



Regional development studies

**The impact of structural
policies on economic and
social cohesion in the Union
1989-99**



Areas eligible under the regional Objectives of the Structural Funds (1994-99)

Objective 1 (1994-99)

Economic adjustment of regions whose development is lagging behind

Objective 2 (1994-96)

Economic conversion of declining industrial areas

Objective 5b (1994-99)

Economic diversification of rural areas

Objective 6 (1995-99)

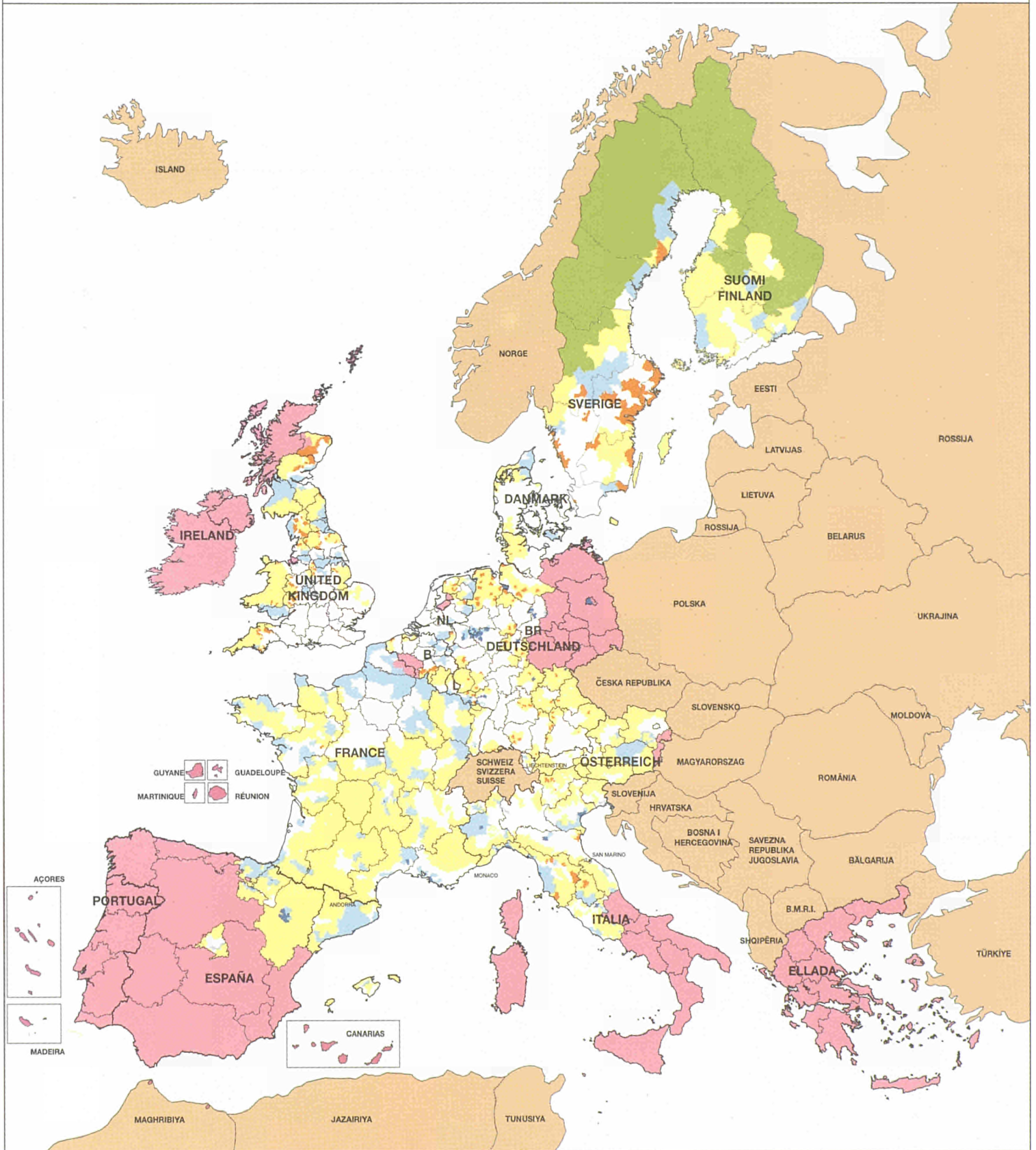
Development of sparsely populated regions in Sweden and Finland

Areas partially eligible

under Objective 2

Areas partially eligible

under Objective 5b



The lists of areas eligible under the Structural Funds are published in the Official Journal of the European Communities. This map gives only general guidance.

European Union

Regional policy and cohesion

Regional development studies

The impact of structural policies
on economic and social cohesion
in the Union
1989-99

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At regional level on behalf of Europe's regions — Developing a new field of trade union activity
Agir dans les régions pour l'Europe des régions — Un nouveau champ d'activités syndicales
- 26 - The impact of structural policies on economic and social cohesion in the Union 1989-99
Die Auswirkungen der Strukturpolitik auf die wirtschaftliche und soziale Kohäsion in der Union 1989-1999
L'impact des politiques structurelles sur la cohésion économique et sociale de l'Union 1989-1999

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It can be accessed through the Europa server (<http://europa.eu.int>)

Cataloguing data can be found at the end of this publication

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INTRODUCTION

This document has been prepared by the Directorate-Generals concerned on the basis of work carried out by independent experts and does not necessarily reflect the official position of the Commission, nor that of the respective Member States.

This document sets out a synthesis of the evaluation work done by the Commission, with the help of independent experts to evaluate the impacts of Structural interventions within each of the EU Member states. It has been prepared with the relevant Directorates General and the experts' reports.

The work as a whole has been geared to provide inputs for the preparation of the Report on economic and social cohesion which the Commission is required to produce under the terms of Article 130b of the Maastricht Treaty. In this regard, this document constitutes a complementary source of information to the elements presented in the Cohesion report.

Aims of the document

Cohesion has been taken, as in the Report, primarily to refer to the reduction in economic and other disparities between regions and addressing problems of social exclusion, threatened or actual.

In view of the unemployment situation in the Union, the effects of interventions on employment are a particularly crucial focus in all or almost all national reports.

