of €84 754 million. With finance from the Union's four Structural Funds (ERDF 61.2% of the total, ESF 22.4%, EAGGF 12.6% and FIFG 3.8%), it is the largest financial instrument for structural assistance for the period 2000-06. The regions of Spain eligible under this Objective are the same as in the previous period (Andalusia, Asturias, the Canary Islands, Cantabria, Castile-León, Castile-La Mancha, Extremadura, Galicia, Murcia, Valencia and Ceuta and Melilla); however, Cantabria is eligible for only transitional support under Objective 1.

The programme priorities are: improving the competitiveness of and developing the productive fabric; innovation, R&D and the information society; the environment, countryside and water resources; development of human resources, employment and equal opportunities; local and urban development; transport and energy networks; agriculture and rural development; fisheries and aquaculture structures.

The most significant innovations compared with the previous CSF are:

- strengthening of the principle of partnership as regards both programming and the management of the funds. In the regional OPs, this involves giving practical expression to the concept of coresponsibility shared by the central and regional authorities in the functions allocated to the managing authority and, as regards the economic and social partners, through their attendance, for the first time in the implementation of the Funds in Spain, at meetings of the Monitoring Committees for the CSF and the various OPs;

- integration of the various Funds (ERDF, ESF, EAGGF) at regional level in the 'Integrated Operational Programmes' which increases their coordination in practical terms, their efficiency and their flexibility on the spot;

- in consequence, there is a significant reduction in the number of forms of assistance in the current CSF (23 as compared with 73 in the previous period). This both simplifies the management instruments and improves the concentration of resources at regional and sectoral level;

- in terms of the main sectoral balances, development options have given greater priority to measures concerning the knowledge society and the environment, mainly at the expense of transport and energy networks.

The *ex-ante* evaluation of the CSF suggests extra annual average growth in GDP of 0.34%, which should mean by the end of the period that GDP in the eligible regions of Spain is 2.4% higher than it would have been without the CSF. The same forecast suggests an annual average of 219 000 jobs created or maintained in 2000-06 thanks to the CSF.

The CSF will be implemented through 23 operational programmes: twelve regional programmes, one for each of the regions eligible under Objective 1 and eleven multi-regional programmes. On 29 December 2000 the Commission approved the OPs for Andalusia, Extremadura, Murcia and Ceuta and Melilla. Technical reasons prevented the remaining programmes for which negotiations had been completed from being adopted on the same date. They were approved in the first quarter of 2001, apart from the information society programme which the Spanish authorities sent later than the others.

Objective 2: the Spanish authorities again opted for a CSF divided into seven OPs, one for each of the seven areas eligible under Objective 2. All these programmes, apart from the one for Madrid, were approved in principle by the Commission on 29 December.

Community assistance for the eligible areas amounts to €2 649 000, or 12.93% of total assistance from the Union for the areas eligible under Objective 2, the same percentage as the eligible population of Spain in terms of the Community total. The breakdown of this amount among the seven OPs is in proportion to the percentage population covered in each in terms of the total for Spain.

Planned Community assistance for the transitional areas is €99 million.

The seven OPs comprise five priorities for assistance, plus a sixth priority for technical assistance measures: improving competitiveness and employment and developing the productive fabric; the environment, countryside and water resources; the knowledge society (innovation, R&D, information society); development of communications and energy networks; local and urban development and technical assistance.

The measures to be co-financed by the ESF in the six items of assistance amount to 5% of total co-financing by the Funds for five OPs and 7% in the case of Madrid. These measures are the responsibility of the central administration. The ESF percentage exceeds 21% in the Catalonia OP. The ESF has three priorities for action: increasing entrepreneurial capacity; increasing stability and adaptability in employment and support for local initiatives to create jobs.

On 27 September the Commission took a decision approving the **Objective 3** CSF for Spain. The CSF will be implemented through 12 operational programmes, eight of which were approved on 9 November. Seven of the programmes are regional (one per Autonomous Community) and will be implemented by the regional government in question (Aragon, Balearic Islands, Catalonia, Madrid, Navarre, the Basque Country and La Rioja). The other five programmes are thematic and multiregional, and are intended to promote employment, vocational training systems, the business spirit and life-long learning, social inclusion and technical assistance.

The European Social Fund will contribute €2 221.8 million to financing Objective 3. The largest OPs in financial terms are the two multiregional programmes: 'Promoting employment' (36.2%) and 'Business initiative and continuing training' (20.4%).

The priorities for Objective 3 lie in the following fields: integration of the unemployed into the labour market; expanding business skills, promoting nonsalaried employment and the creation of small and medium-sized firms; promoting the adaptability of the workforce and stability of employment for those whose jobs are most at risk; improving vocational training; developing human potential in research, science and technology, with particular stress on improving the transfer of results to industry; increasing the participation of women in the labour market; integrating disadvantaged groups into the employment market and promotion of the local economy.

Non-Objective 1 fisheries measures will receive support from the FIFG of €207.5 million. The investments planned concern mainly the processing and marketing of fisheries products and the restructuring and renewal of the fleet.

2.2.6. FRANCE

1994-99

Objective 2: The Commission wound up 12 of the 19 SPDs from the 1994-96 programming period. Applications for payment of the balances for the SPDs for 1997-99 were submitted on 30 June 2001.

2000-06

The Commission approved the 6 SPDs for **Objective 1** and transitional support under Objective 1 between October and December. The regions concerned are the four overseas departments (Martinique, Guadeloupe, French Guiana and Réunion), which are fully eligible under Objective 1, and the two regions of metropolitan France eligible for transitional support: Corsica and part of Nord/Pas-de-Calais (the districts of Douai, Avesnes and Valenciennes). Total assistance from the Structural Funds for these six programmes amounts to about €4 billion.

Overall these SPDs will result in the creation of over 55 000 net jobs and provide direct aid to about 10 000 small firms and finance for over 560 000 individual training measures.

The main measures concerning agriculture relate to modernisation and diversification. In the overseas departments, the stress is on support for those sectors of agriculture which have a market organisation (banana and the sugar cane-sugar-rum industry).

The priorities for fisheries in the overseas departments are improvements to port facilities, better marketing of products and the development of aquaculture. In Corsica the priorities are the preservation of employment, rationalisation of the fishing effort and increasing aquaculture capacity.

The Commission also took a decision in principle on 28 December on a multi-regional and multi-objective (Objectives 1 and 2) computer science programme ('Présage') submitted by the French authorities. This programme entails the allocation of €19.3 million of Community resources towards investment totalling almost €34.7 million. The programme will permit the management, monitoring and evaluation of Community assistance totalling over €10 billion through a single software used by the 26 regions of France. The national computer programme will provide the managing authorities with a powerful tool, help solve some of the difficulties encountered in the past and strengthen the partnership through transparency in management, monitoring, evaluation and surveillance.

Objective 2: the draft SPDs were sent at the end of April, the partnership meetings were concluded at the end of September and the Commission took a decision in principle on 28 December. The SPDs concern the 21 regions of metropolitan France (since the whole of Corsica is eligible for transitional support under Objective 1, it is not eligible under Objective 2).

The population of the eligible areas is about 19 million, 31.3% of the population of France compared with 41.3% in the previous period (1994-99).

The French authorities proposed to the Commission that 15% of the appropriations for the EAGGF Guarantee Section should go to the Objective 2 SPD.

Total assistance from the Structural Funds (ERDF and ESF) and the EAGGF Guarantee Section for these 21 regional programmes and the computer programme Présage for 2000-06 is about €7 billion.

Together, these SPDs will permit the creation or maintenance of several hundred thousand direct jobs, direct assistance to several tens of thousands of small firms and the financing of several hundred thousand individual training measures.

Of the Commission's priorities included in the SPD, special mention must be made of the effort to spread the new information and communications technologies, the measures to protect the environment and support equal opportunities for men and women, and a political option to support the creation and the maintenance of jobs and develop human resources in general in close coordination with the European employment strategy by means of a genuinely integrated approach.

In the case of human resources, the ESF measures are not combined in a single priority but spread throughout the SPD priorities to promote integration and complementarity with the other Funds. France's priority for assistance concerns measures for very small firms and those taken as part of urban policy. However, complementarity with the measures financed under Objective 3 and their compatibility with the National Action Plan for employment has been checked and respected. In addition, the three horizontal priorities, gender equality, training measures and local initiatives, are well integrated.

As regards implementation, it should be noted that the partnership has been extended to all the institutions and those active in economic and social life. The strengthening of this partnership is also reflected in the fact that the Monitoring and Programming Committees are co-chaired by the Prefect of the region and the President of the Regional Council.

Objective 3: The main feature of 2000 was the negotiation and adoption of the SPD.

During the period 2000-06 France will receive co-financing for Objective 3 totalling €4 713.56 million.

The Objective 3 SPD stressed a preventive approach using six priorities:

- Priority 1 ‘Active labour market policies’ accounts for 20.5% of total funding and is intended to offer a new start to young people and the adult unemployed, fight unemployment by improving guidance and the definition of training projects for job seekers and to develop skills training for the ‘New departure’ public.

- Priority 2 ‘Equal opportunities, social integration’ concerns those worst affected by unemployment, and all the different problems which prevent them securing a job. It accounts for 26% of total funding.

- Priority 3 ‘Life-long education and training’ represents 23% of total funding and is intended to help young people succeed in sandwich training, promote access to the validation of professional and personal experience and provide a training system which systematically validates the professional experience acquired.

- Priority 4 ‘Adaptation of workers, business spirit, research, innovation and technology’ will absorb 22.5% of total funding and is designed to modernise work organisations and enhance skills, develop the business spirit in all sectors of activity and encourage innovation, research and technology, creativity and measures on an international scale by promoting investment in skills.

- Priority 5 ‘Improving access to and participation by women in the labour market’ concerns specific measures to offset inequalities between men and women on the labour market and supplements the integrated horizontal approach of the first four priorities. Along with priority 6 (local initiatives for equal opportunities) it will absorb 5% of total funding.

The development and utilisation of **information and communications technologies** occupies an important place in supporting and supplementing the measures in the national action plan for employment.

Inclusion of **equal opportunities for men and women** is another key point of the programme. Particular attention has been paid to the horizontal dimension. The quantified objectives regarding the proportion of women have been specified in the various measures in the first four domains.

The promotion of **local initiatives** for employment is consistent with the efforts made to develop a regional approach further and takes account of the specific responsibilities for employment and training which the local administrations have.

For the first time, **Regional Steering Committees**, co-chaired by the Prefect of the region and the President of the Regional Council (or their representatives) have been set up. Their composition is identical to that of the national Monitoring Committee. The Regional Steering Committees bring together the representatives of the decentralised departments of the State, the Region, the other territorial bodies, the social partners, those active in the economy and the cooperative sector.

Non-Objective 1 fisheries measures (€233.7 million) concentrate on the long-term management of fisheries resources, modernisation of firms to enable them to increase value added and improving the socio-economic environment of areas dependent on fishing.

2.2.7. *IRELAND*

1994-99

By the end of 1999, the final adjustments to the programmes for 1994-99 had been made. Implementation of the remaining projects continued throughout 2000 with completion planned in 2001. In a number of cases, short extensions to the period for the completion of payments were granted by the Commission. The annual reports for 1999 for most programmes were received by the Commission during 2000.

2000-06

For the period 2000-06, in Ireland, the Border, Midlands and Western region, with 26.6% of the country's population, remains eligible for **Objective 1** funding. The rest of the country, in the Southern and Eastern region previously covered by Objective 1, will benefit from gradually decreasing transitional support during the programming period.

The National Development Plan (NDP) was submitted to the Commission in November 1999 and covered the whole of Ireland. The plan includes not just co-financed expenditure but also the very substantial non-co-financed spending of the Irish authorities. The co-financed element amounts to €7 billion, including a Structural Funds contribution of €3.2 billion, out of total spending of the order of €57 billion.

This integrated approach means that the advantages of the programming system will now be enjoyed by other areas of public spending. Many of the non-co-financed areas will be supportive of and closely related to the Structural Funds; some will indeed be in areas eligible under the Regulations but which cannot be co-financed because of the reduced level of EU assistance.

Main features of the Community support framework

The Commission transmitted the negotiating mandate for the Community support framework to the Irish authorities at the end of January 2000. The mandate underlined the key messages the Commission wished to highlight in the negotiations, notably the need to avoid overheating in the Irish economy in view of the very ambitious spending programmes contained in the NDP; the welcome emphasis on "balanced regional development" through the regional programmes and the proposed national spatial strategy; the need to tackle bottlenecks throughout the economy, notably in infrastructure and the labour market, through investment but also by way of horizontal measures to improve the performance of the sectors and finally the priority attached by the Commission to environmental questions and in particular the protection of Natura 2000 sites.

The formal negotiations on the contents of the Community support framework took place in February and March 2000 and resulted in a number of changes to the original Irish proposals. In terms of the organisation of the CSF, the support for agriculture and rural development was transferred from the national to the regional level. Also, in view of the presence in the programmes of non-co-financed expenditure, special care was taken to highlight the co-financed expenditure, through the inclusion of separate financing tables on co-financed and overall expenditure. On the substance of the proposals, there was a greater concentration of the co-financed expenditure in the research and development area on a number of key measures. The research and development effort at the regional level was also strengthened.

Six programmes out of a total of seven were adopted in 2000.

The first meeting of the NDP/CSF Monitoring Committee took place in October. It undertook a brief overview of developments to date and agreed to the preparation of a common template for reports to future meetings of Monitoring Committees. The NDP/CSF Monitoring Committee also agreed to the establishment of four horizontal coordinating committees covering the environment, equal opportunities and social inclusion, rural development and employment and human resources.

Political priorities for assistance in human resources: The transformation of the Irish labour market over the last six years has required a decisive shift in policy, resulting in some significant changes in emphasis for the ESF. While a more preventive approach to unemployment has been evident in the National Action Plans for Employment to date, the policy emphasis now is re-weighted towards mobilisation of labour supply. This approach is coupled with more intensive efforts to improve employability through education, training and lifelong learning. There is also emphasis on a more generalised effort to raise the amount and quality of in-company training, and strong support for the implementation of a life-long learning operational framework. In addition, the need to improve labour market participation rates for all, and especially women, takes on a new prominence. The ESF, along with the ERDF, is co-financing significant investment in childcare (€115 million through the regional OPs), the lack of which is seen as a particular barrier to women's participation in work and education.

The allocations to the four pillars of the European Employment Strategy is as follows: over 50% of the ESF will be allocated to support employability of people and over 17% will be dedicated to both entrepreneurship and adaptability. About 12% of the ESF will be used to strengthen gender equality and childcare provision in Ireland. Under the 2000-06 Community support framework, the ESF will provide slightly over €1 billion to Ireland, about 34% of the total Structural Funds available (a higher proportion than in other Objective 1 regions). A further €32 million in ESF funding is available under the EQUAL Community Initiative.

The agricultural and rural development measures under the priority 'Balanced regional development' form part of two regional operational programmes (Border, Midlands and Western Regions and Southern and Eastern Regions) for priorities in 'Local enterprise development' (Forestry) and 'Agriculture and rural development' and under a Peace operational programme. The EAGGF Guidance Section will contribute €182.0 million to the Irish CSF (2000-06).

The co-financed measures form a part of larger package of measures to be financed under the relevant programmes by national means. EAGGF Guidance Section funding for the year 2000 was fully committed.

During the year 2000 a plan for a Peace programme was submitted jointly by Ireland and the United Kingdom.

In the fisheries sector, the FIFG contributes to the two regional programmes and the 'Productive sector' horizontal programme. The total FIFG contribution amounts to €67.6 million. The priorities are mainly the development of aquaculture, the modernisation of ports and enhancing the quality and safety of the fishing fleet

2.2.8. I T A L Y

<u>1994-99 and earlier periods</u>

Italy has by far the greatest backlogs in the closure of assistance co-financed by the Structural Funds (particularly the ERDF) in the periods before 1989 and from 1989 to 1993.

At the beginning of 2000 88 forms of assistance still awaited closure, of which 35 were in fact closed during the year. It is expected that the rest will be closed in 2001.

As regards the 1994-99 programming period, the latest financial information sent to the Commission by the Italian Government suggest that, except in the case of the Community Initiatives, most of the delay in implementing the Structural Funds in Italy has been made up: all the funds available were committed by the authorities managing the programmes before the deadline of 31 December 1999 although care is still required to ensure that the projects still open are completed and expenditure carried out in the time allowed (by 31 December 2001), which will require the pace of expenditure to accelerate.

<u>2000-06</u>

The Commission approved the **<u>Objective 1</u>** Community support framework for 2000-06 on 1 August. The amount allocated to Italy for the Objective 1 regions is €23 758 million plus a further €201 million for transitional support, making a grand total of €23 959 million.

The CSF contains six development priorities: 1) natural resources; 2) cultural resources; 3) human resources; 4) local development systems; 5) cities; 6) service networks and forums. It includes a series of specific objectives to be achieved through the 14 operational programmes: 7 regional programmes (Campania, Apulia, Basilicata, Calabria, Sicily, Sardinia and, receiving transitional support, Molise) and seven multiregional programmes. The Commission approved 12 operational programmes (the seven regional programmes and five multiregional programmes 'Local development', 'Research, technological development and advanced training', 'Public safety for the development of the Mezzogiorno', 'Schools' and 'Fisheries') during 2000.

This was a substantial achievement, the fruit of long and profitable negotiations. The strategy for the assistance presupposes a fundamental rebalancing between policies to improve the context and schemes providing direct aid to firms. This entails:

a) the gradual reduction of the share of resources used for aid and the introduction of more competitive methods of securing such aid;

b) integrated assistance in the economic context on uniform territorial systems;

c) the use of targeted rather than broadcast aid.

Implementation of the operational programmes approved began late in 2000 with the first meetings of the Monitoring Committees and submission of the programme complements.

The year was a turning point for the Objective 1 regions of Italy as regards the strategy **for ESF assistance** there. For the first time, programming could take account of and implement in practical terms the four pillars of the European Employment Strategy. Programming for the new period gave expression in the CSF and OPs to the Council's recommendations to Italy on employment policy.

The innovations which were the subject of negotiations during the first half of 2000 and incorporated into the programming approved by the Commission include first of all stress on the preventive approach, which is difficult to implement in regions hard hit by rates of unemployment which are very high in general and particularly so as regards long-term unemployment. The special attention given to promoting equal opportunities and reducing the amount of undeclared work is also closely linked to the features of the labour market in the Mezzogiorno. Other innovations include support for the reform of public services for employment and the establishment of a system of accreditation for training centres. The programmes approved in 2000 for the whole period contain a total of €4 092 million in ESF assistance of which €2 931 million will go to the seven regional programmes and €1 161 million to the five programmes managed nationally.

In the field of agriculture and rural development, the EAGGF Guidance Section will contribute €2 983 million alongside the other Funds to co-financing the priorities 'Natural resources', 'Cultural resources' and 'Local development systems'. The main measures are intended to assist the modernisation and improved competitiveness of agricultural holdings and the agri-food industry with due regard for environmental constraints. Assistance for diversification will also be provided so that firms have extra or alternative income. Other measures concern rural populations and areas to develop both agricultural resources and those related to the environment, history and culture. Assistance should give rise to new employment possibilities, e.g. in tourism or forestry, and hence to higher incomes for those concerned. The amounts in the financing plans for 2000 have been committed for six of the seven regions; those for Calabria were carried over to the first quarter of 2001.

In the fisheries sector, the operational programme has €122 million from the FIFG allocated to fleet measures. Strategic priorities include adjusting fishing effort to the fish resources available, renewing and modernising the fleet and technical assistance. Other fisheries measures for Objective 1 regions are contained in separate programmes for each of the regions concerned.

The Commission did not receive from the Italian authorities a proposal for zoning for **Objective 2** which it regarded as acceptable until 21 June 2000 (the previous proposal, sent on 1 October 1999, was not acceptable because it did not respect the statutory obligation to include at least 50% of the population under the Community criteria). The Commission immediately established an accelerated procedure for examining the new proposal and was able to approve the Objective 2 zonage in only three weeks.

As compared with the previous programming period, the population eligible under Objective 2 fell from 11 150 million to 7 402 million (because of the safeguard clause which limits the fall in the population eligible compared with the previous period to one third). The 14 regions of central and northern Italy are partly eligible under Objective 2.

The total allocation to Italy for Objective 2 is €2 228 million plus €377 million in transitional support giving a total of €2 605 million.

Despite the delay in approving the zoning for Objective 2, the regions made progress in preparing the new draft SPDs in order not to delay implementation subsequently. The proposed SPDs officially reached the Commission by the statutory deadline.

Objective 3: The rationale for ESF assistance in Italy was provided by the European Employment Strategy. The Council recommendations to Member States provided a blueprint for addressing problems and a clear goal to achieve. The philosophy is to become the financial arm of the European Employment Strategy. In operational terms, the rationale is to implement the Strategy at regional level. One of the gaps in the Italian NAPs is the implementation side. This is due partly to the division of responsibilities between the various administrations: employment policies are the responsibility of the regions while the Ministry of Labour draws the NAP at the central level. The funding provided for by the ESF is thus a useful instrument to push the Italian regions to implement the European Employment Strategy at local level.

ESF assistance in Italy for 2000-06 is quite different from that in 1994-99. First, the number of programmes: in the Objective 3 areas, taking the then Objectives 2, 3, 4 and 5(b) together, during the 1994-99 period there were 54 programmes. Today Objective 3 areas will be covered by 15 programmes, 14 regional ones and one national programme. Second, the regional weight: in 1994-99 the regions had 83% of the total ESF funds. In 2000-06 they will manage 95%. The national role will be that of coordination and system building, while in 1994-99 it largely overlapped the work of the regions. Third, the scale of the programmes: at 1999 prices the central northern regions were allocated €2 243 million, while in 2000-06 the amount will rise to €3 887 million. Fourth, the objectives of the programmes: while in the previous programming period the bulk of the assistance concerned training, today the ESF has shifted to being an instrument to promote participation in the labour market through various mechanisms: training, counselling, enterprise creation, employment aids, support to public employment services, research and development, university courses, etc.

In the Objective 3 regions, ESF assistance will be implemented through one CSF and 15 operational programmes, one national and one for each of the 14 regions.

The main problems the ESF will address reflect the three phases employment went through during the nineties. At the beginning of the decade, there was a severe recession, in the middle the situation was stagnant and in the final years it started to show signs of recovery. These phenomena are only partially linked with the economic situation as a whole. The employment situation has been widely influenced by changes in the productive sector (growth in the services sector, conversion of large companies, etc.) and by changes in the labour supply (demographic effects, etc.). Active labour market policies played a great role in moderating the net loss of labour and, in the last years, in encouraging the recovery of employment.

The objectives set out in the CSF are twofold:

(a) increasing the employment content of economic growth, particularly in the regions where unemployment is highest;

(b) increasing the occupational integration of disadvantaged groups.

This will help improve social cohesion among the regions and cohesion among social groups.

Non-Objective 1 fisheries measures: Italy will receive €99.6 million from the FIFG. The main priority is renovation and reduction of the fishing fleet.

2.2.9. LUXEMBOURG

1994-99

Objective 2: The study on industrial waste land was used to select the four sites to be restored first where preparatory work for conversion had been carried out. Drainage work is being carried out on the Belval site.

The measures to support growth through the development of human resources have aroused considerable interest and all the funding available has been used. The present rate of expenditure suggests, however, that some measures (e.g. raising awareness and technological assistance and the measure to stimulate productive investment) will not spend all the money available.

Objectives 3 and 4: all the projects for the period 1994-99 were closed at the end of 1999 and the approximately €23 million in ESF assistance was fully used. At the end of the 1994-99 programming period, the Luxembourg employment market was in good shape with both growth in internal employment as industry picked up speed and a fall in unemployment which stood at 2.3% in 1999, with unemployment among young people at only 2.3% and among women at 3.3%.

2000-06

By its decision of 25 February 2000, the Commission adopted the list of areas eligible under **Objective 2** in Luxembourg for 2000-06. On 13 December the draft SPD covering the measures to be carried out in the three areas selected and in the areas receiving transitional support was sent to the Commission, which considered it acceptable.

The Commission adopted a programme on education, training and employment containing €39 million for Luxembourg, to be financed by the European Social Fund under **Objective 3**. Despite the high levels of growth in employment, the Luxembourg labour market still faces some persistent problems, mainly the low rate of employment among older workers and the fact that a large number of those of working age depend on invalidity benefits and minimum income programmes.

The Luxembourg programme has four main priorities: (1) the prevention of unemployment and a reduction in the number of people depending on 'passive' schemes, such as early retirement and invalidity (28%); (2) the promotion of social integration (35%). The measures will include training, if possible in computers, and help to integrate into the social economy and the open labour market; (3) the promotion of education and life-long training and the business spirit (30%); (4) greater equality for men and women on the labour market (5%).

2.2.10. NETHERLANDS

1994-99

Objective 1**:** It is too early to draw up a final assessment of the 1994-99 programme but it may be noted that most of the indicators targeted have already been reached. A few examples are the creation of new companies (target: 10% of existing businesses, outturn 17% on average) and the number of those attending training courses (target: 11 353, outturn: 19 591).

The previous programming period included 5 Objective 2 areas: Zuid-Limburg, Zuid-Ooost-Brabant, Arnhem-Nijmegen, Twente and Groningen-Drenthe.

Most of these programmes have requested an extension of the payment period for the programming period 1994-96. The final reports for these programmes and the corresponding requests for final payment were submitted to the Commission in the course of 1999 (ZO-Brabant and Groningen Drenthe) and 2000 (Z-Limburg, Arnhem-Nijmegen and Twente).

For the programming period 1997-99, the eligible period for commitments ended on 31 December 1999. Accordingly 2000 is to be considered as an operational year in which projects which were adopted in earlier years were monitored and concluded.

Objective 3: The irregularities in a number of ESF projects that were found in 1999 also caused major problems in 2000. The Dutch authorities carried out a large number of checks, which led to the discovery of even more irregularities. The total amount that will have to be reimbursed for the old period can only be determined once all the checks have been completed. The Dutch authorities also set up a special independent investigation committee led by the former president of the Dutch Court Auditors, Mr Koning, who will deliver his report in June 2001.

Objective 5(a)-Fisheries: some 80% of the total FIFG allocation was committed. A large number of projects were not committed until the end of 1999. The total FIFG funds paid to final beneficiaries by the end of 2000 were therefore only about 20% of the total commitment. However, it is expected that the 'final sprint' will result in large expenditure in 2001.

2000-06

The major event of the year 2000 was of course the launch of the new **Objective 1** phasing out programme covering the years 2000 to 2006. The plan was submitted to the Commission in November 1999 and negotiations were held from February to March 2000.

This new programme for Flevoland was drafted in the context of a Dutch economy that is performing very well, reducing the national unemployment rate to acceptable proportions. Although Flevoland also benefits from this favourable economic climate, the region's economic structure is still underdeveloped. This manifests itself particularly in a negative commuting balance. The programme contains €126 million in Community finance.

There are four broad areas of activity or priorities in the single programming document which was approved: development of urban areas (€39.1 million), development of rural areas (€23.7 million), strengthening of production structures (€39.5 million) and social cohesion and the labour market (€20.2 million).

The programme for Flevoland aims to promote investment in business or business support activities with high growth potential in some areas. Small and medium-sized enterprises will get special attention through support for research and development, development of e-commerce and the internationalisation of their activities. An interesting aspect of the programme is the development of city outskirts through the stimulation of tourism and recreation activities.

The contribution of the EAGGF Guidance Section amounts to €10 million. This programme concerns the continuation of an active renewal policy in Flevoland. Coherent activities will be supported which will strengthen the rural area. Survival of the agricultural activity is vital for the provincial economy, as is the preservation of the rural landscape. Recreation and tourism are becoming more and more important in the transition of the urban area to the rural area, the city outskirts. Another aim is to improve the viability and nature values of the rural area.

An amount of €6 million has been allocated to fisheries measures. The planned investment concerns mainly the adjustment of fishing effort and the processing and marketing of fish.

On 22 December 1999 the Commission formally approved the list of areas eligible under Objective 2 for the Netherlands. In April 2000, the Dutch authorities notified nine **Objective 2** programmes to the Commission for the period 2000-06. At the request of the Commission, the number of Objective 2 programmes was reduced; a programmes were grouped by region and the number of operational programmes was reduced to four.

These four programmes were all negotiated in the course of 2000 and will be adopted in the first half of 2001.

A significant part (46%) of the Objective 2 allocation for the Netherlands went to the 'Noord-Nederland' programme. The programme will receive an EU contribution of €329 million. The programme involves only ERDF funding and aim to stimulate the industrial and economic conversion of the region. Its operational priorities are the promoting the traded sector, the development of urban centres and the operation of the labour market.

The second programme 'Urban areas in the Netherlands' involves an EU contribution of almost €200 million. The programme concerns urban areas in difficulties and includes districts of different cities in a single programming document. It reflects the priority given to the urban areas issue by the Netherlands and inclusion of this issue in the EU Structural Funds mainstream policy. The programme covers 11 urban areas in nine cities; it involves the four largest cities (Amsterdam, Rotterdam, Utrecht and The Hague) and five medium-sized cities (Eindhoven, Maastricht, Arnhem, Nijmegen and Enschede). The Dutch Ministry of Internal Affairs selected the eligible areas on the basis of the criteria of 'poverty level' and 'long-term unemployment'.

The final two programmes 'Zuid-Nederland' and 'Oost-Nederland' are more rural in character. The EU contribution amounts to €152 and €122 million respectively. The SPD 'Zuid-Nederland' comprises different sub-areas; the core of the programme is a rural area covering parts of the provinces of N-Brabant and Limburg. The programme includes also transitional areas in ZO-Brabant, Z-Limburg and Zeeland. The core of the SPD "Oost-Nederland' is a rural area covering parts of the provinces Gelderland, Overijssel and a very small part of Utrecht. The programme also includes the Objective 2 transitional areas of Twente and Arnhem-Nijmegen. Both programmes involve only ERDF funding. The operational priorities are: spatial development, economic stimulation and social cohesion.

Objective 3: in order to avoid irregularities during the new period, a large number of measures have been taken to improve selection, monitoring and surveillance. The Minister of Social Affairs and Employment has also decided to take the ESF implementation unit (ESF-Nederland) out of Arbeidsvoorziening and to place it within his own Ministry in the form of an Agency.

The new SPD for Objective 3 was approved by the Commission on 8 August 2000. It contains a total of €1 750.4 million. The Commission has also paid the advances for the new period 2000-06. However, because of the problems in the old period the Dutch authorities have not yet started with new projects. The expected starting date is 1 April 2001.

Non-Objective 1 FIFG: The structural programme for fisheries for the regions outside Objective 1 was submitted to the Commission on 29 December 2000 and provides for FIFG funding of €32.1 million. The programme is being considered in 2001.

2.2.11. AUSTRIA

1995-99

The successful implementation of Austria's only Objective 1 programme, Burgenland, continued in 2000. The whole of the ERDF and ESF budgets was allocated to projects. The measures covering the fields of industry and business and R&D (telecommunication investments) had the main impact on the positive implementation of the programme at the end of the period.

The original objective of the programme was to create 7 300 new jobs; this figure was adjusted to a more realistic level of 1 200 new jobs (net) following the on-going evaluation. The results show that 173 new firms have been supported or secured, 2 400 new jobs have been created and over 6 200 secured. Investment support was given to over 1 000 individual firms.

The four Austrian Objective 2 programmes showed satisfactory progress in 2000. The main changes at the end of the period consisted of financial adjustments to allocate the funds to the measures with the best performance.

The largest Objective 2 programme, Styria, is expected to create 2 338 new jobs and to secure a further 21 551 through the projects approved. Lower Austria forecasts 1 474 new jobs and 9 840 secured. In the smaller programmes for Upper Austria and Vorarlberg, the creation of respectively 490 new jobs (plus 2 960 secured) and 752 new jobs (4 742 secured) is expected on the basis of the budget committed at the end of 1999. The overall objective for the Objective 2 programmes is to create 5 054 jobs.

Measures aimed at productive and direct investments in firms show the highest implementation rates among ERDF measures. Measures aimed at tourism; innovation and technology transfer and soft aid to firms (consultancy) lag behind the planned targets.

2000-06

Burgenland is still eligible under **Objective 1** for the period 2000-06. The total Structural Fund allocation of €271 million will stimulate total investment of almost €853 million - of which private co-financing is expected to provide over €490 million. The programme was approved by the Commission on 7 April 2000.

On 22 May, the first meeting of the Monitoring Committee, in Eisenstadt, adopted its rules of procedure and the programme complement.

The first payment, equivalent to 3.5% of the EU contribution (€6.8 million), was made in August.

Three basic aims have been defined for the new Objective 1 programme Burgenland:

– to develop Burgenland into a modern Central European region;

– to prepare Burgenland for enlargement of the EU (especially cooperation with Hungary);

– to reduce internal disparities within Burgenland.