The document is concerned with assessing the overall impact of Community structural policies at member State level. This includes an analysis of where Community resources were spent and with what results, linking these back to the aims which were established originally.

However, this report is primarily concerned with detailing outputs or presenting statistical analyses. Nonetheless where possible they will consider the effects of the interventions in advancing social and economic cohesion.

The analysis will explore the *outcomes* of Structural Fund interventions in terms of reducing different types of disparity and laying the foundations for wider or future convergence in economic performance as the most important element of the report. It is of course recognised that the extent to which outcomes can be quantified at this stage will vary across both the areas considered and Member States.

An important concern is also the extent of the interventions' utility and "value added", for example in terms of enhancing the co-ordination and/or effectiveness of structural policies within the Member State, as opposed merely to the effects which flow from the transfer of resources.

Structure of the analysis by Member State

Each national report is structured in four main parts:

- A presentation of the main cohesion issues in regard to the socio-economic context at a national and/or regional level and the challenges which have to be faced;
- An analysis of the Community financial effort towards cohesion, including the channels of financing and their allocation by main area of intervention;

- An analysis of the results and impacts of Structural Fund (and where relevant, also the Cohesion Fund) by Objective, as well as on disparities in infrastructure, human resources, productive environment, rural development and fisheries.
- A review of process issues, in particular associated with the value added of the interventions, and especially that of the adoption of the principles underlying the 1988 reforms: concentration, programming, additionality, partnership.

The analysis by objective and theme include separate consideration of the two programming periods (1989-93) and (1994-99). The work draws mainly on programme documents and reports, existing evaluation studies and appropriate source data, backed up by limited external consultations.

The annexes include a complete set of financial data on structural interventions, which was extracted from different sources for the Cohesion report.

Problems and issues arising

The standard and coverage of the national reports is inevitably somewhat variable, as in particular is the extent to which key elements such as outputs, impacts and the change in key disparities have been able to be quantified. This task is clearly complicated by the varying coverage of Objectives across Member States and in particular by the subsuming in some cases, Objectives 3, 4 and 5a interventions within wider Objective 1 programmes. The separate analyses of the objectives 3, 4 and 5a are to be concerned only with interventions outside of Objective 1 regions. In particular, information on 5a agriculture interventions and their effects is an area of general difficulty because of the absence of any overall evaluation. The reports generally deal in more detail with the results of the 1989-93 period than with the expected results of the current period.

Despite the limitations imposed by deficiencies of data and the coverage of relevant evaluations, the structure and contents of the different national reports which are presented below have been harmonised as much as possible.

Structural interventions: the data

The expenditure data used in this report cover the EC 12 then 15 member States, including all types of structural interventions. Expenditure for 1989-93 is at current prices, and are extracted from monitoring reports and they correspond to interventions actually financed. As some programmes have not been yet completed at mid-1996, available data tend to underestimate the funds committed during this period. In addition, as regards ESF, data do not include achievements made in 1989 as these belong to a transitory period based on management by projects. For 1994-99, financial data are at 1994 prices and relate to budget allocations in the financial plans for the CSFs and SPDs. Throughout the analysis official data from Commission records have been used, as well as data on GDP to measure the scale of these interventions.

Comprehensive information collected from the different services of the Commission has allowed the building of appropriate data for analysis. Data on Community interventions have been presented systematically with their respective national cofinancing, whether public or private. However, the figures for cofinancing are generally less accurate and indeed not normally available for the Community initiatives. Some underestimation of the national public contribution may therefore lead to a corresponding overestimate of the rate of Community contribution which appears in most of the tables.

A set of tables including a breakdown by region and area of intervention (priorities) for each Objective was also prepared for both periods using financial data extracted from programming documents or monitoring reports (see annex). However, the statistics should be used with caution. In particular the sectoral and regional figures extracted from the records are mostly indicative.

I. BELGIUM

1. Socio-economic context and the challenge of cohesion

As a small, open economy, Belgium is particularly sensitive to the international economic environment and vulnerable to the turbulence arising from shocks and fluctuations in the world markets. Its present socio-economic condition is characterised by a tension between the tendency for the greatest possible decentralisation in public decision-making and the need for certain important decisions regarding the economy, especially in view of the EMU, to be taken centrally. At the same time, regional economic disparities seem to be growing. Thus, Liege, Aubange, Turnhout, a part of Limburg and Hainaut are suffering from industrial decline (Objective 2 regions), with the Hainaut being considered, since 1994, a region in need of development (Objective 1 region).

In relation to the Community average (index 100), GDP per head in Belgium was 101 in 1988 and has moved up to 113 in 1993. The rate of unemployment was 10.3% in December 1995, compared to a Community average of 10.9%, and its inflation rate is also lower than the European average. It is only in terms of public debt, that the Belgian economy is in a considerably worse position than the European average (133.7% of GDP in 1995).

Apart from regional problems, Belgium also has weaknesses with respect to its labour market. In particular, the activity rates of persons over 45 years of age are low when compared to those of neighbouring countries. For example in 1993, in the 50 to 64 years age-group, the Belgian activity rates were, 71% for men and 50% for women, while the corresponding figures are 80% for men in Germany and the Netherlands and 60% for women in Germany and France. Moreover, the exclusion from the labour market of certain social groups poses an additional problem. Finally, there are difficulties in the adaptation of agricultural structures and weaknesses associated with the under-development of certain rural zones.

2. Community effort in financial assistance

The scale of EU financial provision has increased by more than two and a half times between the 1989-93 and the 1994-99 periods, rising from 863 MECU to 2,096 MECU (Table 1). As a percentage of GDP, on an annual average basis, EU assistance has risen from 0.11% in the 1989-93 period, to 0.18% in the 1994-99 period. Taking into account both the national public counterpart and the financing provided by the private sector, the totality of funds mobilised in the context of structural interventions on an annual average basis, amounted to 0.30% of the average annual GDP in the 1989-93 period rising to 0.57% in the 1994-99 period.

Table 1 : Analysis of interventions by Objective and Source of Funding

1989-1993

MECU, current prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2	516	469	214	154	59			255	47	221
Obj. 3 & 4	821	813	344		344			469	8	
Obj. 5a agric.	773	388	134			134		254	385	
Obj. 5a fish.	81	28	15				15	13	53	
Objective 5b	110	84	33	13	8	12		51	26	23
Total	2300	1781	739	167	411	146	15	1042	519	245
Community Initiatives	124	124	124	97	21	6				
Objective 1										
Others										
GENERAL TOTAL	2424	1905	863	265	432	152	15	1042	519	245
annual average	485	381	173	53	86	30	3	208	104	49
ann.av/aver.GDP (89-93)	0,30%	0,24%	0,11%	0,03%	0,05%	0,02%	0,00%	0,13%	0,06%	0,03%

1994-1999

MECU, 1994 prices

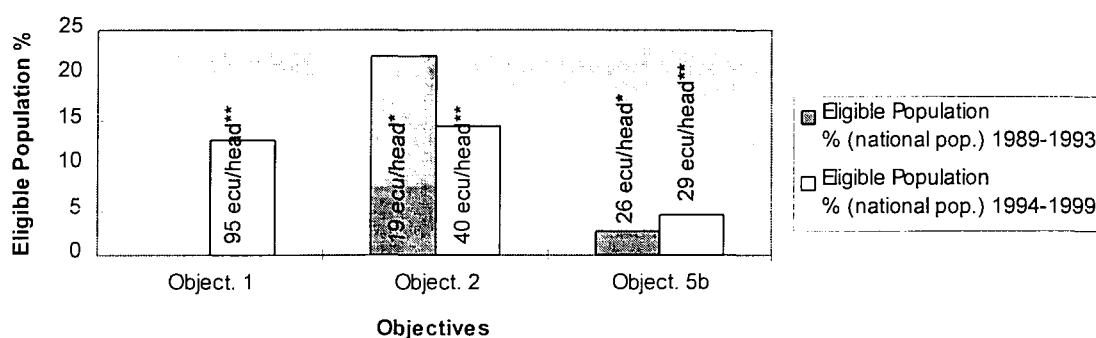
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	2412	1477	730	516	167	47		747	935	239 ²
Objective 2 (1994-1996)	497	393	160	130	30			233	104	
Objective 2 (1997-1999) ¹	563	444	181	147	34			263	118	
Obj. 3 & 4 (apart from Obj. 1)	1211	1188	465		465			723	23	
Obj. 5a agric. (apart from Obj. 1)	698	465	170			170		295	233	
Obj. 5a fish. (apart from Obj. 1)	135	47	25				25	22	88	
Objective 5b	263	181	77	41	13	23		104	82	
Total	5778	4195	1808	834	709	240	25	2387	1583	
Community Initiatives	754	703	288					415	51	
Objective 1	304	283	116					167	21	
Others	450	420	172					248	30	
GENERAL TOTAL	6532	4898	2096	834	709	240	25	2802	1634	
annual average	1089	816	349	139	118	40	4	467	272	
ann.av/GDP 94	0,57%	0,42%	0,18%	0,07%	0,06%	0,02%	0,00%	0,24%	0,14%	

1 Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.

2 1993 prices.

The Structural Funds' interventions are directed to Objectives 2,3,4,5a and 5b in both periods and, in addition, Objective 1 in the 1994-99 period. The regional Objectives (1,2 and 5b) together cover 31.5% of the total population, marking a rise from 25% in the previous period. The importance of the Structural Funds not only with regard to eligible population but also in terms of annual average expenditure per head is shown for each programming period by Table 2 (detailed information in annex).

Table 2 : Analysis of interventions by regional Objective



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

The allocation of the Structural Funds in terms of broad categories that can be found in all CSFs (infrastructures, productive environment, human resources, environmental and physical regeneration and, finally technical assistance), is indicative of the main direction taken by the community effort in the pursuit of cohesion. Table 3 below shows the distribution among these broad categories in each of the two programming periods.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

1989-1993							MECU, current prices
	Objective 1	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	Total
Infrastructure							
Structural Funds		12				3	15
% of total		5,6%				9,1%	2,0%
Productive Environment							
Structural Funds		109		134	15	18	275
% of total		50,6%		100,0%	100,0%	54,9%	37,2%
Human Resources							
Structural Funds		41	344			8	393
% of total		19,1%	100,0%			24,1%	53,1%
Environment and Physical Regeneration							
Structural Funds		51				4	55
% of total		24,0%				11,9%	7,5%
Technical Assistance							
Structural Funds		1					1
% of total		0,7%					0,2%
Total							
Structural Funds		215	344	134	15	33	740
% of total		100,0%	100,0%	100,0%	100,0%	100,0%	

1994-1999

MECU, 1994 prices

	Objective 1	Objective 2 (1994-1996)	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	not divided Obj. 2 97-99	Total ¹
Infrastructure								
Structural Funds	46	37				3		86
% of total	6,3%	23,0%				3,8%		5,3%
Productive Environment								
Structural Funds	335	39		170	25	54		623
% of total	45,8%	24,5%		100,0%	100,0%	69,9%		38,3%
Human Resources								
Structural Funds	254	53	465			13		785
% of total	34,7%	33,1%	100,0%			16,6%		48,2%
Environment and Physical Regeneration								
Structural Funds	92	27				6		125
% of total	12,6%	16,9%				8,3%		7,7%
Others / Technical Assistance								
Structural Funds	4	4				1,1		9
% of total	0,5%	2,5%				1,4%		0,6%
Not divided (Obj. 2 97-99)							181	181
Total								
Structural Funds	731	160	465	170	25	77	181	1809
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	

1 % of total excluding Obj. 2, 97-99.

These percentages are estimations, taken from the measures funded

Finally, detailed information regarding the Community interventions is presented for the Community initiatives and by regions in annex.

European Investment Bank

As there was no Objective 1 region in the 1989-93 period, the EIB did not set any quantitative targets for the provision of loans. Nevertheless, its actual lending during this period reached 245 MECU (in 1993 prices).

The 1994-99 target for lending in Hainaut is 185 MECU and half of this target has been realised already in the first two years of the programme. Hainaut has, in fact, absorbed 28% of the loans that were provided for the whole of Belgium during 1994-95.