The ESF part of the programme had been established in partnership between the regional PES, the Austrian federation of trade unions, the Austrian federation of employers, the institute for business promotion in Eisenstadt and various other organisations. The ESF part adds some new approaches to the mainstream emerging from the former programming period. There is a new measure for the promotion of life long learning, exploiting the potential of the new ESF regulation. The measure consists of the promotion of training in the ICT-sector, networking between training centres and enterprises and projects to train trainers.

Under the SPD, the EAGGF Guidance Section will provide a total of €41 345 471 over the period 2000-06. The main measures concern the modernisation of agriculture, agricultural training, the processing and marketing of agricultural products, forestry measures and rural development and nature protection. Some 27% of the appropriations will go to rural development (diversification, quality products, renovation of villages, small rural infrastructure), 23% to the processing and marketing of agricultural products, 18% to the modernisation of agriculture (farm investments, the installation of young farmers), 13% to forestry measures, 13% to protection of the natural heritage and 6% to training (agricultural skills, vocational retraining, especially for services close to agriculture, activities concerning nature protection and the development of rural skills networks). All the appropriations for 2000 were committed (at Community level).

Eight Länder, Carinthia, Lower Austria, Upper Austria, Styria, Salzburg, Vorarlberg, Tirol and Vienna are partly covered by **Objective 2** for the period 2000-06. The total Structural Fund allocation of €703 million is divided into €600 million for Objective 2 areas and €103 million for transitional areas. The Austrian ceiling is about 1 994 853 people living in Objective 2 areas and 1 098 794 people living in transitional areas.

The new Objective 2 programmes for the regions of Carinthia, Lower Austria, Upper Austria, Styria, Salzburg, Vorarlberg and Tirol were sent to the Commission in April. All seven programmes were accepted at the end of April and beginning of May. The programme for the city of Vienna was submitted to the Commission in June and accepted in July 2000.

The ESF is also contributing to the programmes in Carinthia, Vienna and Styria.

Except for Vienna, the negotiations with all these regions finished in July.

Objective 3: Austrian labour market policy has been confronted by various challenges, some old and others very new. The concentration of unemployment in special groups and the segregation of the labour market between men and women are phenomena which have been apparent for many years. New problems have been created by more flexible labour market structures, new forms of work organisation, new demands for skills and shifts of economic activity between sectors and regions. The National Action Plan 2000 contained all the policy instruments available to tackle these challenges.

The new Objective 3 ESF programme for which negotiations between the Austrian authorities and the Commission stated on 8 December 1999 and which was approved by the Commission on 8 of August is the main EU financial instrument to underpin the Austrian labour market strategy.

It builds on the experiences of the last assistance period 1995-99. Assistance instruments should be further developed and optimised. What is new in the period 2000-06 is first of all the introduction of a priority for life-long learning which will be implemented by the Ministry for Education, Science and Culture. The ESF is also the gateway for implementation of the gender mainstreaming approach, which means that the reduction of gender-related discriminations should be targeted in all branches of the Austrian labour market policy.

Section 3 of the SPD outlines how ESF assistance will contribute to implementation of the four pillars of the European Employment Strategy:

– Employability: This pillar attracts most resources. The preventive approach, offering early assistance to help people who become unemployed, is a basic principle in this context.

– Entrepreneurship: 1% of Objective 3 resources are earmarked for assistance to the Territorial Employment Pacts which are designed to exploit job opportunities at the local level.

– Adaptability: Experience of the former **Objective 4** SPD has led to a concentration of effort on selected target groups most threatened by structural change, to give assistance for staff development plans and to anticipate trends on the labour market.

– Equal opportunities: The development of female employment in non-traditional and new professions, the improvement of career opportunities, especially in science and technology, is supported.

The principle of partnership is an integral element of the implementation process. The social partners, regional authorities and NGOs are members of the Monitoring Committee, which had its first meeting on 26 July. The operational arrangements for the years to come were agreed.

2.2.12. PORTUGAL

1994-99

Since all the resources were committed, implementation proceeded at a good pace, reaching about 95% by the end of 2000. The balances have still to be paid and the programmes closed, which will be done in some cases in 2001.

The initial assessment carried out by the mid-term evaluation shows that the Structural Funds have had a substantial impact in Portugal, both at macro-economic level and in terms of employment and the trend of regional disparities.

The best results were achieved in the fields of infrastructure and the environment but those in innovation and research and development are less apparent. As a result, this sector received particular attention during negotiation of the CSF for 2000-06.

2000-06

The Commission approved the CSF for Portugal for 2000-06 on 30 March 2000; at current prices it contains €20 535 million in Community appropriations, about 15% of the resources of the Structural Funds allocated to Objective 1. Total investment in this CSF amounts to €42 199 million.

Assistance from the Structural Funds breaks down as follows: ERDF 64.8%; ESF 23%; EAGGF Guidance Section 11.1% and FIFG 1.1%.

The regions of Portugal covered by Objective 1 are the same as for the period 1994-99 (the whole country) but the region of Lisboa e Vale do Tajo is receiving transitional support.

The strategy of the CSF is based on four priorities: (1) raising the level of skills, promoting employment and social cohesion; (2) directing production capacity towards future-oriented activities; (3) asserting the importance of the country and its position in the world economy; (4) promoting the sustainable development of the regions and national cohesion.

As regards assistance directly related to the development of human resources, the ESF represents 23% of Community assistance, virtually the same figure as that in the CSF for 1994-99.

The EAGGF Guidance Section will contribute €2 284 million to agriculture and rural development. The main measures implemented are intended to promote sustainable agriculture and support activities in the agri-rural and agri-forestry productive sectors.

In the field of fisheries, the FIFG will provide €217.5 million for all the regions concerned. The main measures financed concern the protection and development of aquatic resources, port facilities, modernisation of the fleet and the processing of catches.

This CSF includes the following innovations compared to the current one:

- considerable decentralisation of Community appropriations towards the regions: about 47% of the funds programmed are allocated to regional programmes;

- integration of the four Funds in the regional programmes, which will permit better coordination at regional level of the measures carried out and a more effective response to problems encountered on the spot;

- at sectoral level, the information society, research and innovation have assumed priority status in the CSF while support for the energy sector has been reduced;

- in accordance with statutory requirements, the regional and local authorities have more responsibility for the management and monitoring of assistance. This suggests that the systems for monitoring, management, evaluation and surveillance will be improved.

The CSF expects to create or maintain 68 000 jobs per year.

The CSF will be implemented through 19 OPs (7 regional programmes and 12 multi-regional programmes). The technical assistance programme was negotiated during the fourth quarter of 2000 and approved early in 2001.

During the last quarter of 2000, the various Monitoring Committees met to approve their rules of procedure and the programme complements.

2.2.13. FINLAND

1995-99

By the end of 1999 the last commitments under the previous programme period 1995-99 had been made. Implementation of the last selected projects continued throughout 2000 with completion planned for the end of 2001. The Commission received the annual reports for 1999 by June 2000.

The mid-term evaluation found that the regional development strategy chosen for the Objective 6 region was correct. The initial programme targets were, however, found to be too ambitious in relation to the programme resources and have been adjusted accordingly. Also the financing plan was slightly adjusted at the end of 1999, as confirmed by a Commission decision in April 2000.

According to the annual report 1999, 79.8% of total public funding had been paid to projects by the end of 1999. The programme has created over 19 000 new jobs and

2 600 businesses. Migration from the Objective 6 (and 2 and 5(b)) areas, which had been the trend during the programming period, continued.

The Objective 2 programme was implemented by two SPDs in 1995-96 and 1997-99. The final payment was made by the Commission in spring 2000 after some additional information for the purposes of closing the accounts for this programme was submitted in late 1999 and early 2000. By the end of 1999 50.5% of total public funding for the 1997-99 programme had been paid to the projects.

According to the mid-term evaluation, the Finnish Objective 2 programme had a notable effect on growth in the number of firms and employment in the programming area, where new firms were set up as briskly as in the reference areas of Southern and Central Finland. It was estimated that by the end of 1999 the programme had created almost 15 000 new jobs and over 1 400 new businesses. New enterprises were set up mainly in the service sector, especially in business services as well as in social, health and other services. However, the evaluation observed that for the most part the effects of the projects were qualitative. The observations and recommendations of the interim evaluation were also taken into account in the preparation of the new Objective 2 programmes 2000-06.

2000-06

The programme negotiations for the new Objective 1 and 2 programmes were held at the end of 1999 and early in 2000 in Helsinki between the Finnish authorities and the Structural Funds Directorates-General. The main issues discussed were quantification of expected results and impacts indicators, monitoring and surveillance systems, additionality, the performance reserve, inter-regional projects, Finnvera (the state-owned special risk financier) loan schemes, the environment and Natura 2000, and the information society. The Commission sought in particular a sharper focus in the development of small firms, human resources priorities on defined competence and skills shortages, and rural development (as far as Objective 1 is concerned). These adjustments were taken into account in the final SPDs.

Both Finnish **Objective 1** programmes (Eastern Finland and Northern Finland) were approved by the Commission on 31 March as the first regional programmes of the new programming period 2000-06. The total EU contribution is €913 million (1999 prices). The line of development rests on know-how, new technology and information society. The programme measures aim to increase business competitiveness and economic growth and the creation of new jobs and businesses, reduce unemployment and slow down the depopulation of rural areas and of the regions as a whole.

The human resources measures are in accordance with the ESF policy frame of reference. In total, ESF assistance amounts €273 million for both programmes. ESF priorities include strengthening competence, skills and labour employability and business development.

EAGGF Guidance Section assistance for agriculture and rural development amounts to 197.1 million. The main measures include the development of rural areas, forestry, training and the setting up of young farmers.

In the fishing sector, the FIFG will contribute €6.85 million; the main measures include processing, fishing ports and aquaculture.

The first Monitoring Committee meetings held in Oulu and Mikkeli in May opened the new period by approving the rules of procedure, project selection criteria, programme complements and a publicity plan. The second Monitoring Committee meetings were held in November in Kajaani, where the programme complements were completed and the Committee discussed the implementation process and status, the monitoring system, information and publicity actions, and the new loan schemes for ERDF co-financing. Press conferences and visits to projects were organised in the context of the Monitoring Committee meetings.

The Western and Southern Finland SPDs were approved by the Commission on 30 June as the first **Objective 2** programmes of the new period. The first Monitoring Committee meetings held in early October were preceded by a preparatory meeting in June. In their December meeting in Jyväskylä the Monitoring Committees discussed the same topics as the Objective 1 meetings referred to above and observed that programme implementation had begun satisfactorily.

The Åland Islands Objective 2 programme, which was submitted separately to the Commission, was approved on 20 December 2000. The Åland Islands are an autonomous, Swedish-speaking Finnish province comprising more than 6 500 islands and skerries, 65 of which are inhabited. The programme aims to increase the competitiveness of businesses, to achieve population growth in the archipelago areas, to integrate the region's population into the information society and to increase environmental awareness.

The total EU contribution to the Finnish Objective 2 programmes is €489 million (1999 prices). The Southern and Western Finland SPDs are designed to promote entrepreneurship and employment by increasing competitiveness and diversification of the regional economy. To this end they focus on growth sectors, clusters and competitiveness based on know-how. Both programmes make considerable commitments to the information society and put emphasis on SME development.

In Western Finland ESF assistance is concentrated on business development and economic restructuring, the development of skills and new technologies, infrastructure modernisation and improvement of the living environment. In Southern Finland, ESF measures are concentrated on business competitiveness and the attractiveness of the business environment, the development of know-how and human resources and the development of sub-regions, urban areas and the attractiveness of local communities.

The Commission approved the **Objective 3** SPD for non-Objective 1 areas on 1 August. ESF funding for the programme totals €416 million. The SPD sets out four policy priorities in accordance with the ESF policy frame of reference:

1. exploiting labour demand and improving employability (29% of the ESF allocation);

2. promoting equality and equal opportunities in working life (19% of the ESF allocation);

3. improving the quality and effectiveness of education and training, promoting occupational mobility, and strengthening the integration of education and working life (19% of the ESF allocation);

4. developing human capital to support entrepreneurship and the quality of working life and exploiting research and technology (29% of the ESF allocation).

In addition, there is a priority for technical assistance (4% of the ESF allocation)

In the field of the Ministry of Labour, the share of commitments out of the planned allocation for year 2000 was 80%. Aid was granted to some 350 projects and the number of persons started in projects was 9 000.

A separate Objective 3 programme for the autonomous Åland Islands, with €2.6 million funding from the ESF, was approved on 27 September.

The main labour market problems the ESF programme aims to address are the high rate of unemployment, the danger of exclusion of certain groups (e.g. long-term unemployed, young unemployed, ageing and handicapped people) from the labour market and increasing labour market bottlenecks. A relatively low rate of entrepreneurs, skill shortages concerning especially ageing workers with a low level of education and outdated skills, gender-based segregation in the labour and educational market, need to improve the relationship between research, education/training and working life and to increase life long learning opportunities and practices.

As before, the Ministry of Labour is both the managing and the paying authority for ESF operations in Finland during the new programming period. Implementation of the programmes has been mainly decentralised to the regional level. New national legislation has been prepared for the implementation of SF programmes in Finland.

Non-Objective 1 fisheries: the FIFG contribution is €32 million, of which 55% is devoted to the protection and development of aquatic resources, aquaculture, fishing port facilities, processing and marketing and inland fishing. 11% will go to the Aland islands, which have a separate programme.

2.2.14. SWEDEN

<u>1995-99</u>

By the end of 1999 the last commitments under the previous programme period had been made for the five <u>Objective 2</u>, the <u>Objective 6</u> and the eight Interreg II A programmes. Implementation of the last selected projects continued during 2000 with completion planned before the end of 2001. Annual reports for 1999 were received in June 2000.

<u>2000-06</u>

Complete versions of the Norra Norrland and Södra Skogslänsregionen **<u>Objective 1</u>** single programming documents were submitted to the Commission on 23 November 1999. The decisions in principle were taken on 12 and 17 May respectively and the programmes were finally adopted on 24 May 2000.

The Structural Funds will contribute €748 million for the period 2000-06, of which 52% will go to Norra Norrland and 48% to Södra Skogslänen. Together with national public and private co-financing, over €2 billion in investment will be mobilised. There are separate budgets for the inland areas and the coastal areas (the special programme) in each programme.

The two Objective 1 programmes cover vast and sparsely-populated areas that face a harsh climate and are remote from the main economic centres. The main targets are to create 20 000 jobs and 3 500 new businesses by developing a knowledge-intensive, competitive business sector using the benefits of modern technology and by improving the attractiveness of the area as a place to live and work, which means safeguarding the unspoilt environment, ensuring high standards of education and reinforcing the cultural heritage in order to attract firms to locate there. 4 000 firms and 40 000 people will participate in training activities. Each programme contains special measures to promote the development of Sami culture and traditional Sami industries.

In 2000 there were two Monitoring Committee meetings per programme, in Luleå and Östersund in mid-June and in Umeå and Höga Kusten in October. The main points on the agendas were adoption of the rules of procedures for the Monitoring Committees and the programme complements, including selection criteria, monitoring indicators and information and communication plans. The programmes became operational as from the summer and the first selections were held in the autumn. Some 250 projects were selected by the end of the year. Demand has been high from the very start of the programmes, so compared to the previous programme period the situation is significantly better.

In 2000 the Commission put special emphasis on information and publicity. Press conferences and project visits were organised alongside Monitoring Committee meetings.

The EAGGF Guidance Section allocated a total of €115.3 million to agriculture and rural development. The main measures concern investments in agricultural, horticultural and reindeer holdings, sustainable development of rural areas through diversification, further processing and marketing, on-farm tourism and the preservation of the rural heritage.

For the fisheries sector, FIFG assistance amounts to €11.5 million, concentrated on investments in aquaculture, processing and the protection and development of aquatic resources.

The draft single programming documents (SPD) for the four Swedish **Objective 2** areas (Norra, Västra, Södra and Öarna) were declared admissible on 26 April. The negotiating meeting with representatives from the regional partnerships, the Swedish government, and the DGs for Regional Policy and Employment was held on 19 June and negotiations were concluded by a subsequent exchange of letters. The decisions in principle on all four programmes were taken in October. Final decisions for the SPDs were taken on 15 and 20 December, and the first Monitoring Committee meeting for each of the four programmes were held during December in Karlskoga, Gävle and Jönköping.

The Structural Funds commitment for the period 2000-06 is €423 million, with 87% coming from the European Regional Development Fund and 13% from the European Social Fund. Altogether this EU funding will mobilise about €1.5 billion from the EU, national and private funds.

The problems facing the areas covered by the four SPDs are much the same, i.e. higher than average unemployment, a lower level of education and mature industries with structural difficulties. The main objectives of the programmes are therefore to create a favourable business climate, encourage entrepreneurship, develop businesses and improve educational/skills levels, thereby increasing employability and helping industry to become more knowledge intensive and competitive. Competitiveness is also enhanced by promotion of cooperation between industry and universities. An attractive living environment is promoted in more or less all programmes, with measures for culture and improving services and local participation (empowerment). Local initiatives are encouraged and supported.

All programmes give special attention to youth and women and have sustainable development, equality and integration of immigrants as horizontal priorities. The goal of the programs are 29 400 new or maintained jobs and 5 900 new businesses, and in addition training will be provided to increase the employability of several thousand people.

Objective 3: the single programming document (SPD), the result of seven months of negotiations between the Swedish authorities and the Commission, was approved by the Commission on 27 September. With the exception of the regions covered by Objective 1, Sweden is eligible for €747 million in ESF funds within the overall budget of €2 780 million, of which co-financing of €729 million will come from national public funds and €1 303 million from private sources. The programme complement finalised by the end of the year completes the SPD and sets out in more detail the measures to be taken. The five key priorities are as follows:

1. Skills enhancement for workers. The priority is to be carried out in agreement between employer and employees. Sweden is funding workers' skills more than for any other EU Member State. This priority is targeted at employees in the public and private sectors with an emphasis of firms employing fewer than 50 staff.

2. Increased employability and entrepreneurship. Target groups include the employed and the unemployed (budget: €258 million or 34.5% of the ESF allocation).

3. Integration, multiplicity and equal opportunities.

4. Local development.

5. Technical assistance.

The Swedish ESF Council has been set up by the Swedish Government as an independent managing authority for the programme. The National Labour Market Board (AMS) is the paying authority. The Monitoring Committee, a broad partnership to oversee the SPD, met twice in 2000 to approve the programme complement, set up structures for monitoring and start up the programme.

Despite the late start of the programme, altogether 1 100 projects with 30 000 participants had been approved by the end of 2000.

Non-Objective 1 fisheries, the FIFG allocation amounts to €2 million and focuses on the restructuring of the processing industry and modernisation of the fleet.

2.2.15. UNITED KINGDOM

1994-99

Objective 1: by the end of 1999, the final adjustments to the programmes for the period 1994-99 had been agreed with the relevant authorities. The implementation of the remaining projects continued throughout 2000 with completion planned by 31 December 2001.

The funds allocated to the Objective 3 and 4 programmes were fully committed for 1994-99. No final payment claims have yet been received.

2000-06

The United Kingdom contains six **Objective 1** regions: one region, Merseyside, retains Objective 1 status from the 1994-99 period; three regions, Cornwall and the Isles of Scilly, South Yorkshire and West Wales and the Valleys, are covered by Objective 1 for the first time, while two regions, Northern Ireland and Highlands and Islands, lose full Objective 1 status but will receive transitional support until 2005.

In the case of the five Objective 1 regions in Great Britain, the Structural Funds are implemented through single programming documents (SPDs). The regional development plans were therefore submitted in the form of draft SPDs. In the case of Northern Ireland, the Funds are implemented by way of a Community support framework and operational programmes based on a regional development plan.

The negotiations relating to the Objective 1 SPDs for Great Britain took place from December 1999 to April 2000. In the case of Northern Ireland, while the regional plan was submitted at the end of 1999, the CSF was adopted only in December 2000 and adoption of the OPs was not completed until early 2001. This longer period arose from political and administrative developments in Northern Ireland during 2000, in particular the devolution of power to the Northern Ireland Assembly.

The Objective 1 SPDs for Great Britain each identify between four and six areas for priority measures. These areas may be grouped as follows: support for small and medium-sized businesses, support for business modernisation, Community economic regeneration, human resource development and development of strategic infrastructure. In addition one programme addresses more specifically the issues facing rural areas; another tackles the concept of regional distinctiveness.

In the case of Northern Ireland, the CSF is implemented through two operational programmes: the transitional Objective 1 programme ('Building sustainable prosperity') and the EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region (Peace II) 2000-04. The CSF is implemented through the following main priorities: economic growth and competitiveness, employment, HRD and social inclusion, urban and social revitalisation; agriculture, rural development and fisheries and environment.

The EU Programme for Peace and Reconciliation in Northern Ireland and the Border Region (Peace II) 2000-2004 is a continuation of the special support programme for peace and reconciliation (Peace I) 1995-99. It is intended to build on the achievements of Peace I through a broad range of actions under the following priorities: economic renewal, social integration, inclusion and reconciliation, locally-based regeneration and development strategies, outward and forward-looking region and cross-border cooperation.

The transitional Objective 1 programme ('Building sustainable growth') is the largest component of the Northern Ireland Community support framework, accounting for approximately two-thirds of the total structural funding allocated. This programme will, therefore be the main instrument for achieving the economic and social transition identified in the CSF. The following priorities have been adopted: economic growth and competitiveness, employment, urban and social revitalisation, agriculture, rural development, forestry, fisheries and the environment.

In the agricultural and rural development sector, the EAGGF Guidance Section allocates a total of €388 million to the five eligible regions. The priorities are different in each region: small firms and micro-business support and rural structural adjustment in Cornwall, assistance to rural communities in Highlands and Islands, developing niche sectors in Merseyside, modernising business and helping communities with the transition to economic renewal in South Yorkshire, sustainable use of natural resources in West Wales and balanced urban and rural development, economic growth and renewal in Northern Ireland.

FIFG assistance for the fisheries sector amounts to €60.3 million.

The United Kingdom contains fourteen **Objective 2** regions: Gibraltar, West Midlands, Yorkshire and Humberside, East Midlands, North East England, North West England, East of England, South East England, London, South West England, South of Scotland, East of Scotland, Western Scotland and East Wales. All but two of the regions also contain areas with transitional status. The negotiations relating to the Objective 2 SPDs took place from July to December 2000.

All programmes are centred around six themes: small and medium-sized firms, strategic development opportunities, skills, rural and fishery areas, community economic regeneration, employment growth. Throughout these themes and issues, attention is paid to environmental sustainability as well as to equal opportunities. These two issues are integrated in the activities and are part of the project assessment and the evaluation of the programme progress.

Out of the 14 UK Objective 2 regions, six have decided not to include an ESF element in their programmes. Those regions will address human resources issues through establishing direct linkages with the Objective 3 programmes. The other eight Objective 2 plans contain an ESF element ranging from 10% to 20% of the total Structural Funds contribution to those programmes. The ESF measures within those plans focus specifically on social inclusion for all and adaptability and entrepreneurship. During the negotiations the Commission ensured that the ESF measures programmed in Objective 2 areas met the dual tests of being integrated with the local/regional development strategy and coordinated with the ERDF assistance in that area whilst not duplicating provision under Objective 3.

In respect of the Objective 2 programmes for the previous round, all regions are fully committed for ESF, and payments to date amount to 64% of the total committed.

The impact of devolution has changed the structure of the UK's **Objective 3** programme for 2000-06. In the 1994-99 round there was one SPD covering the entire country. In the new round there is a UK CSF and separate operational programmes for England, Scotland and Wales. Furthermore, the English OP will be implemented at the regional level. There are, however, many similarities between the priorities of the old Objective 3 and 4 SPDs and the new Objective 3 CSF. Reflecting the general downward trend in the numbers of unemployed in the UK, there has been a significant increase (31.6% to 40.0%) in the emphasis in the programmes on lifelong learning, adaptability and entrepreneurship. At the same time, a substantial sum (53%) is still reserved for tackling unemployment and encouraging social inclusion. The proportion of the budget allocated to specific actions to promote gender equality has almost doubled (3.6% to 7.0%).

The English OP is structured along the five policy field approach of the ESF Regulation and closely follows the approach set out in the UK CSF. The total value of the programme is €4 111 million, representing 87% of the total UK Objective 3 allocation. The split between policy fields is: active labour market policies - 25%, equal opportunities for all, promoting social inclusion - 26%, lifelong learning - 26%, adaptability and entrepreneurship - 14%, improving women's labour market participation - 7% and technical assistance - 2%.

The Scottish OP has a value of €498 million and places heavy emphasis on social inclusion problems experienced in inner city areas, particularly Glasgow. The breakdown by policy fields of the ESF Regulation is as follows: raising employability (23%), addressing social exclusion (37%), lifelong learning (10%), a competitive economy (22%), addressing gender imbalances (7%) and technical assistance (1%).

The total value of the Wales OP is €132 million and greater emphasis is placed on the entrepreneurship and adaptability fields than in the other OPs. The split between policy fields is: active labour market policies - 25%, promoting social inclusion - 21%, lifelong learning - 22%, adaptability and entrepreneurship - 23%, improving women's labour market participation - 7% and technical assistance - 2%.

Non-Objective 1 fisheries will receive an FIFG allocation of €125.5 million. Decommissioning of fishing vessels receives high priority, followed by aquaculture, fishing port facilities and processing and marketing. Following the approval of the programme, the programme complement and administrative procedures need to be prepared. Thus selection of projects for FIFG is unlikely to take place before the second quarter of 2001.

2.3. COORDINATION WITH THE OTHER FINANCIAL INSTRUMENTS

2.3.1. Coordination with the Cohesion Fund

2000 was the first year of operation of the new rules on the operation of the Cohesion Fund. Since the Fund had operated satisfactorily in 1994-99, only a few amendments were made to the basic rules going back to 1994.

The new Regulations were adopted on 21 June 1999 and came into force on 1 January 2000. They contain changes to take account of the introduction of the euro, simplify management and improve efficiency. The main changes concern both the basic principles (Regulation) and the implementing measures (Annex II to the basic Regulation).

Cohesion Fund assistance helps finance infrastructure projects in the field of transport contributing to the implementation of the trans-European networks and projects in the field of the environment which help these countries achieve the goals laid down in the Union's environmental policy. The Cohesion Fund helps the four beneficiary Member States to maintain a high level of public investment in these two fields of common interest, while meeting targets for reductions in budget deficits set in the convergence programmes set up in preparation for economic and monetary Union.

The main instrument for coordinating assistance from the Cohesion Fund and from the Structural Funds is the Strategic Reference Framework. The presentation by the Member States to the Commission of a strategic reference framework is the logical corollary to the new legal arrangements governing the operations of the Cohesion Fund. Annex II to Regulation (EC) No 1164/94, as amended by Regulation (EC) No 1265/1999, states that *"Member States shall also provide the results of the environmental impact assessment in conformity with the Community legislation, and their* ***consistency with a general environmental or transport strategy at administrative unit or sectoral level,*** *"*.

The "Cohesion Fund Vade-mecum 2000-2006", distributed to the national administrations of the four beneficiary Member States states *"this strategy should be defined and set down formally in a set of guidelines which will provide the* ***"frame of reference"*** *for assistance from the Fund.*

This frame of reference, to be defined at the most appropriate level, should include:

– *a definition of the long term objectives;*

– *a list of individual projects;*

– *the interim objectives which could be achieved by 2006;*

– *the projects to be carried out to achieve those objectives;*

– *for each project, an initial indication of the investment costs and an indicative plan of sources of finance."*

The four countries submitted their strategic reference frameworks for the environment and transport sectors at an information meeting for the Member States organised by the Commission on 18 December 2000. In some cases, these frameworks form an integral part of the operational programmes approved as part of the programming of the Structural Funds for 2000-06, which improves coordination between assistance from the Cohesion Fund and that from the Structural Funds.

2.3.2. Coordination with the European Investment Bank (EIB) and the European Investment Fund (EIF)

On 19 January 2000 a cooperation agreement was signed between the Commission and **the EIB** on Community structural action in 2000-06. It covers greater cooperation between the Bank and the Commission in the following fields: preparatory phases of programming and negotiations on structural operations, co-financing of structural assistance and the evaluation of major projects.

To implement this agreement, on 7 June a framework agreement between the Commission (DG for Regional Policy) and the EIB covering the period 2000-06 was signed. This covers the evaluation by the Bank of some major projects submitted for financing from the Structural Funds by the beneficiary countries.

In addition, a system for contacts between the Commission's geographical units and the EIB has been established. It is working well and resulted in a high-level meeting in Luxembourg on 4 December attended by Director-General of the Regional Policy DG and the Directors-General of the Bank. The conclusions of the meeting set out the fields in which close cooperation between the two institutions should be pursued. Working parties were set up to implement these guidelines.

As regards <u>the priorities for cooperation</u>, particular attention was paid to the i2i initiative and to innovative financial products, i.e. venture capital and global loans contributing to the main priority of effective support for regional development.

<u>During 2000, the Bank</u> devoted €30.6 billion to projects in the Union compared with €27.8 billion in 1999. Support from the Bank for the most disadvantaged regions amounted to €13.7 billion in individual loans and €6.2 billion in global loans (with a substantial increase in finance for small firms). The main countries receiving EIB loans were Germany (19.7%), Italy (18.4%), Spain (13.7%), the United Kingdom (10.8%) and France (10.8%).

	2000	**1999**	**1998**
Work of the EIB in the Union	30.6 %	27.8 %	25.1 %
Regional development	> 66 %	61%	71%

On 7 December 2000 the EIF and the European Investment Bank signed a Master Agreement strengthening the relations between the two institutions and streamlining the type of operations offered by each of them.

This agreement concerns the transfer of the management of all existing EIB risk capital investment to the EIF and the transfer of the EIF's infrastructure guarantees portfolio to the EIB.

Within the EIB Group the EIF is now dealing exclusively with all venture capital and SME portfolio guarantee transactions (European Community resources and EIB/EIF resources).

Within these two fields of EIF assistance the following important guidelines have been approved:

– The European Community's venture capital scheme "ETF Start-up" will be expanded and reoriented towards the financing of incubators and seed-capital funds.

– The SME guarantee activity of the EIF will be extended towards guarantee of microcredit, guarantee of equity, guarantee investments of SME's in the field of information and communication technologies (ICT).

– The Council of 20 December confirmed the role of the EIF as the specialist financial instrument for small firms in the European Union.

Further, since September 2000, the EIF's Board has approved 10 venture capital operations totalling €186 million and 11 guarantee operations for a total of €206 million.

2.3.3. Financial assistance for the trans-European networks (RTE)

Coordination between the trans-European transport and energy networks (TENs) budget and the Structural Funds, in particular ERDF resources, is important in Objective 1 and 2 areas and the Cohesion countries because these Community financial instruments take into account the need for regions suffering from handicaps of a structural nature or because of their insular, landlocked or peripheral location to have links to the central regions of the Community.

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

In 2000 the TENs budget line had €14 million in commitment and €11 million in payment appropriations for energy and €594 million in commitment and €486 million in payment appropriations for transport.

The TENs financial Regulation (EC) No 2236/95 was amended by Regulation (EC) No 1655/1999 to provide for medium-term planning via indicative multi-annual investment programmes (MIP), for the encouragement of public-private partnerships and use of a small amount of the budget line (1-2%) to support projects involving risk capital. During 2000 the Financial Assistance Committee, which assists the Commission in implementing the TENs Regulation, delivered a positive opinion on the MIP for the period 2000-06, which will be revised in 2003. The current proposal that will be adopted by the Commission before summer 2001 contains about €2.8 billion for 11 priority projects (Essen projects), the Global Navigation Satellite Systems project ("Galileo") and four groups of projects of common interest.

A joint initiative was launched in 1997 by the Directorates-General for the Information Society and Regional Policy to improve the quality of local information on tourism and SMEs through a critical mass of interoperable and reliable information. Under this initiative 15 projects were co-financed by the TEN-Telecom programme. The projects aimed to promote the use of electronic commerce through an Internet network amongst SMEs operating in the tourism sector and located in the less favoured regions of the Union. In 2000 the Commission carried out an assessment of these projects with the help of external experts. The overall conclusion was that they contributed significantly to a pioneering measure toward e-Europe, integrating actions at local level with those at European level, while respecting the principle of subsidiarity.