3. Results and impacts

In presenting the effects of the Community effort at promoting cohesion, the various channels through which aid was provided, as well as the role of the EIB, are considered separately.

Objective 1

The passage of Hainaut from Objective 2 (for which it was partially eligible in 1989-93) to Objective 1 (for which it is totally eligible in 1994-99), was accompanied by an increase in funds from 112 MECU for Charleroi Objective 2 (in current prices) of the total public and private expenditure in the previous period to 2,411.7 MECU (in 1994 prices) in the current period (1994-1999).

At the global, macroeconomic level, it is expected that this expenditure will accelerate the GDP rate of growth and will reduce the gap in GDP per capita between Hainaut and the European average. More specifically, it is estimated that, with the European average being 100, the index of GDP per capita for Hainaut will increase from 77.3 in 1992 to 79.2 in 1999.

This implies that Hainaut's GDP per head will grow at a rate of 0.5 percentage points higher than the corresponding European average rate. It is further expected that at least 5,000 new jobs will be created just from measures concerning economic activities development, and it is worth noting that, already in the first two years of the programme, 2,646 new jobs or 53% of the above figure are estimated to be in place.

As regards effects on infrastructures, the plan is to transform Charleroi airport into a development pole with a centre for telecommunications, a express courier hub and the provision of other airport-related services. The road system is also to be improved and the motorway connecting Brussels to Lille via Tournai is to be completed.

With respect to human resources, the main measures include support to secondary and higher education, the economic integration of young persons through intra-firm training, the development of part-time training and education, and assistance to the long-term unemployed, physically and mentally handicapped persons and those excluded from the labour market as a result of inadequate schooling or other psycho-social reasons.

It is expected that 27,000 persons on average will benefit each year from ESF actions and that 18.7% of the total unemployed for Hainaut will receive training in 1994. In the first year of the programme, a preliminary evaluation suggests that 82.1% of the above target of total beneficiaries was achieved, while 76% of the target concerning training of the longterm unemployed, and of persons exposed to exclusion from the labour market, was realised.

In R&D, 194 MECU will be used to promote research activities that will involve 426 researchers, 20 research centres' representatives and 120 SME managers.

The measures for the improvement of the productive environment are very diverse and the expected results include the setting-up of 240 new enterprises, the increase by one percentage point (from 8.7% to 9.7%) of SMEs' foreign sales, a doubling in the production of trout and other fish-species, the provision of 15 buildings and 360 ha of sites equipped for the installation of new firms, the cleaning-up of 1,000 ha of derelict sites, the increase in tourism receipts by 10% and tourism employment by 5%, the realisation of 55 projects in rural development, the increase in water treatment capacity by one-third to cover 50% of the population (instead of the present 37%) and, finally, the growth of private investment by 4.8% annually.

Objective 2

The Community assistance devoted to this Objective in the 1989-93 period reached nearly 25% of all Structural Funds intervention in Belgium.

The principal results for the period 1989-93 are in terms of employment created, sites developed and enterprises assisted. Thus, more than 35,000 jobs were created (though the net figure must be much lower), over 500 ha of sites were developed and well over 400 enterprises were assisted in expanding or setting-up.

In the 1994-96 period, the number of jobs to be created is in the region of 21,000. Also, about 520 ha of industrial sites are to be developed and equipped and, finally, over 200 enterprises are to be assisted in setting-up or expanding. It should be noted that the proportion of Structural Funds directed to this Objective in the current period has fallen to 19% of the total.

In terms of regional differentiation, the strategy for Limburg and Turnhout in 1994-96 continues to be the improvement of employment prospects through the stimulation of the endogenous economic potential. Similarly in Liege, and to a lesser extent in Aubange, the strategy relies on continued support to enterprises, R&D and improved skills of human resources. In addition, the Bierset airport in Liege is promoted as a development pole with a concentration of new economic activities around it.

As regards employment, the results of the 1989-93 programme were a net increase of 24,000 jobs in Limburg and 11,000 jobs in Turnhout. In Wallonia, the employment figures are not yet known except for Aubange (+1,173 jobs) and partially for Charleroi (285 jobs from actions aiming at the creation or expansion of SMEs).

In the 1994-99 period, for Objectives 1 and 2, the targets include 1,140 jobs in Liege (by 1996), and 1,800 in Hainaut (by 1999) just from measures concerning the support of SMEs. In fact, a preliminary evaluation estimates that 86% of the target for Hainaut was already realised by the end of 1995. The global employment target is the creation of 38,000 jobs, of which 17,000 will be in Hainaut, 6,000 in Liege, 10,000 in Limburg and 5,000 in Turnhout.

The environmental impact that is expected is also considerable for Objectives 1 and 2. The improvement in water quality will benefit the equivalent of 310,000 inhabitants in Hainaut and Verviers. Also, in Hainaut, 30,000 tonnes of household waste and 16,000 tonnes of industrial waste will be treated and 1,000 ha of derelict sites (or 20% of the total) will be restored. Finally, in Liege, 120 ha of derelict sites or 6% of the total will be developed.

Objectives 3 and 4

The funds provided for these Objectives in the 1989-93 period constituted 43% of the total Community assistance.

The beneficiaries of ESF actions during the period 1990-92 are estimated to be 193,000. The implementation of these programmes seems to have accelerated and in 1992 the number of beneficiaries reached 96,000, of which about 56,000 persons were long term unemployed. It is estimated that nearly one-third of the long-term unemployed in that year received some training.

In the 1994-99 period, the new programmes aim at a participation rate of the long-term unemployed between 30 and 35 percent, according to the region concerned. The target, in terms of participation rates, is between 18 and 40 percent for young persons, 8% for immigrants and 4 - 20% for those with a subsistence level of income. The proportion of Structural Funds directed to these human resources objectives in the present period is only 22.2% of the total, with new Objective 4 receiving a little more than one-sixth of the funds devoted to current Objective 3-4.

Objective 5a

The principal aim of Objective 5a was to speed up the adjustment of agricultural structures in the framework of the CAP.

During the period 1989-1993, around 8,500 plans for the improvement and modernisation of farming concerns were approved. Contributions from EAGGF to these investments reached 45 MECU representing 35% of the financial envelope for Objective 5a measures. For the period 1994 to 1999, EAGGF funds are expected to be 42 MECU.