2.4. COHERENCE WITH OTHER COMMUNITY POLICIES (WITHIN THE MEANING OF ARTICLE 12 OF THE GENERAL REGULATION ON THE STRUCTURAL FUNDS)

2.4.1. The Structural Funds and employment policy

In line with the Amsterdam Treaty, at the Luxembourg Summit in November 1997 the Heads of State and Government agreed a framework for action based on the commitment from Member States to establish a set of common objectives and targets for employment policy based on four pillars: employability, entrepreneurship, adaptability and equal opportunities. The so-called Luxembourg process comprises several components: the Employment Guidelines for Member States' employment policies, Member States' National Action Plans, the Joint Employment Report and country-specific recommendations. In this way, the Luxembourg process is a rolling programme of yearly planning, monitoring, examination and re-adjustment. The NAPs provide an important occasion for reporting on the links between the work of the Structural Funds and employment strategy. It emerged from the NAPs for 2000 that some initial adjustments for the 1994-99 programming period had been made by reallocations towards preventive action and other EES priorities within the target groups identified for ESF support. In 2000-06, all the Member States will be using the European Social Fund to underpin the European Employment Strategy.

Analysis[6] of programming documents agreed so far shows that new ESF programmes will make an investment in people of around €60 billion as part of the modernisation and reform of the labour markets. Negotiations on ESF programmes have shown the commitment of the Member States to allocate Community funding in line with their employment policies as established in the framework of the Luxembourg process. In this sense, the ESF has shifted its focus from an essentially training programme to a policy oriented instrument with a wide range of measures to invest in people. The most clear-cut example is the priority given to preventive measures in ESF programmes, i.e. early assistance to stop people sliding into long-term unemployment. The new programmes make firm commitments to gender equality, social inclusion, promoting the knowledge-based economy and wider access to the benefits of information and communication technologies. ESF support under Objectives 1 and 3[7] will support the four pillars of the EES in the following ways[8]:

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6 Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee on European Social Fund support for the European Employment Strategy (COM (2001)16.

7 Until negotiations are complete it is not possible to present figures on how the remaining Funds under Objective 2 will support the employment strategy.

8 Figures 1 and 2 provide a breakdown of support for each of the four pillars of the EES by each Member State.

- **Employability:** Around 60% (€34 billion) of the European Social Fund budget will be allocated to improve employability across the Union. Particular attention will be paid to: preventing long-term unemployment, improving the transition from school to work for young people, education and training for adults and modernisation of the public employment services. Some €9 billion is earmarked to fight social exclusion.

- **Entrepreneurship:** The promotion of entrepreneurship will receive €8 billion from the ESF to provide the essential leverage for new business start-ups, the promotion of local employment initiatives and job creation in the service sector and social economy.

- **Adaptability:** Almost €11 billion will be allocated to invest in the adaptability of the European labour force, with the main priorities being the development of continuous learning, ICT use, and SME-oriented activities. In addition, other actions address the issues of alternative and flexible forms of work organisation.

- **Equal opportunities:** the mainstreaming of equal opportunities throughout the entire strategy means that there is no precise amount devoted to equal opportunities. The budget for specific actions, however, accounts for around €4 billion. Gender mainstreaming has gained momentum in connection with the implementation of the NAPs since 1998 and will be further developed.

The overall package of support provides a sound basis to underpin both the European Employment Strategy and the policy commitments made at the Lisbon European Council. The ESF will also be used to support the measures taken to comply with the Council's Recommendations on the implementation of Member States' policies, in all cases where such support would be eligible. Using its own instruments, the Commission will try to identify the scope of new themes and institutional, operational and procedural approaches, e.g. the development of a local dimension for the EES through Article 6. The challenge is now for national, regional and local authorities, the social partners and the Commission to make the programmes work.

<u>Improving links between ESF and the NAPs</u>

The regional and local authorities have traditionally played a very important role in the implementation of ESF assistance. Their involvement in the formulation of the main policy priorities for ESF support has enabled regional diversities and locally-tailored needs to be taken into account in the programmes within the framework of the National Action Plans. However, there is still room for improvement and national administrations should endeavour to fully exploit the synergies between the policy formulation on one hand and EU-supported financial instruments on the other. Evidence on the NAP process reported in 2000 suggests that the main points for improvement are therefore firstly more visible and ambitious contributions by the other Structural Funds; secondly, implementation of the programmes now decided and the NAP process could more closely be linked at national level.

2.4.2. Structural Funds, rural development policy and fisheries policy

Rural development policy, with assistance from the EAGGF Guidance Section (for Objective 1 and the Leader+ Community Initiative) or the EAGGF Guarantee Section (for Objective 2 and the national rural development plans), aims primarily at making rural regions more competitive and helping protect and create jobs in those regions.

As part of the reform of the common agricultural policy, rural development measures support and complement its market policies.

They help promote the adaptation of agricultural structures as part of the reform of the common agricultural policy designed to encourage a multifunctional agriculture and seek to diversify economic activities in rural areas.

Article 37 of Regulation (EC) No 1257/1999 on support for rural development by the EAGGF states that support may be provided only for measures which comply with Community law. Such measures must also be consistent with the other Community policies and the measures implemented under them and with measures implemented under the other instruments of the common agricultural policy (market organisations, and agricultural quality and health).

The priority for **the structural policy for fisheries**, an aspect of the common fisheries policy, is the search for a lasting balance between fisheries resources and their exploitation. It must also help ensure the stability and sustainable development of firms in the sector, further improve supply and the exploitation of fisheries and aquaculture products and contribute to revitalising areas dependent on fisheries.

In no case may aid for the fishing fleet, whether Community or national, contribute to an increase in the fishing effort. Apart from aid for decommisioning, which is still available, public aid for the construction of new vessels is authorised only if there is definitive withdrawal, without public aid, of an equivalent, or in some cases substantially higher, amount of fishing capacity.

Assistance co-financed by the FIFG must also help all components of the sector (fleet, processing and marketing of products, aquaculture, port facilities) to meet a number of challenges: globalisation of economies, more stringent consumer requirements as regards product quality, higher hygiene standards and better working conditions on vessels.

2.4.3 Structural Funds and environmental policy

<u>The Regulations on the Funds and a bigger role for the environment</u>

The Regulations on the Funds for 2000-06 provide for more systematic attention to be paid to environmental aspects: sustainable development and the protection and improvement of the environment are now considerations which run through all the Objectives of the Structural Funds and which must be incorporated in the preparation, monitoring and evaluation of programmes.

This principle is to be found in the provisions on the designation of the partnership, the compatibility of operations financed by the Funds and the modulation of contribution rates, mainly by application of the principles of precaution, prevention and the polluter-pays.

Plans and assistance must also include an *ex-ante* evaluation of the environmental situation of the region concerned, including a quantified description of the environmental situation, an estimate of the impact expected from the strategy and the assistance on that situation and the provisions to include environmental considerations in the assistance and ensure compliance with Community rules on the environment.

In addition, the 'Guidance for the programmes for 2000-06' stress the need to include the environmental dimension in all sectors. This approach is in line with the two horizontal principles of the guidance: sustainable development and equal opportunities.

Participation in the Structural Funds Monitoring Committees of the authorities responsible for the environment, at both national and regional level, is an achievement which has enriched programming for the new period.

Environmental legislation and the Structural Funds

Assistance from the Structural Funds must ensure compliance with the main aspects of Community legislation on the environment, particularly in the fields of the protection of nature and watercourses and the assessment of the impact on the environment.

Nature

There are two basic directives on nature protection: Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora[9] (the 'habitats' Directive) and Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds.[10]

The first provides for the establishment of a European network of protected sites (Natura 2000) including the protection areas designated in the two directives. To some extent, the problems and delays encountered in implementing programmes in 1994-99 (several Member States had not designated the sites to be protected) improved to some extent during 2000.

Nevertheless, in order to comply with the rules governing the period 2000-06, Mr Barnier (the Member of the Commission responsible for regional policy), in agreement with Ms Walström (the Member of the Commission responsible for the environment), reminded the Member States of their obligations in this respect and told them that the programming documents for the new period had to include clear and irrevocable commitments to ensure that this programming included the protection of sites which forms part of Natura 2000. Where necessary, a clause to that effect was included in the CSFs, SPDs and OPs.

To the same end, the Member of the Commission responsible for agriculture, Mr Fischler, asked the Member States to ensure that the programming documents included commitments concerning compliance with the 'Nitrates' directive.

9 JO L 206, 22.7.1992.
10 JO L 103, 25.4.1979.

Water

The main event of 2000 was the adoption on 23 October of the framework-directive for a Community water policy (2000/60/EC); it has two main aims: to ensure that all water(surface and ground water and protected areas) is of good chemical and ecological quality through integrated management at water basin level and to ask Member States to take account of the principle of recovering the costs of services related to water use (including environmental and resource costs) and the polluter-pays principle.

As regards the treatment of urban waste water, Directive 91/271/EEC, as amended by Directive 98/15/EC, set two main deadlines for implementation the end of 1998 and the end of 2000. Throughout 2000 the Structural Funds continued to co-finance infrastructure which helps implement the principles concerning sensitive areas and the main agglomerations; the period 2001-05 will be used to complete implementation of this Directive, with the provision of adequate structures in smaller agglomerations.

Waste management

In 2000, the Commission adopted Directive 2000/76/EC of the European Parliament and of the Council on the incineration of waste. This Directive seeks to prevent or reduce, as far as possible, the pollution of air, water and soil resulting from the incineration and co-incineration of waste and the resulting risks to human health. The year also saw progress in work on defining the technical criteria for implementing Directive 1999/31/EC on the landfill of waste. The European waste catalogue and the list of hazardous waste was thoroughly revised by Decision 2000/532/EC resulting in a new and more exhaustive list of wastes which will come into force on 1 January 2002

Evaluation of environmental impact

Directive 97/11/EC on the assessment of effects on the environment, amending Directive 85/337/EEC, came into force on 14 March 1999 but its impact only really began to be felt during 2000. The number of types of infrastructure projects under Annex I - for which an environmental impact assessment is compulsory - grew and the types of projects under Annex II - which also grew - must be assessed in accordance with the procedure set out in Annex III to the Directive.

2.4.4. The Structural Funds and competition policy

At the end of 1997, the Commission adopted new Guidelines on national regional aid in the Community in which it sought to strengthen checks on this important category of State aid. The new Guidelines consolidated the criteria used to assess the compatibility of national regional aid measures. The Guidelines also clarified the rules for the demarcation of regions qualifying for regional aid under Article 87(3)(a) and (c) of the EC Treaty.

In the beginning of 1998, the Commission informed Member States of the new Guidelines and invited them to bring their existing regional aid systems in line with the new rules by 2000. A key element of the exercise was the review of the regional aid maps of each of the 15 Member States. The difficulty of this exercise was exacerbated by the fact that the Commission wanted to use the opportunity to reduce substantially the coverage of the regional aid maps in the Community

In the course of 1999-2000, new regional aid maps were established for each of the 15 Member States. The Commission considers that it has attained the main objectives it had set out to achieve with this exercise. All maps have been defined on the basis of a transparent and objective method ensuring equal treatment for all 15 Member States. At the same time, the Commission has succeeded, with the help of the Member States, in reducing significantly the population coverage of the regional aid maps, from 46.7% to 42.7% of the Community's population. A strict application of the eligibility criteria has resulted in a tighter demarcation of the assisted regions. This should enable the Member States to focus their regional assistance on the regions suffering the most severe economic problems. The Commission is convinced that a greater degree of concentration will enhance the incentive quality of the regional aid granted, thereby increasing its overall effectiveness.

2.4.5. Structural Funds and public procurement

Under Article 12 of the general Regulation on the Structural Funds (((EC) No 1260/1999), 'Operations financed by the Funds ... shall be in conformity with the provisions of the Treaty, with instruments adopted under it and with Community policies and actions, including the rules on ... the award of public contracts.' The management of the Structural Funds has been more decentralised, which increases the responsibility of the Member States, and in particular the managing authorities, when awarding contracts financed by the Community Funds. To ensure that these procedures comply with Community rules, the Commission, without prejudice to its powers to intervene when Community law is infringed, is encouraging the national authorities to take preventive measures, such as adequate training for staff involved in awarding such contracts and the production of guides and handbooks for the award of contracts.

The Commission checks that the procedures for awarding contracts comply with Community law by ensuring that the relevant Community directives have been transposed into national law and by using its powers to intervene when Community law is infringed.

2.4.6. Structural Funds and equality for men and women

As a result of the new legal framework introduced by the Amsterdam Treaty and the European Employment Strategy, the promotion of gender equality has been more firmly rooted in the new Structural Funds Regulations. The new regulations propose an integrated equality strategy. Together with horizontal integration of equal opportunities (gender mainstreaming), specific measures to promote women are needed in order to reduce continuing inequalities. This new legal framework is of major importance as a legal basis and as an incentive to implement the policy incorporating equality into the Structural Funds. The Commission has drawn up a Technical Paper on this issue which sets out guidelines on practical arrangements for implementing gender mainstreaming in operations co-financed by the Structural

Funds.[11] The equal opportunities dimension has also been incorporated into the Methodological Working Papers drawn up by the Commission services on programming, *ex-ante* evaluation, monitoring and evaluation.[12].

In the negotiations with the Member States on the content of the new programmes, the Commission stressed the need for more effective measure on equality. A more comprehensive approach taking into account gender mainstreaming and specific measures has been introduced in the new Community support frameworks (CSFs) and single programming documents (SPDs). There is, for instance, a more in-depth analysis of socio-economic inequalities between women and men. However, the analysis has not always been followed up with quantified targets for greater equality. In a number of programmes, there are provisions for integrating the gender dimension in the Monitoring Committees, for example by a gender-balanced composition, by ensuring the participation of bodies promoting equality, or by the setting up of working groups on equal opportunities. In a number of Member States, more attention is devoted to the development of childcare services as a measure to reconcile work and family life.

Since gender equality is mainstreamed throughout the entire strategy, it is not possible at this stage to calculate exactly how much is devoted to it. An assessment of the programme complements for Structural Funds programmes will provide further details on the scale of funds going towards gender mainstreaming.

It is important now that gender equality is taken into account in implementing the operations.

The Structural Funds should be a catalyst for Community and national policies on equal opportunities. Improving the use of the Structural Funds for the promotion of gender equality is one objective of the Community Framework Strategy on Gender Equality (2001-2005)[13]. Under the Strategy, the Commission will undertake to propose a Communication on the implementation of gender mainstreaming in the new programming documents, including highlighting of best practice. In order to strengthen cooperation within its services and among those responsible at national level, the Commission will set up an ad hoc group on equality in the Structural Funds within the Commission Interservice Group on Gender Equality and a network of persons responsible in the Member States for incorporating equality issues into the Structural Funds.

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11 Technical Paper 3 "Mainstreaming equal opportunities for women and men in Structural Fund programmes and projects" (http://inforegio.cec.eu.int)

12 Annex 4 of Working Paper 2 "The ex-ante evaluation of the Structural Funds assistances" deals with equality between men and women. Sheet I of Working Paper 3 "Indicators for Monitoring and Evaluation". (http://inforegio.cec.eu.int). Guidelines for systems of monitoring and evaluation of ESF assistance in the period 2000-2006.

13 Communication "Towards a Community Framework Strategy on Gender Equality (2001-2005)" and Proposal for a Council Decision on the Programme relating to the Community Framework Strategy on Gender Equality (2001-2005), COM(2000) 335 final, 7 June 2000. http://europa.eu.int/comm/employment_social/equ_opp/news/arsenal_en.htm

CHAPTER 3: EVALUATION AND FINANCIAL CONTROL

3.1. *EX-ANTE* EVALUATION OF OBJECTIVE 2

The purpose of and requirements for the *ex-ante* evaluation are set out in the regulations on the Structural Funds adopted in 1999. Article 41 specifies that each authority responsible for preparing the plans, assistance and programme complement will also be responsible for organising the *ex-ante* evaluation. The *ex-ante* evaluation is an integral part of the plans, assistance and programme complements. It was therefore essential in all Objective 2 single programming documents (SPDs).

Process and contents of ex-ante evaluation

The Commission's working paper on *ex-ante* evaluation provided guidance on what the *ex-ante* evaluation should contain and how it should be undertaken. The key components are:

- analysis of previous evaluation results;
- analysis of the strengths, weaknesses and potential of the State, region or sector concerned;
- assessment of the rationale and the overall consistency of the strategy;
- quantification of objectives;
- evaluation of the expected socio-economic impacts and justification of the policy and financial resources allocation; and
- quality of the implementation and monitoring arrangements.

The concept of the *ex-ante* evaluation includes the process through which it is undertaken, as much as the contents of the evaluation report. The Structural Fund regulation makes clear that the evaluation forms part of the programming document. The Commission's guide to the *ex-ante* evaluation suggests that the evaluation should be an interactive process between the evaluator and those responsible for the preparation of the plans, with the evaluators providing expert input and engaging in constructive dialogue with the planners. The *ex-ante* evaluation is therefore not only the content of the evaluation report, but also the process through which the evaluators interacted with the planners. The ultimate objective is to enhance the quality of the programming documents and thereby enhance the effectiveness and impact of the assistance supported by the Structural Funds.