Around 5,000 young farmers received support from EAGGF in the framework of support given for the installation of young farmers (30 MECU or 21% of the financial envelope). In the period 1994-99, more importance is given to this measure and the EAGGF contribution is expected to be 74 MECU.

Some 20% of the agricultural area is classified as a less favoured region and consequently around 7,600 farmers receive, annually, support in the form of compensatory allowances. This has helped to maintain communities in rural areas (\pm 11,5 MECU or 8% of the financial envelope).

Concerning measures to improve the marketing of farm products, the meat sector (\pm 15 MECU), milk and dairy products (\pm 10 MECU), and fruit and vegetables (\pm 8 MECU)

were the main sectors which received support. These measures contributed to the establishment and the improvement of producers' associations, to increasing value added and to improving the quality and the diversification of products and as a result protecting the natural environment. For the period 1994-1999, a contribution of 30 MECU from EAGGF is foreseen.

In the 1994-99 period, the proportion of Structural Funds directed to Objective 5a (agriculture) is more than halved, falling from 16.8% of the total in the preceding period to 8.1% in the present one. The strategy remains broadly the same with possibly a greater emphasis on better marketing and the opening-up of new markets.

As regards fisheries, the targets for the 1989-93 period were a reduction in the capacity (in terms of GRT and KW) of the fishing fleet by 24,783 GRT and 71,861 KW. These targets were largely realised and the reduction in the fleet's capacity reached 24,769 GRT and 71,586 KW by 1993.

The above policy is to be continued at an even faster pace in the 1994-99 period with a further reduction in the fishing fleet's capacity of 20,914 GRT and 67,875 KW by 1996. There is also emphasis on the processing and marketing of fish products, which receive 25% of the total assistance. Finally, the proportion of Structural Funds devoted to fisheries has declined to 1.2% of the total from 1.9% in the previous period.

Objective 5b

The strategy in the Objective 5b programme is to reinforce the basic economic activities of the regions concerned and to contribute, with appropriate actions, to the development of the endogenous economic potential of these regions.

In Wallonie, the two priorities in both periods are: 1) the improvement of the production-marketing chain and quality of beef meat and 2) the co-ordination of actions in the utilisation of forest resources and, in particular, the production and marketing of wood.

In Hagenland, about 50 projects in diverse sectors, such as agriculture, horticulture, tourism, water regulation and professional training, have contributed to economic development. Salaried employment increased, between 1992 and 1994, by 934 posts and independent employment by 568 posts in the rural zones.

For the current period, the programmes for the newly eligible regions in Flanders (Westhoek and Meetjesland) are focused on maintaining and reinforcing employment in the agricultural sector, improving the living and working conditions and promoting the diversification of activities. It is foreseen that 200 jobs will be created in Meetjesland and 1,500 in Westhoek.

In Wallonia, the main objective of the programme is directed at improving the situation as a result of the increase in unemployment, of the weakness of the industrial sector and of the weakness of the agricultural sector. The measures are mainly directed towards helping companies, the diversification of activities in particular as a result of agrotourism and the development of local products as well as highlighting the importance of 'wood'.

Community Initiatives

In the 1989-93 period, the diversity of Community Initiatives Programmes (CIPs) and the disparity in the funds allocated to each CIP make a synthetic view of results and impacts impossible. An additional complicating factor is that the CIP were often conceived as accompanying programmes to the operational programmes of Objective 2.

For example, the size of the European Development Pole in Aubange benefited from Community assistance in the context of the Belgian PNIC (1986-90), the operational

programme of Objective 2 and Interreg I, which together in combination resulted in the creation of 1,462 jobs and the installation of 25 enterprises. Similarly, the Charleroi airport benefited from aids in the framework of Resider and Objective 2.

As regards the large disparity in financial allocations, a case in point is the CIP-Stride (Limburg) which received 3 MECU, compared with CIP-Interreg I (Hainaut-Nord Pas de Calais) which received 32 MECU. Both these CIP, it may be noted, were complementary to the operational programmes of Objective 2 for Limburg and Charleroi. The same difficulties also apply to the 1994-99 period. The large number of CIPs, the large differences in the size of the financial allocations and the multiplicity of programmes for each zone make the estimation of global results extremely difficult.

The difference in financial endowments is shown clearly by a comparison between the CIP Rechar-Chatelet with 0.9 MECU of Community aid and a total budget of 1.8 MECU, the CIP-Resider (Liege) with 12.5 MECU aid and 26 MECU total budget and the CIP-Adapt (Wallonie-Bruxelles) with 16 MECU aid and 51 MECU total budget.

The overlapping of CIPs and operational programmes of SPDs for the same regions is very frequent. Characteristic examples are in Liege, where a tourism measure (metallurgy museum with a target of 50,000 visitors in 1998) is supported by PIC-Resider ; in Flanders, where the development of innovative projects is promoted in the context of PIC-SME and PIC-Retex; in Charleroi Centre, where PIC-Resider is aiming at the clearing of 100 ha of industrial derelict sites, the creation of 600 jobs through development of 30 ha of new sites, and the improvement of water quality (20,000 EH) in the Senne basin; and, finally, in Hainaut - Nord Pas de Calais, where trans-border co-operation in a number of measures for the revival of the economy are supported by the PIC-Interreg II.

The leader C.I. contributes also to the Commission Policy for rural development, particularly job-creation in rural areas.

4. Community contribution to the development process

Community structural assistance has targeted accurately the main problems of the Belgian economy. Thus, in the context of Objectives 1 and 2, the Structural Funds have been instrumental in supporting technological innovation, communication infrastructures and productive environment so as to promote the competitiveness of enterprises. With respect to Objectives 3 and 4, the Structural Funds have played a crucial role in invigorating the system of training and enabling it to meet the challenge of competitiveness through better skills and qualifications of human resources. In this effort to improve the system of training, particular attention was given to disadvantaged social groups, such as women, immigrants and the handicapped. Special care is taken to ensure that training facilities are offered in a selective manner to the appropriate target-groups. Finally, as regards Objectives 5a and 5b, the European regional policy has promoted the concentration and better co-ordination of all efforts and instruments so as to best serve the interests of the rural sector.