Organisation of the ex-ante evaluations

Ex-ante evaluations of all 95 Objective 2 SPDs were carried out and were submitted to the Commission together with the SPDs or they formed part of the SPDs submitted during 2000. The great majority of the *ex-ante* evaluations were undertaken externally by independent evaluators selected through public calls for tender. Some of the evaluations in Spain and Italy involved a combination of internal evaluation work, with elements contracted out (e.g., macro-economic analysis, environmental analysis, etc.). In France too, one of the *ex-ante* evaluations was undertaken using internal expertise. Further variation was evident in the degree to which the Objective 2 SPDs and *ex-ante* evaluations were coordinated centrally at Member State level as opposed to being undertaken autonomously in the regions.

A large number of evaluators were involved in the *ex-ante* evaluations across the entire Objective 2 area. The same evaluator was involved in three evaluations at most in different regions within the Member State in the UK, Belgium, the Netherlands, Sweden, Germany and France. Given that 95 *ex-ante* evaluations were carried out, this demonstrates a relatively open evaluation market.

In the majority of cases, the *ex-ante* evaluations followed the Commission's guidelines as regards content, although there was variation in how they were presented. In some cases the evaluation was integrated into the SPD, while in others the whole evaluation was annexed.

Perhaps the most significant innovation of *ex-ante* evaluation was the emphasis on the interactive process as an important element of the exercise. There was considerable variation in the degree of that interaction across the different regions, ranging from the *ex-ante* evaluation being a short desk exercise undertaken after the SPD was drafted, through the limited use of evaluators for the provision of information and empirical evidence to support the strategy decided on for or in the region, through to evidence of real interaction taking place between the evaluators and the planners. Given the novelty of the concept, this range of approach was to be expected; however, it represents a significant development in evaluation practice in Objective 2 regions which can be built on in the future.

Impact of the ex-ante evaluations

The impact of the *ex-ante* evaluations depended on two factors:

- the quality of the evaluation including the ability and willingness of the evaluators to constructively challenge those preparing the SPDs; and

- the willingness of the national or regional authorities to engage in a dynamic process of development of the SPD through the *ex-ante* evaluation process.

The quality of the *ex-ante* evaluations varied within and between Member States, as did the attitude of those responsible for preparing the draft SPDs. In the best cases, the *ex-ante* evaluation was actually a *process*, and the outcome was an enhanced SPD, rather than an evaluation report which may have met the content requirements for the *ex-ante* evaluation but was not integrated into the SPD. In these cases, there was a constructive dialogue between the evaluators and those responsible for developing the SPDs.

The impact of the *ex-ante* evaluations is most clearly evident in the improved technical aspects of the SPDs. The most significant added value is seen in the quality of the socio-economic analysis, the SWOT analysis and the quantification of objectives:

- The socio-economic analyses were enhanced through the work of the *ex-ante* evaluations, leading to a clearer presentation of the baseline situations which the SPDs aim to address. One difficulty for the evaluations and indeed the SPDs arose where Objective 2 regions were very small and detailed data were not available at the relevant level. In some cases data for larger regions had to be presented with the situation for the Objective 2 areas being deduced.

- Through their contribution to the SWOT analyses, the *ex-ante* evaluations were instrumental in strengthening the linkages between the socio-economic analysis and the strategy of the SPDs, thus improving the coherence of the entire planning process.

- The *ex-ante* evaluations had a particular impact on the quantification of objectives. In general, the Commission's guidance on indicators – using output, result and impact indicators, as well as core indicators in some regions – was followed, which has led to a greater coherence and comparability of data across the Objective 2 regions.

The *ex-ante* evaluations also contributed to the quantification of baselines in relation to equal opportunities, the environment, employment and the information society, all key Commission priorities. In some cases, however, more work had to be undertaken either by the experts contracted to undertake the *ex-ante* evaluation or by other experts to fully meet the Commission's requirements in relation to equal opportunities and the environment.

We can conclude that the impact of the *ex-ante* evaluations on Objective 2 was an improvement in the quality of programming. The ultimate impact of that improvement should be seen in the enhanced effectiveness and impact of the assistance co-financed by the Structural Funds under Objective 2 between 2000 and 2006.

3.2. FINAL EVALUATION OF THE ESF (1994-99)

Conclusions of the final evaluations of the ESF: Objectives 1, 3 and 4

The final evaluations of assistance from the ESF, carried out n the Member States in partnership with the Commission (summarised at Community level[14]), cover all assistance from the ESF under Objectives 1, 3 and 4 and the theme of equal opportunities for men and women.

The main feature of programming for the European Social Fund (ESF) in 1994-99 was innovation, for example, concentration on those most remote from employment and the new Objective 4. The ESF permitted the development or expansion of the strategic aspects of national policies. The programmes achieved their financial objectives. In the case of Objectives 1 and 3, targeting the most vulnerable sectors of the population (the long-term unemployed, women and other less-favoured groups) was only relative (the beneficiaries were young people and the skilled unemployed, men were over-represented). Objective 4, which targeted small firms and those threatened with unemployment, trained primarily managers, heads of firms and

[14] 'Conclusions of the ESF final evaluation', Employment and Social Affairs 2000.

skilled workers with the aim of achieving a multiplier effect on all the employed. Women were under represented.

For all the Objectives, the ESF financed primarily training measures, although these were diversified and included better integration among different types of measures.

The impact on the ***direct beneficiaries*** is felt through their enhanced employability and/or their integration into the labour market.

- Gross placement rates on the labour market increased in 1994-99, principally in line with the improved situation on the labour market. These rates tend to be higher for young people and those who have been unemployed for only a short time. Women are principally represented in temporary and part-time jobs, which tends to promote gender-related occupational segregation.

- These results change somewhat when net placement rates are considered. These demonstrate that measures which target the more disadvantaged or those remote from the labour market are more effective (the unemployed who are older, less skilled or who have been unemployed for a long time). The rates of moving on or transition are higher for women than for men.

- Integrated measures (pathways to integration) produce better rates of integration and progress than training measures alone.

- In the case of employed workers improvements in employability (a reduced risk of unemployment) are few and inconclusive.

The ***impacts on the systems*** vary by Member State and Objective:

- In all Member States, the ESF has helped improve active labour market policies by encouraging innovative approaches, reaching groups traditionally outside the scope of such policies, increasing the resources available for such measures and structuring the supply of on-going training and the ability to anticipate.

- In Objective 1 regions, the ESF has helped improve the quality of the educational and training systems, manly for certification and accreditation and to bring the educational and training systems closer together.

Recommendations made in the reports:

- to improve targeting on labour market problems and concentrate assistance to ensure a certain “visibility” and value added by the ESF compared with national provisions and policies;

- to improve the identification of individual problems and encourage integrated approaches;

- to structure training and educational systems more flexibly and deal with issues regarding the quality of the systems (education, training) after dealing with the capacity questions which arise mainly in the large Objective 1 areas;

- defining arrangements for implementation which permit more flexible assistance and bring the mechanisms for implementing the policy objectives more closely into line;

- improving the systems for monitoring and evaluation so that they constitute an instrument which assists the taking of policy decisions.

Conclusions of the final evaluations of the Employment and Adapt Initiatives

A specific evaluation was made at Community level of the Community Initiatives under the ESF covering trans-nationality, innovation and mainstreaming into national policies. On the first point, the survey of transnational partnerships resulted in the identification of several models of transnational cooperation and the reasons for their success.

The work of the assessors resulted in a number of recommendations:

- The projects could be improved through the establishment of activities providing information on the submission of projects, a development phase for projects, including the possibility of financing the search for partners, synchronisation of the selection of projects across the Member States and a greater role for support structures (NSS).

- Administrative procedures should be simplified through clearly defined selection criteria, use of less complex payment procedures, etc.

- Closer cooperation between those concerned with national labour markets and those responsible for the Community Initiatives should be encouraged.

- A strategy for transferring results, particularly the dissemination of results and products on a broader scale, at local, regional, sectoral, national and European level should be laid down.

The recommendations were discussed and to a very large extent included in the design of the new Equal Initiative and the Communication about it. There are three phases for the implementation of projects: the construction of partnerships, their development and their dissemination. The types of innovations expected were also defined on the basis of the results of the evaluation.

3.3. THE EDINBURGH CONFERENCE ON EVALUATION

The Commission's fourth conference on evaluation was organised by the Directorate-General for Regional Policy in Edinburgh in September 2000. This series of conferences, which started in Brussels in 1995, aims to contribute to the development of a European "culture of evaluation". The fourth conference was entitled "Evaluation for Quality" and it placed the issue of evaluation in the framework of administrative reform. It had two main objectives:

- the promotion of quality in evaluation and good practice across the Union with a view to improving the management of the Structural Funds, and

- developing closer contacts between administrations managing the Funds and experts in evaluation, in order to enhance the value of the results and recommendations of evaluations

The conference was attended by 370 participants, of whom 206 were involved in the administration of evaluation, rather than being evaluation experts. All Member States were represented (some more strongly than others) as well as six of the candidate countries. Representation included the social partners, some NGOs, the European Investment Bank and the Court of Auditors as well as evaluators and representatives of the administrations in the member States. The presidents of the four national evaluation societies in the EU also played an active part in the conference.

The themes addressed in the conference were:

- *Evaluation of the impact of large plans* – focusing particularly on the need to develop and improve the techniques for evaluation of the macro economic impact of such programmes. The Commission has strongly supported developments in this area and has supported the harmonisation of macro-economic analysis in the four Cohesion countries (the Hermin model).

- *Evaluation of operational programmes and SPDs* – where there has been considerable progress in the quality and impact of evaluations in recent years, supported by the technical documents and guidelines provided by the Commission. A number of speakers at the conference addressed the issue of how to enhance the debate on evaluations such that they lead to real changes. It was proposed that evaluations should present their conclusions more clearly avoiding the use of technical language where it is not necessary.

- *Cost-benefit analysis* – which has improved and the basis for further improvements in 2000-06 established.

- *Thematic evaluations* – where research and development and equal opportunities are two areas where evaluations have had a particular impact. Initiated by the Commission, thematic evaluations have greatest effect at national level. At both Community and national level, thematic evaluations contribute to the refinement of the priorities of programmes, while they also help to establish Community value added. Two priority themes for evaluation in the near future are sustainable development and the information society.

- *Quantification of objectives and benchmarking* – in relation to quantification of objectives, standardisation of terminology, an acceptance of the principles and real progress in the programming documents for the 2000-06 period were the key results recorded. In relation to benchmarking progress is slower and more work needs to be undertaken.

The conference itself and the themes which it debated corresponded to the priorities of the Commission Communication on evaluation under the title of administrative reform (measure 16). In addition to examining means of improving the current situation in relation to the practice and use of evaluation, the conference sought to open the debate on more political questions, particularly those related to the theme of governance. Issues discussed included the processes which should be put in place to ensure the coherence of evaluations undertaken in partnership, the definition of the added value of each party and the ethics of this interaction between policy makers and evaluators in the private sector. Both the Member of the Commission with responsibility for regional policy, Mr Barnier, and the Director-General, Mr Crauser, addressed the conference, emphasising the political dimension of evaluation.

3.4. CHECKS CARRIED OUT

The ERDF

Under the Commission decision of 12 July 2000, the Directorate-General for Financial Control, which was responsible for the control of ERDF expenditure, was transferred and integrated into the Directorate-General for Regional Policy. During the first part of the year, as part of the Financial Control Directorate-General, the unit carried out 9 audit missions. In the second part of the year, following implementation of the Commission decision, 7 further audit missions were executed. Two missions were carried out in Greece, Italy, Portugal and the UK, and all other Member States except Denmark, Finland and Luxembourg were visited once.

The principal aims of the audits were to check the accuracy of expenditure declarations from Member States by verifying the audit trail, and to examine the adequacy of the management and control systems.

The main recurrent errors and irregularities identified during the audits were :

- the inclusion of non-eligible expenditure in declarations (e.g. bank charges, VAT);
- the failure to follow correct procedures for the award of contracts or their subsequent amendment;
- the absence of a clear audit trail, including failure to have a separate accounting system;
- non-respect of deadlines for the eligibility of expenditure;
- non-compliance with the rules on publicity.

The follow-up of all recommendations and actions required as a result of the audit findings must be completed before the closure of programmes takes place.

The E S F

In 2000 the Commission carried out 52 inspections on the use of appropriations allocated to the ESF. The slight decline in the number of inspections from 1999 was the result of the transfer in July of responsibility for *ex-post* inspections from Financial Control (DG Audit) to the Directorate-General for Employment, with the consequent redeployment of staff. The missions programme was revised in October to take account of these changes.

The annual inspection programme drawn up by the Directorate-General for Employment was sent to the Member States and then discussed with the national inspection authorities at various coordination meetings so that it might have the greatest impact.

In the case of financial audits, special priority was given to checks on items of assistance to which the ESF has contributed over €10 million.

The audits of monitoring and certification systems concentrated on the mechanisms for closing assistance used during the 1994-99 programming period under Regulation (EC) No 2064/97.

A large number of the inspections carried out in 2001 also dealt with these two topics and permitted checks on the information collected in 2000. In view of the provisions taken by the Member States in this regard, particular attention will be paid to assessing the eligibility of the certificates required under Article 8 of Regulation (EC) No 2064/97.

The main problems detected during the inspection missions concerned:

the reliability of declarations of expenditure (in particular the incorrect application of the rules on eligibility and the principle of annuality, the lack of supporting documents and the over-declaration of expenditure);

the lack of visibility and publicity for assistance co-financed by the ESF;

the failure of certain promoters to respect the rules governing calls for tenders and competition;

double financing and overlapping with assistance financed by other European programmes.

Several of these inspections resulted in financial corrections by the Member States concerned and the implementation by the Commission of Article 24 of Regulation (EEC) No 4253/88 as amended by Regulation (EC) No 2082/93.

The EAGGF Guidance Section

In 2000, 22 inspection missions were carried out to check on the use of EAGGF Guidance Section appropriations managed by the Member States. The main aims were to assess the management and inspection systems used (particularly on the basis of Regulation (EC) No 2064/97) and to check that the financial and accounting reports and actual implementation complied with Community rules, the decisions granting assistance and the expenditure declared to the EAGGF Guidance Section. As representative as possible a selection of regions and administrations was sought. Particularly at the end of the programming period, attention turned to the programmes where the management systems at regional level had not yet been inspected or where they had been altered.

Some types of irregularity were detected in several Member States and applied to a number of measures. These included non-compliance with Community rules on public contracts, the granting of aid for expenditure which was ineligible (by its nature or date of payment), substantial delays in payments to beneficiaries, lack of publicity and information on Community co-financing, inadequate inspections and incorrect use of conversion rates. The weaknesses, and indeed failures in the systems for managing payments were drawn to the attention of the administrations concerned. After these problems had been detected, the declarations of expenditure were revised downwards and, where appropriate, the Community co-financing was reduced.

Particular attention was paid to the measures managed directly by the Commission (pilot projects under Article 8) and a comparatively large number of inspections were carried out. The Commission the took a number of decisions to recover funds granted to pilot projects by the EAGGF Guidance Section.

The FIFG

During 2000, the Commission carried out FIFG on-the-spot inspections in Germany, Portugal, Greece and Austria. These inspections concerned mainly projects relating to aquaculture, processing, modernisation of fishing vessels and studies. The inspection in Austria also covered closure of the Objective 5(a)-fisheries programme for 1995-99.

The inspections had the following aims:

- correspondence of the administrative or organisational procedures with those laid down by the inspection systems of the Member State;

- correct financial charging and implementation of the projects;

- implementation of the projects in accordance with the rules and procedures;

- selection process and implementation rate;

- compliance with the rules on on-the-spot inspections by the competent authorities.

Inspections by OLAF (European Anti-Fraud Office)

In 2000 OLAF opened 33 new enquiries into cases of fraud or suspected fraud and carried out 15 inspections concerning structural measures.

For nine of those inspections, OLAF used as their legal basis Regulation (Euratom, EC) No 2185/96 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities[15] and in two cases the sectoral basis, Article 23 of Regulation (EEC) No 4253/88 as amended by Regulation (EC) No 2082/93.

Four of these missions were to assist the judicial authorities in enquiries begun in earlier years which had resulted in the matter being referred to them (Regulation (EC) No 1073/1999).