The principles underlying the reform of the Structural funds were, on the whole, respected in the implementation of the interventions and their integration into the programmes made a major contribution to the effectiveness of these programmes. The important place given to the principle of partnership in the operation of the monitoring committees is particularly noteworthy. It should, nevertheless, be recognised that the PNICs for Aubange, Turnhout and Limburg, which had preceded the reform of the Structural Funds, had already integrated the four reform principles and this experience greatly facilitated their acceptance and satisfactory integration into the 1989-1999 Community programmes.

II. DENMARK

1. Socio-economic context and the challenge of cohesion

Denmark, with a GDP per head 36% above the Community average in 1989 in current prices (7% in terms of purchasing power), was one of the wealthier Member States. Nonetheless, as in every other country, economic and social problems existed in specific areas and sectors and support from the Structural Funds was allocated to counter them.

Two areas, Nordjylland and Vestlolland, were designated Objective 2 while 33 islands were awarded Objective 5b status in 1989. In addition, the Objective 3, 4 and 5a programmes were applied throughout the country. In 1994 modifications were applied to the assisted areas: the Vestlolland area was extended to include the whole of the Lolland and the Nordjylland area was increased from six to sixteen municipalities; the Objective 5b area was extended to include three mainland areas and now accounts for nearly 20% of the country's area. The Objective 2 areas cover 8.5% and the Objective 5b areas cover 7% of the total population of Denmark.

2. Community effort in financial assistance

The scale of EU financial provision has almost doubled between the 1989-93 and the 1994-99 periods, rising from 430 MECU to 844 MECU. As a percentage of GDP, on an annual average basis, EU assistance has risen from 0.08% in the 1989-93 period, to 0.11% in the 1994-99 period. Taking into account both the national public counterpart and the financing provided by the private sector, the totality of funds mobilised in the context of structural interventions on an annual average basis, amounted to 0.26% of the average annual GDP in the 1989-93 period rising to 0.34% in the 1994-99 period. (Table 1)

Table 1 : Analysis of interventions by Objective and Source of Funding

		1989-1993								
		MECU, current prices								
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans CIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2	99	54	25	19	6			30	45	
Obj. 3 & 4	427	419	171		171			248	8	
Obj. 5a agric.	450	255	91			91		164	195	
Obj. 5a fish.	295	145	94				94	51	149	
Objective 5b	69	47	21	11	7	4	0	26	21	992
Total	1340	921	402	29	184	95	94	519	419	1120¹
Community Initiatives	28	28	28	18	9	1				
GENERAL TOTAL	1368	949	430	48	193	95	94	519	419	1120¹
annual average	274	190	86	10	39	19	19	104	84	224
ann.av/aver.GDP (89-93)	0.26%	0.18%	0.08%	0.01%	0.04%	0.02%	0.02%	0.10%	0.08%	0.21%

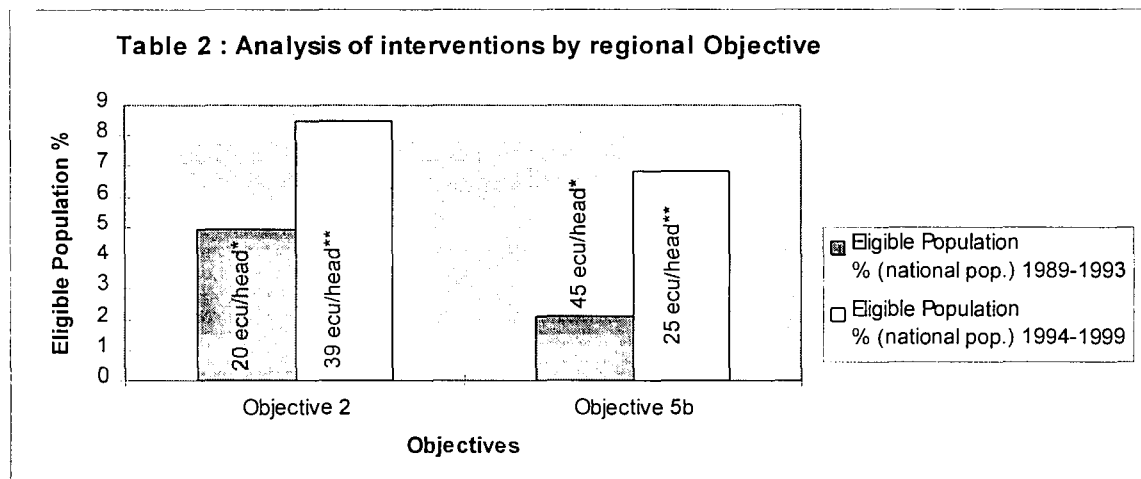
¹ Including an additional 128 MECU for Obj. 2 and Obj. 5b regions combined.

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2 (1994-1996)	215	119	56	44	12			63	95	
Objective 2 (1997-1999) ²	241	134	63	50	13			71	107	
Obj. 3 & 4	610	596	301		301			295	15	
Obj. 5a agric.	567	391	127			127		264	176	
Obj. 5a fish.	439	216	140				140	76	223	
Objective 5b	202	111	54	22	11	22		57	90	
Total	2274	1568	741	116	337	149	140	827	706	
Community Initiatives	281	204	103	0	0	0	0	101	77	
GENERAL TOTAL	2555	1772	844	116	337	149	140	928	783	
annual average	426	295	141	19	56	25	23	155	131	
ann.av./GDP 94	0.34%	0.24%	0.11%	0.02%	0.05%	0.02%	0.02%	0.13%	0.11%	

² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.

The Structural Funds' interventions aim at Objectives 2,3,4,5a and 5b in both periods. The significance of the Structural Funds not only with regards to eligible population but also in terms of annual average expenditure per head is shown for each programming period by Table 2 (detailed information in annex).