It should be noted that, besides the operational enquiries and their coordination at Community level, the OLAF provides all possible assistance for the coordination of investigations begun by the competent national authorities, both administrative and judicial.

Almost half the inspections concern enquiries begun earlier; the rest were new cases.

The enquiries cover all the Structural Funds, but principally the ESF followed by the ERDF.

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15 Council Regulation (Euratom, EC) No 2185/96, OJ L 292, 15.11.1996, p.2.

The enquiries revealed networks for falsifying documents, over-invoicing, ineligible expenditure, etc.

In addition, for 2000, pursuant to Regulation (EC) No 1681/94, the Member States notified the Commission of some 1 217 cases of irregularity or fraud involving a total of some €114.2 million (as against some €120.6 million in 1999).

This means that the number of cases of irregularities notified is greater than in previous years but there is still a lot of work to be done if the Member States are to comply with all their obligations under the legislation. The sums in question are, however, smaller despite the increase in the number of cases.

Furthermore, significant progress was made in 2000 on application of Article 5 of this Regulation which requires the Member States to inform the Commission in every case of the action taken on the irregularity detected. However, some cases are still notified without this information, even though the time for the closure of certain programmes has elapsed.

According to Art. 24 of Regulation (EEC) No 4253/88 as amended by Regulation (EEC) No 2082/93 the Commission may trigger a procedure to reduce, suspend or cancel assistance from the Funds. In such case, the Commission has to assess the seriousness of any irregularity before it takes a decision based on the said regulation.

These cases may firstly relate to bad financial management. In 2000 the Commission started to investigate on several cases in this respect.

Furthermore the Commission has suspended assistance from the Funds with a view to cases related to the infringement of other Community legislation such as on environmental protection and public procurement. An exemplary case in this respect is the suspension of payments of the Cohesion Fund to a railway project with a view to the failure to submit the project to an environmental impact assessment in accordance with Directive 85/337/EEC.

CHAPTER 4: DIALOGUE AND INFORMATION

4.1. EUROPEAN PARLIAMENT

The dialogue with the European Parliament normally takes place through the sectoral parliamentary committees, particularly the Committee for Regional Policy, Transport and Tourism. This Committee made a number of reports on its own initiative which were adopted by the whole house:

- draft guidelines for a Community Initiative concerning the economic and social regeneration of cities and of neighbourhoods in crisis in order to promote sustainable urban development (Urban II) ;
- draft guidelines for a Community Initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory (Interreg III);
- the tenth annual report on the Structural Funds (1998);
- the 1998 annual report on the Cohesion Fund;
- the outermost regions of the European Union;
- enlargement and structural policy;
- draft guidelines for innovative measures under the ERDF.

As soon as he was nominated as Member of the Commission responsible for regional policy, Mr Barnier undertook to keep the European Parliament regularly and personally informed about progress on the various issues.

On three occasions (27 January, 22 May and 11 September 2000) he presented his work programme: progress on programming for Objective 1, zoning for Objective 2 and implementation of the budget, the Interreg III and Urban Initiatives, implementation of ISPA, guidelines for the innovative actions and the progress of the second report on economic and social cohesion.

On a number of occasions throughout the year, the European Parliament held emergency debates on the various natural disasters which hit certain Member States. A broad debate on climate change was held on 25 October.

It is mainly the new code of conduct on the implementation of the structural policies, signed on 6 May 1999 by the Presidents of the European Parliament and the Commission, which governs relations between these two institutions. During 2000, the Commission sent Parliament the plans (draft programmes) of the Member States and the documents adopted under the various programming for 2000-06.

The ESF also has close contacts with the European Parliament, in particular with the Committee on Social Affairs and Employment. The ESF sent Parliament the draft guidelines for the innovative action and will take Parliament's opinion into consideration. The ESF also met the Members of the Committee on Social Affairs in the Parliament/ESF informal working group which discussed several aspects of progress in ESF programming.

Most of the discussions with the European Parliament on rural development concerned the Leader + programme. Parliament's Committee on Agriculture and Rural Development drew up a report proposing amendments which was adopted at Parliament's February part-session. The Commission took some account of Parliament's opinion in the final version of the guidelines on the application of this Community Initiative sent to the Member States. Members of Parliament asked the Commission 69 written questions and 4 oral questions on rural development.

4.2. FUND COMMITTEES

In 2000, the **Committee for the Development and Conversion of Regions (CDCR)**, which, as specified in Article 48 of Regulation (EC) No 1260/1999, is both a management and a consultative committee, met eleven times.

As a *management committee*, the CDCR gave favourable opinions on the Interreg and Urban Community Initiatives and on the guidelines for innovative actions by the ERDF in 2000-06. The CDCR also began work on interregional cooperation Interreg III C.

As a *consultative committee*, the CDCR gave opinions on the areas eligible under Objective 2, the single programming documents (SPDs) and the Community support frameworks (CSFs).

The CDCR also approved the Regulations on:

– the use of the euro in the budgetary implementation of the Structural Funds,

– information and publicity measures to be taken by the Member States on assistance from the Structural Funds,

– the eligibility of expenditure in operations co-financed by the Structural Funds,

– the implementation procedure and guidelines for determining financial corrections,

– the systems of management and control of assistance granted by the Structural Funds.

The Committee welcomed inclusion in the Structural Funds programmes and projects of the policy of equal opportunities for women and men and the financing by Interreg III and the guidelines for 2001-06 for the European network for territorial analysis (ORATE).

The CDCR began work on the role of the Spatial Development Committee and on the establishment of a group of experts on territorial and urban development.

The ESF Committee met four times in 2000. The members of the Committee gave their opinion on the CSFs and SPDs to which the Social Fund was contributing. In doing so, they attended the presentation by certain members representing Governments of the new ESF programming (taking account of the priorities of the

Social Fund and of the employment strategy and of the link with the National Action Plans). The members of the ESF Committee were also consulted about the types of measures which could be financed under technical assistance and gave their opinion on the Commission's draft guidelines on the various types of innovative actions (which was then sent to the European Parliament) and on the draft financial regulations on the management and control of the Structural Funds and financial corrections under Article 39 of Regulation 1260/1999.

The ESF Committee also discussed the programme of social actions, relations between the ESF and the employment services and enlargement (with particular regard to preparations by the candidate countries for the European Employment Strategy and the ESF).

On the thematic front, there was a discussion on equal opportunities in the new programming, continuous training and local capital for social purposes and the 'social dialogue' measures under Article 6 of the ESF Regulation.

The report of the Court of Auditors and the conclusions of the evaluations of the Social Fund were presented to the Committee. During the year members were kept informed about the general development of all aspects of the employment strategy and its implications for the Social Fund.

The Committee on Agricultural Structures and Rural Development (STAR Committee) met 15 times in 2000 and acted as a management committee under the procedure provided for in Article 47(3) of Regulation (EC) No 1260/99 on the following issues:

a) favourable opinion on Commission Regulation (EC) No 2075/2000 of 29 September 2000 amending Regulation (EC) No 1750/1999 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the EAGGF. This regulation concerns the conditions of eligibility of certain measures financed by the EAGGF Guidance and Guarantee Sections with particular reference to aids for agricultural holdings of a very small economic size. It extends the scope of Regulation (EC) No 1685/2000 of 28 July laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 to certain measures financed by the EAGGF Guarantee Section under Objective 2;

b) favourable opinion on the guidelines on the Leader+ Community Initiative, given on 22 February.

The Committee operated as a consultative committee under the procedure provided for in Article 47(2) when it considered the following matters:

a) establishment of the list of areas which could benefit under Objective 2. The Committee gave its opinion ten times on the various proposals for lists;

b) the part of the assistance concerning agricultural structures and rural development in the draft Commission decisions on the Community support frameworks and corresponding information in the single programming documents for the areas eligible under Objectives 1 and 2. The Committee gave 26 opinions;

c) Commission Regulation (EC) No 448/2001 of 2 March 2001 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the procedure for making financial corrections to assistance granted under the Structural Funds and the Commission Regulation laying down the implementing arrangements concerning the systems for the management and control of assistance granted under the Structural Funds and the form and content of accounting information which the Member States must keep available for the Commission for inspection of the Structural Funds accounts.

The Committee on Fisheries and Aquaculture issued favourable opinions on:

a) the “fisheries” part of the Objective 1 CSFs and SPDs;

b) the list of areas eligible under Objective 2;

c) the “fisheries” SPD for non-Objective 1 areas;

d) the types of technical assistance measures under Article 23 of the general Regulation on the Structural Funds;

e) the draft guidelines on the various types of innovative measures under Article 22 of the general Regulation on the Structural Funds;

f) a Commission Regulation on the arrangements for implementing measures defined by Council Regulation (EC) No 2792/1999 (FIFG Regulation).

4.3. DIALOGUE WITH THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

The Commission continued to follow closely the work of the ESC, which in the field of regional policy adopted opinions on the 1998 annual report on the Cohesion Fund and on the 10th annual report on the Structural Funds. The Committee was also concerned with the poorer island regions, on which it adopted an own-initiative opinion, and on the role of the EIB.

As regards the common agricultural policy, in its opinion on the tenth annual report on the Structural Funds (1998), adopted on 12 July, the Committee considered the information on coordination with the CAP and the policies on competition and the transparency of contracts was irrelevant because it did not reveal clearly whether the Community directives were followed and respected. The Committee took note of the simplification of the particular regulation proposed by the Commission for the EAGGF, which dealt mainly with the areas of assistance. In its opinion on ‘women in the countryside and sustainable development’, the Committee stressed the particular problems encountered by women in rural areas and stressed the importance of creating associations and working groups to find a solution.

The Committee of the Regions (CDR) adopted several draft opinions on the responsibilities of the Directorate-General for Regional Policy. Of particular note was that on the Commission’s draft communication to the Member States on ‘the regions in the new economy – guidelines for the ERDF innovative measures’, on which it had been consulted. The other opinions concerned mainly the question of the outermost regions, the information society and regional development.

Mr Barnier attended the full meeting of the Committee on 13 April which dealt with 'the role of the regions, the implementation and future of regional policy and the intergovernmental conference'.

Mr Crauser, Director-General, addressed the Committee on 28 June on arrangements for extending the regional policy to the candidate countries and also attended a conference organised by the CDR and the Generalitat Valenciana on 27 and 28 November on the design of a new regional policy for Europe.

As regards agriculture and rural development, the CDR welcomed the improved implementation rate for EAGGF programmes. In another opinion, on access to rural areas, it encouraged use of the Structural Funds to develop infrastructure and recommended the promotion of a multifunctional agriculture. In the area of rural competitiveness, it stressed the possibilities for development offered by the Structural Funds. As regards the Leader+ Community Initiative (2000-2006), the Committee found the overall plan effective and innovative and hoped it would receive (the first strand: territorial strategies for rural development) the largest financial allocation.

In the field of fisheries, it adopted an opinion on '2002 - the common fisheries policy and the situation of fisheries in the European Union.'

4.4. SOCIAL PARTNERS

The dialogue with the social and economic partners on regional development continued and the annual meeting provided for by Article 8 of Regulation (EC) No 1260/1999 was held on 16 February. Two main points were discussed: The situation of programming for the three Objectives and the Community Initiatives 2000-06.

- Following a presentation of the situation by the Commission, a large majority of the partners recognised that they had been better consulted than in the previous programming period. However, this had been more systematic in the case of Objective 1 than Objective 2. The social partners had also experienced difficulties in securing access to appropriations for technical assistance.

- There were also considerable differences in the extent to which partnership was taken into account in depending on the region, irrespective of the Objective. The 'culture' of partnership was not yet fully taken on board by the Member States.

- Other points raised included: the difficulty of managing the EAGGF Guarantee Section under Objective 2, since it was not a Structural Fund; the arrangements for allocating the performance reserve and the operation of the Monitoring Committees.

- This point was covered by presentations by the three DGs concerned on the content of the new Community Initiatives. Questions were asked about the criteria for selecting the towns under Urban, the seemingly complex procedures under Equal and the eligibility of external frontiers under Interreg III.

The partners concluded by asking for more frequent meetings with the Commission than the single annual meeting, perhaps concentrating on certain subjects: ISPA, ESDP, Objective 2, etc. It was agreed that more frequent meetings could be considered from 2001, once the programmes for the new programming period had been adopted.

In the human resources sector, the European social partner organisations play a role at the national or regional level in implementing measures under the Employability and Adaptability pillars or in specific Community Initiatives. In addition, they have developed innovative measures to promote new approaches and identify examples of good practice with an important social dialogue component. Several sectors, including commerce, the graphics sector and the railways, have finished interesting projects to feed into the activities of the sectoral dialogue committees. By way of example, the project in the railways sector dealt with the introduction of new technologies in the French, Belgian, Spanish and Italian railway companies. The report showed that the training systems of each railway company could not be analysed without first looking at how work was organised and the systems for integrating workers into these companies. In addition the type of social relations in the organisation can have an influence on the systems used for training.

The Advisory Committee on Rural Development, which was set up by the Commission under Decision 98/235/EC on the agricultural advisory committees, met twice in 2000, on 17 May and 15 November. At both meetings, there was an exchange of information and views between Commission staff and representatives of the EU socio-professional organisations on the state of adoption of the rural development plans, and the SAPARD plans. On 17 November a discussion also took place on the implementation of Articles 3 and 4 of Council Regulation (EC) No 1259/1999 establishing common rules for direct support under the common agricultural policy, and the Commission also informed the Committee on the state of programming for Objectives 1 and 2.

Concerning implementation of the rural development plans, at both meetings members of the committee expressed concern that, despite the Commission's emphasis on partnership, this spirit was not so evident at the implementation stage. The view was expressed that the concept and practice of partnership differed throughout the EU and that the performance of some Member States was unsatisfactory in this regard.

Other points raised on 15 November included budgetary concerns due to programmes starting late, and the time scale for applying for Leader + projects, which was very short.

The meeting of 17 May also included an exchange of views on Leader+.

The Consultative Committee on fisheries and aquaculture, comprising representatives of the profession and bodies concerned, discussed the various Commission regulations to implement Regulation (EC) No 2792/1999 (the FIFG Regulation) on a number of occasions.

4.5. INFORMATION AND PUBLICITY

The main publications in 2000 include the guide covering the Structural Funds, the Cohesion Fund and ISPA ('Structural Actions 2000-2006 – Commentary and Regulations'), and the Vademecum listing the 'Community rules on State aids'. Other documents related to specific aspects of regional policy were also produced, such as the guide to the territorial pacts 2000-2006, the final report on the Terra innovative measure, a study on the urban audit, a guide to the Business innovation centres (BIC), and six studies on: the prospects for regional planning in the context of enlargement, the impact of economic and monetary Union on cohesion, employment-related initiatives in the United Kingdom, equal opportunities and the Structural Funds, local development and the strategic and sustainable management of water resources.

Other publications during the year include brochures presenting significant projects in mountain areas and an illustration of projects financed by the Urban Initiative.

The '*INFOREGIO'* newsheets summarising the general guidelines for the use of the Structural Funds under Objectives 1, 2 and 3 continued to be produced, as did a summary of the annual report on the Structural Funds in 1998 and the information letter *'INFOREGIO NEWS'*.

2000 also saw the first issue of the *Panorama,* a quarterly magazine with the aim of providing a forum for where those engaged at local and regional level can describe their experiences on the spot.

The Inforegio Internet site and the pages of the Europa site concerned with regional policy were updated frequently. All the regulations implementing the Structural Funds adopted during the year were put on line quickly. Information notes published on the site included the rules on information and publicity measures to be taken by the Member States, the Regulation on the use of the euro in the work of the Structural Funds, the Regulation on the eligibility of expenditure and the guidelines for Interreg III and Urban II.

A data base was established offering summaries of the new programmes co-financed by the ERDF in 2000-06. The data base on the most successful projects *('success stories')* continued to expand throughout the year.

In the case of information on the events organised by the Commission, summary records of the three key events of 2000 were placed on line: the conference on 'sharing responsibility in the decentralised management of the Structural Funds' in June, the conference on 'the evaluation of assistance financed by the Structural Funds' in September and the conference on 'the information society and cohesion' in December.

The year also saw the launch of a new design of editorial line, more coherent and better structured as regards type of information and support (paper and web). Five series of information product have been identified: news and decisions on regional policy, the development of projects carried out by country, the development of projects carried out by theme, the development of projects by type of territory and miscellaneous information products such as maps, catalogues, etc.

In the case of the ESF, strong emphasis was put on information and publicity about the launch of the new programmes in order to ensure transparency and present a consistent image of the ESF throughout the Member States. This was done through a small but tailor-made publications programme including a general leaflet on the ESF and its new scope as the main financial instrument of the European Employment Strategy. In addition, a new concise ESF website (http://europa.eu.int/esf) containing a wide range of useful information was created and will be updated regularly. Press releases on the adoption of Objective 3 programmes as well as facts and figures on the ESF in the Member States were distributed both to the accredited press in Brussels and, through the Commission offices, to the press in the Member States. The new programmes received broad media coverage in the national, regional and local press, but the extent of this varied from one Member State to another.

In line with Regulation (EEC) No 1159/2000, in April the Commission organised in Waterloo (Belgium) the seventh meeting of the Informal Network of ESF Information Officers to support them in their efforts to publicise the ESF. In this respect, a study was launched to provide the Member States with guidelines on how to evaluate their own activities in the field of information and publicity. These guidelines will be made available early in 2001.

Furthermore, the enlargement process was supported through the publication of a "Brief Guide to the ESF for Future Member States" as well as the creation of an informal ESF information officers network in the 10 Phare countries, which will be kept up-to-date on the main ESF developments within the EU.

In the rural development domain, the Commission continued to provide information on its web site, in print (in the form of brochures, factsheets and its Newsletter), and through seminars, conferences, visits and meetings. Work was carried out on the preparation of a special ‘rural development’ sub-site on the DG Agriculture web site, due to become operational in February 2001. Rural development issues were again tackled at an informal briefing of 100 Brussels-based regional offices in June 2000. A brochure entitled ‘Women active in rural development – assuring the future of rural Europe’ was published in August. In November, a conference on ‘The Role of Agriculture in Rural Development’ was organised in Washington jointly by the Embassy of France and the Delegation of the European Commission in Washington. It was attended by 150 people (farmers and farmers’ representatives, Congress staffers, administration officials, embassies, etc.).

The European Leader Observatory (ELO) continued to play an important information role within the European network for rural development in 2000. It published nine editions of ‘Info Leader’, covering a broad range of topics such as, for example, the various rural development programmes being carried out in Member States and the promotion of equal opportunities in Structural Fund programmes and projects.

ELO’s other publication, ‘Leader’ Magazine, published three times a year, covered the (re)population of rural areas, the added value of Leader II and unifying theme(s), integrated territorial development. Two of these themes were ‘The added value of Leader II’ and ‘Integrated territorial development’. A methodological guideline was also published in 2000.

Continuing its five-part series on rural innovation, begun in 1999 with a focus on developing a territorial strategy, the European Leader Observatory concluded with a further four parts on social competitiveness, environmental competitiveness, economic competitiveness and competitiveness on a global scale, with a view to fuelling the debate among Europe’s rural players who are seeking a new form of territorial competitiveness founded on consultation and cooperation.

In 2000, ELO also organised many seminars and workshops in the Member States on general themes such as mainstreaming Leader in rural policies, developing opportunities for women and young people, development opportunities for crafts and services in rural areas and on more specific, regionally-based topics.

Further information can be found in six languages on the web site: http://www.rural-europe.aeidl.be

The work of the FIFG en 2000 concerned the dissemination of information aimed particularly at the specialist media in the fisheries sector and the updating of the communications instruments and materials on the common fisheries policy.

At the international 'European seafood' fair concerned with the processing and trade of fisheries and aquaculture products, a seminar on information and trade in the fisheries products of the European Union was organised for those working in the sector.

ANNEXES

Annex 1: Financial implementation in 2000 by Objective

Annex 2: Financial implementation in 2000 - technical assistance

Annex 3: Budget implementation

Annex 1: Financial implementation in 2000 by Objective

OBJECTIVE 1						
						€million
		ERDF	**ESF**	**EAGGF**	**FIFG**	**Total**
AT	Assistance (1)	173.82	55.01	41.35	0.83	271.00
	Commitments (2)	24.37	7.71	5.80	0.12	38.00
	Payments	12.17	3.85	2.89	0.06	18.97
	% (2)/(1)	14%	14%	14%	14%	14%
BE	Assistance (1)	409.79	191.90	41.57	1.74	645.00
	Commitments (2)	82.56	20.15	4.09	0.21	107.01
	Payments	28.69	13.43	2.91	0.12	45.15
	% (2)/(1)	20%	11%	10%	12%	17%
DE	Assistance (1)	11 295.54	5 863.94	3 442.25	0.00	20 601.72
	Commitments (2)	1 398.31	189.87	309.39	16.35	1 913.92
	Payments	424.63	93.01	152.30	7.37	677.31
	% (2)/(1)	12%	3%	9%	-	9%
ES	Assistance (1)	23 732.13	8 843.50	3 532.03	0.00	36 107.66
	Commitments (2)	1 220.07	0.00	0.00	212.70	1 432.77
	Payments	0.00	0.00	0.00	105.32	105.32
	% (2)/(1)	5%	0%	0%	-	4%
FI	Assistance (1)	471.03	272.97	197.15	6.85	948.00
	Commitments (2)	76.40	39.81	15.81	0.98	133.00
	Payments	32.97	19.11	13.78	0.48	66.34
	% (2)/(1)	16%	15%	8%	14%	14%
FR	Assistance (1)	2 289.56	938.62	675.95	40.78	3 944.91
	Commitments (2)	273.68	150.77	72.25	3.45	500.15
	Payments	91.37	45.11	33.21	1.68	171.37
	% (2)/(1)	12%	16%	11%	8%	13%
GR	Assistance (1)	12 851.66	3 936.99	2 241.60		19 030.26
	Commitments (2)					
	Payments					
	% (2)/(1)					
IE	Assistance (1)	1 812.31	1 016.49	169.40	67.80	3 066.00
	Commitments (2)	407.67	201.86	32.45	2.02	644.00
	Payments	126.86	67.12	11.86	2.02	207.86
	% (2)/(1)	22%	20%	19%	3%	21%
IT	Assistance (1)	12 399.40	4 902.70	2 982.63	164.32	19 639.05
	Commitments (2)	1 987.09	490.34	380.82	38.57	2 896.82
	Payments	863.19	226.11	194.42	20.01	1 303.73
	% (2)/(1)	16%	12%	13%	23%	15%
NL	Assistance (1)	76.66	33.34	10.00	6.00	126.00

Annex 1: Financial implementation in 2000 by Objective

OBJECTIVE 1						
						€million
		ERDF	**ESF**	**EAGGF**	**FIFG**	**Total**
	Commitments (2)	18.15	1.65	1.70	1.50	23.00
	Payments	5.37	1.65	0.70	0.42	8.14
	% (2)/(1)	24%	5%	17%	25%	18%
PT	Assistance (1)	12 413.55	4 415.34	2 117.35	54.38	19 000.69
	Commitments (2)	2 117.29	693.86	354.91	36.33	3 202.38
	Payments	867.29	305.93	148.21	15.24	1 336.68
	% (2)/(1)	17%	16%	17%	67%	17%
SE	Assistance (1)	465.74	158.74	111.76	11.77	748.00
	Commitments (2)	65.33	22.27	15.67	1.65	104.93
	Payments	32.60	11.11	7.82	0.82	52.36
	% (2)/(1)	14%	14%	14%	14%	14%
UK	Assistance (1)	3 780.47	1 830.36	355.82	89.36	6 050.00
	Commitments (2)	504.63	239.96	46.40	10.63	801.61
	Payments	229.39	108.53	19.45	4.23	361.59
	% (2)/(1)	13%	13%	13%	12%	13%
IE/UK*	Assistance (1)	293.01	189.70	44.83	3.46	531.00
	Commitments (2)					
	Payments					
	% (2)/(1)					
TOTAL	Assistance (1)	82 464.66	31 839.58	15 963.68	447.28	130 715.23
	Commitments (2)	8 175.55	2 058.26	1 239.28	324.49	11 797.58
	Payments	2 714.52	894.95	587.57	157.77	4 354.81
	% (2)/(1)	10%	6%	8%	73%	9%

* Peace inter-regional cooperation programme

Annex 1: Financial implementation in 2000 by Objective						
OBJECTIVE 2						
						€million
		ERDF	**ESF**	**EAGGF**	**FIFG**	**Total**
DK	Assistance (1)	134.15	54.85	0.00	0.00	189.00
	Commitments (2)	23.21	7.79	0.00	0.00	31.00
	Payments	9.39	3.84	0.00	0.00	13.23
	% (2)/(1)	17%	14%			16%
FI	Assistance (1)	396.83	110.17	0.00	0.00	507.00
	Commitments (2)	60.54	15.46	0.00	0.00	76.00
	Payments	27.46	7.71	0.00	0.00	35.17
	% (2)/(1)	15%	14%			15%
SE	Assistance (1)	373.30	49.70	0.00	0.00	423.00
	Commitments (2)	59.85	0.00	0.00	0.00	59.85
	Payments	0.00	0.00	0.00	0.00	0.00
	% (2)/(1)	16%	0%			14%
TOTAL	Assistance (1)	904.28	214.72	0.00	0.00	1 119.00
	Commitments (2)	143.60	23.25	0.00	0.00	166.85
	Payments	36.85	11.55	0.00	0.00	48.40
	% (2)/(1)	16%	11%			15%

Annex 1: Financial implementation in 2000 by Objective			
OBJECTIVE 3			
			€million
		ESF	Total
AT	Assistance (1)	548.18	548.18
	Commitments (2)	76.94	76.94
	Payments	38.37	38.37
	% (2)/(1)	14%	14%
BE	Assistance (1)	765.17	765.17
	Commitments (2)	107.39	107.39
	Payments	40.40	40.40
	% (2)/(1)	14%	14%
DE	Assistance (1)	4 756.13	4 756.13
	Commitments (2)	667.52	667.52
	Payments	332.93	332.93
	% (2)/(1)	14%	14%
DK	Assistance (1)	378.95	378.95
	Commitments (2)	53.19	53.19
	Payments	13.26	13.26
	% (2)/(1)	14%	14%
ES	Assistance (1)	884.02	884.02
	Commitments (2)	124.07	124.07
	Payments	33.71	33.71
	% (2)/(1)	14%	14%
FI	Assistance (1)	418.41	418.41
	Commitments (2)	58.72	58.72
	Payments	14.74	14.74
	% (2)/(1)	14%	14%
FR	Assistance (1)	9 427.12	9427.12
	Commitments (2)	661.54	661.54
	Payments	329.95	329.95
	% (2)/(1)	7%	7%
IT	Assistance (1)	7 538.90	7 538.90
	Commitments (2)	545.55	545.55
	Payments	207.99	207.99
	% (2)/(1)	7%	7%
LU	Assistance (1)	39.45	39.45
	Commitments (2)	5.54	5.54
	Payments	2.76	2.76
	% (2)/(1)	14%	14%
NL	Assistance (1)	1 750.45	1 750.45

Annex 1: Financial implementation in 2000 by Objective			
OBJECTIVE 3			
			€million
		ESF	**Total**
	Commitments (2)	245.67	245.67
	Payments	61.27	61.27
	% (2)/(1)	14%	14%
SE	Assistance (1)	747.52	747.52
	Commitments (2)	104.91	104.91
	Payments	26.16	26.16
	% (2)/(1)	14%	14%
UK	Assistance (1)	4 742.63	4 742.63
	Commitments (2)	665.62	665.62
	Payments	331.98	331.98
	% (2)/(1)	14%	14%
TOTAL	Assistance (1)	31 996.94	31 996.94
	Commitments (2)	3 316.67	3 316.67
	Payments	1 433.53	1 433.53
	% (2)/(1)	10%	10%

ANNEX 2

ERDF commitments for technical assistance in 2000
(Article 23 of Council Regulation (EC) No 1260/1999)

TYPES OF MEASURES	Amounts committed (in €)
A Studies, including those of a general nature concerning the work of the Funds	
1 Report on economic and social cohesion	544 837
2 Support for Eurostat	100 012
3 Other studies	204 372
TOTAL	**849 221**
B Measures for technical assistance, exchanges of experience and information for the partners, final beneficiaries of assistance from the Funds and the public	
1 Framework contracts for information and communications work	3 500 000
2 Publications by the Publications Office (OOPEC) and other publications	1 528 569
3 Seminars, conferences, colloquia and stands	1 691 182
4 Production of audio-visual and promotional material	67 705
5 Grants: contribution to financing studies, events, networks, training measures jointly with the Member States on the details of assistance, etc	71 518
6 Contracts with technical assistance offices (BAT), principally for the management of innovative actions	1 399 480
7 Other technical and administrative assistance: framework contracts and other expert assistance related to the work of the Funds	419 432
8 Map making	146 328
TOTAL	**8 824 214**
C The establishment, operation and interconnection of computerised systems for management, monitoring and evaluation	
1 Development and maintenance of computer programmes	536 713
2 Establishment and maintenance costs for equipment (hardware and software) required for the operation of activities	581 835
3 Technical assistance for the day-to-day operation of systems and training and assistance for users	1 016 180
TOTAL	**2 134 728**
D Improved methods of evaluation and the exchange of information on practices in this area	
1 Thematic evaluations	0
2 *Ex-ante* evaluations and methodological work	146 165
3 Evaluations under a service contract with the EIB	200 000
TOTAL	**346 165**
TOTAL	**€12 154 328**

ANNEX 2

ESF commitments for technical assistance for 2000

(Article 23 of Council Regulation (EC) No 1260/1999)

TYPES OF MEASURES	Amount committed (in €)
A Studies, including those of a general nature concerning the work of the Funds	**123 842**
B Measures for technical assistance, exchanges of experience and information for the partners, final beneficiaries of assistance from the Funds and the public	**882 552**
C Outside staff	
a) Seconded national experts	2 616 905
b) Temporary staff	970 237
c) Auxiliary staff	2 181 831
TOTAL	**5 768 973**
D Other expenditure	
a) Missions	1 039 500
b) Meetings	88 200
c) Evaluation	11 000
c) Miscellaneous expenditure	214 088
TOTAL	**1 352 788**
E Direct infrastructure (expenditure on computer operation)	**977 650**
F Information and publications	**304 953**
TOTAL	**€9 410 758**

ANNEX 2

FIFG commitments for technical assistance in 2000

(Article 23 of Council Regulation (EC) No 1260/1999)

TYPES OF MEASURES	Amounts committed (in €)
A Studies, including those of a general nature concerning the work of the Funds	
1 Study on the role of women in the fisheries sector	97 070
2 Supplement to the regional socio-economic studies in the fisheries sector	17 100
TOTAL	**114 170**
B Measures for technical assistance, exchanges of experience and information for the partners, final beneficiaries of assistance from the Funds and the public	
1 Publications	10 000
3 Forum for producers' organisations	265 000
4 Conferences and other meetings	58 850
TOTAL	**333 850**
C The establishment, operation and interconnection of computerised systems for management, monitoring and evaluation	
1 Development and maintenance of the fleet register	345 528
TOTAL	**345 528**
D Improved methods of evaluation and the exchange of information on practices in this area	
TOTAL	**0**
TOTAL	**793 548**

ANNEX 3

BUDGET IMPLEMENTATION

I/ Budget implementation of commitment appropriations:

(€million)

	ERDF	ESF	EAGGF	FIFG	Implementation of appropriations	Implementation ratio
Objective 1	8 176	2 058	1 239	325	11 797	56.8%
Objective 2	144	23	-	-	167	4.6%
Objective 3	-	3 317	-	-	3 317	94.6%
Non-Objective 1 FIFG	-	-	-	143	143	88.5%
CI[1]	0	0	0	-	0	0%
IA and TA[2]	12	9	0	1	22	13.9%
TOTAL	**8 331**	**5 408**	**1 239**	**468**	**15 446**	**51.8%**
Implementation ratio by Fund	**49.7%**	**55.5%**	**42.6%**	**82.5%**	**51.8%**	

[1] CI: Community Initiatives
[2] IA and TA: Innovative actions and technical assistance

II/ Budget implementation of payment appropriations:

(€million)

	ERDF	ESF	EAGGF	FIFG	Implementation of appropriations	Implementation ratio
Objective 1	2 715	895	588	158	4 355	53.7%
Objective 2	37	12	-	-	48	7.2%
Objective 3	-	1 434	-	-	1 434	97.2%
Non-Objective 1 FIFG	-	-	-	60	60	100%
CI	0	0	0	-	0	0%
IA and TA	4	6	0	0	10	25.5%
TOTAL	**2 755**	**2 346**	**588**	**218**	**5 907**	**55.8%**
Implementation ratio by Fund	**46.1%**	**69.8%**	**57.9%**	**99.7%**	**55.8%**	