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

The allocation of the Structural Funds in terms of broad categories that can be found in all CSFs (infrastructures, productive environment, human resources, environmental and physical regeneration and, finally technical assistance), is indicative of the main direction taken by the community effort in the pursuit of cohesion. Table 3 below shows the distribution among these broad categories in each of the two programming periods.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

1989-1993						
						MECU, current prices
	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	Total
Infrastructure						
Structural Funds	6				6	12
% of total	23.0%				28.2%	2.9%
Productive Environment						
Structural Funds	3		91	94	9	197
% of total	11.3%		100.0%	100.0%	41.8%	48.9%
Human Resources						
Structural Funds	15	171			6	193
% of total	60.0%	100.0%			30.0%	47.9%
Environment and Physical Regeneration						
Structural Funds	0					0
% of total	0.0%					0.0%
Technical Assistance						
Structural Funds	1					1
% of total	5.5%					0.3%
Total						
Structural Funds	25	171	91	94	21	402
% of total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1994-1999						
						MECU, 1994 prices
	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	Total ¹
						Obj. 2 97-99
Infrastructure						
Structural Funds	9					9
% of total	16.6%					1.4%
Productive Environment						
Structural Funds	14		127.0	139.9	42.3	323
% of total	24.4%		100.0%	100.0%	78.3%	47.6%
Human Resources						
Structural Funds	32	301.0			10.6	344
% of total	57.0%	100.0%			19.6%	50.7%
Environment and Physical Regeneration						
Structural Funds						
% of total						
Others / Technical Assistance						
Structural Funds	1				1.1	2
% of total	2.0%				2.0%	0.3%
not divided(Obj.2 97-99)						63
Total						63
Structural Funds	56	301	127	140	54	741
% of total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% of total excluding Obj. 2, 97-99						

These percentages are estimations, taken from the measures funded.

Finally, detailed information regarding the Community interventions is presented by regions and for the Community initiatives in annex.

European Investment Bank

More than 1100 MECU was loaned by the Bank to the Objective 2 and 5b regions of Denmark from 1989 to 1993. A very large proportion, 82%, of the resources were allocated to transport projects. While allocations in the 1994-1999 period are expected to be limited, they reached over 700 MECU in 1994 to 1995, again in Objective 2 and 5b areas with over 90% to transport infrastructure.

3. Results and impacts

In presenting the effects of the Community effort at promoting cohesion, the various channels through which aid was provided, as well as the role of the EIB, are considered separately.

Objective 2

The Objective 2 areas were both designated on account of their dependence on ship yards which have been closed.

Nordjylland

1989-1993

In Nordjylland with a population in 1989 of 221,000, the objectives were to promote internationalisation; promote change and development in business sectors and at company level; promote specific training and education measures to enhance the qualifications among the labour force and promote tourism. 20.53 MECU was allocated from Community sources.

Principal outputs include funding for the Nordjysk Transport Centre and support for 178 firms in industry and services. A large proportion of supported enterprises has developed and marketed new projects with the assistance of Community funds. Fifty new enterprises have been established and 120 existing firms have enlarged their production with the aid of Objective 2 grants. Evaluation suggests that 88% of the projects would have been totally or partially abandoned without ERDF funding. While 71% of the evaluated group have started some kind of cooperation with other organisations, only 18% seem to have actually achieved this. Over 6000 employed people and 1500 unemployed people received training, more than twice the number expected. It is estimated that 1000 jobs were created directly by the ERDF and ESF measures, and the gross long term impact may be of the order of 3000 jobs. Between 600 and 800 unemployed trainees (up to 50%) found jobs following their training but it is impossible to assess the extent to which ESF training focused on new kinds of projects, as envisaged.

1994-1996

In 1994 the overarching priority is internationalisation with three priority sectors: internationalisation of manufacturing enterprises, development of the service sector and development of tourism in the region. Moreover, integration of service and manufacturing industries and improvement of the management of technology and information technology were specifically addressed.

In the first period of the new programme (1994-1996) it was expected that up to 3000 jobs would be created. Other results forecast include the introduction by 60% of participating firms of new production technology or new products, a number of technology and know-how transfer networks, an increase in export activity and turnover for participating firms, increase in tourism related turnover of 30% and training for 5300 employed and 400 unemployed workers.

Vestlolland (Storstrøm County)

1989-1993

The other Objective 2 area is Vestlolland with a population in 1989 of only 31,000 and Community funding of 4.22 MECU. The objectives of the first programme (1989-1993) were to create a more dynamic and varied industrial structure and to maintain the younger element of the labour force.

One economic infrastructure project (Nakskov harbour) and four capital investment projects were approved. Most projects, however, were in the field of training for the unemployed or product development. The number of direct jobs created is therefore thought to be very small while indirect job creation might be 33 jobs. 257 trainees completed their courses, in line with expectations, with nearly 40% finding jobs subsequently, apparently achieving in part the objective of keeping unemployed people in touch with the labour market. The long term structure of the region may be most benefited by the development of the R&D centre SYD-TEK which addresses the risk of self-reinforcing decline in the availability of and demand for highly skilled people.

1994-1996

In 1994 the enlarged area was allocated 9.5 MECU of Community funding in the context of a total programme of 35 MECU (16 MECU from private funding).. The overall objective is simply to enhance the region's development potential and so to create and maintain permanent jobs in both the short and long term and improve the profitability of the region's enterprises.

Forecast results include the creation or maintenance of 370 jobs, training for 630 people and the improvement of the competitive position of local enterprises – better product range and increased sales.

Objectives 3 and 4

51000 people (2% of the unemployed) participated in ESF projects from 1990 to 1992. After 6-7 months some 20% were in 'ordinary' jobs 14% in further training or other labour market activities and 8% had withdrawn from the labour force. 44% were still unemployed. ESF measures accounted for only 3-4% of national labour market measures and follow a strategy very similar to the general national labour policy. However, ESF measures were focused on weaker groups of beneficiaries and concentrated on innovative measures serving as laboratories for testing new methods. Measures under objectives 3 and 4 have contributed to prevent individuals from being socially excluded, have improved employability and assisted long-term unemployed to reintegrate once the level of economic activity picks up, and have increased the readiness for change and professional mobility.

Objective 5a***Farming***

The total EAGGF contribution was 91 MECU during the period 1989-1993, of which 61 MECU was aid under Regulation 2328/91(EEC). There were 9020 beneficiaries of investment aid for agricultural holdings, which received 26 MECU from the Structural Funds. 2400 young farmers benefited from the aid scheme for young farmers, equivalent to 40% of the transfers for farms to new owners with their main occupation in agriculture. The EAGGF also contributed to vocational training in agriculture and improving the marketing conditions for agricultural and forestry products.

Fisheries

The Danish fisheries sector received some 94 MECU in Community structural assistance during the period 1986-93. Decommissioning of fishing vessels and investment in the processing sector accounted for 67% and 17% respectively of this assistance. The decommissioning programme has led directly to the reduction in the capacity of the Danish fishing fleet by some 30% over the period, thus improving the balance of fishing effort and resources and the long term profitability of the sector.

For the 1994-99 period, the contribution from the FIG to the Danish fisheries sector will total some 140 MECU of which 27% will be used for further decommissioning, 25% will go to modernisation of the fishing fleet and 21% to the processing industry. This should help to achieve the main objective of the Objective 5a Fisheries programme which is to contribute to the promotion of sustainable and environmentally-sound use of resources, to secure the economic and social conditions for the fishing industry and to maintain employment in the sector.

Objective 5b

The Danish areas awarded Objective 5b status have low GDP per inhabitant, a significant proportion of the population in agriculture, low agricultural incomes and a low population density or substantial migration. The goal is to maintain the areas as economically active communities based on agriculture and fisheries with SMEs, tourism and improved infrastructure as new driving forces. In 1989 33 islands — 27 very small — were designated Objective 5b, equal to 4.1% of the area of the Kingdom. In 1994, as a result of the continued depopulation of many areas, the area designated Objective 5b was increased fourfold to include three substantial areas of Jutland, bringing the total area to over 19% of the land area of Denmark.

The committed expenditure during the period 1989-1993 reached 69 MECU. Most of the support (68%) was committed to actions supporting SMEs and tourist enterprises, advisory services and infrastructures, with the remainder divided between diversification in agriculture and forestry and vocational training.

The results of such small scale measures are difficult to quantify but there is evidence that support for SMEs was effective in creating jobs, while support for rural tourism tended to lead to work being kept 'in the family', thus increasing rural incomes but not jobs. The actions under the Community Structural Funds here, as elsewhere in Denmark, have to be seen as working in combination with other measures to achieve the overall objectives.

Community Initiatives

Denmark was very little involved with Community Initiatives in the first period (only 28 MECU from the Structural Funds), with the exception of Renaval which was allocated to part of each of the Objective 2 areas, and the human resources initiatives. The 1994-1999 period witnessed a considerable increase in the importance of the initiatives, with Interreg, Leader, Adapt, Employ and Pesca all being allocated more than 10 MECU.

4. Community contribution to the development process

There is much debate on the appropriateness of extending Structural Fund assistance to relatively wealthy Member States such as Denmark. However, as explained above, a high average level of income does not eliminate economic and social problems for specific regions and groups and the Community therefore has a role to play in supporting sectors with structural difficulty. Thus, innovative approaches to supporting hard-to-employ groups are often easier to introduce as part of a European programme than in a purely national context. Again, in the Objective 2 areas, the European element of funding has

helped to foster an export-oriented approach which offers prospects of escaping from a dependency cycle: the effects in Nordjylland are particularly encouraging. The benefits also work the other way: the relative ease in introducing and evaluating innovative approaches in Denmark can have a positive benefit on programmes elsewhere in the Union.

III. GERMANY

1. Socio-Economic Context and the Challenge of Cohesion

In the period covered by this report Germany underwent the most profound transformation experienced by any member state, or indeed any Western European country, since 1945. The acknowledged powerhouse of the EU which prior to 1989, had been only a minor recipient of structural fund receipts, became in a very short space of time also the home of some of the Community's weakest regions. Massive adjustments at national and European level have been necessary to respond to this new situation.

The new Länder which have a population of approaching 16m received special assistance in the first programming period and were accorded full objective 1 status for the second period. Regions in six Länder were designated as objective 2 in the first period, with small regions in three more Länder added for the second period - involving total population coverage of just over 7m in both periods. All of the Länder except the cities of Bremen, Hamburg and Berlin (West) included a 5b area in the first period and the areas concerned were extended considerably in the second, with the total population covered increasing from 4.4m to 7.8m.

(a) *Economic Structure and Macroeconomic Performance*

The West German economy was long regarded as the most successful in the EU, achieving an enviable combination of price stability, strong export performance and, prior to the oil price crises, relatively high rates of growth in GDP. Much of this success was attributed by analysts to the social market economy model and its balancing of market efficiency and social interests. The difficulties in adjusting to the oil price shocks and the difficulties of the economy in adapting to changing circumstances led to some loss of faith in demand management and an increasing emphasis on supply side policies. Concerns have remained about unit labour costs - which, with social charges, are amongst the highest in the world - and the possible constraints these may impose on efforts to reduce unemployment.

Lower oil prices from the mid-1980s onwards brought gains in terms of lower inflation and interest rates, as well as a strengthening of the balance of payments. Prior to the start of the first programming period in 1988 the economy had a level of GDP per head some 13% above the EU average, an inflation rate of barely 1%, short term interest rates of just over 4% and a current balance of payments surplus of some billion ECU 41.

The opening of the Berlin Wall in November 1989, the subsequent economic and monetary union in the following July and political union in October 1990 created a unique set of problems. The need to finance the reconstruction of the new Eastern Länder, which is discussed further below, and the financing of the costs involved largely through borrowing rather than higher taxation led to an escalation in the budget deficit - to around DM 141 bn in 1991. The co-incidence of strong world demand for German exports, the demand for reconstruction related investment and the boost to consumer spending brought about by the terms of the monetary union initially resulted in strong growth in the west. However, concerns about the associated monetary growth and increases in inflationary pressures led to a tightening of monetary and fiscal policies which pushed the economy into a recession from which it has yet to recover fully. As a result, unemployment in the west has increased from an average of only 4.6% in 1992 to 9.9% in Summer 1996.

The West German economy has a distinctive economic structure, with some 37.1% of its employment concentrated in the industrial sector on which its export success has traditionally been based, much the highest proportion in any major developed country. The

capital goods, chemicals and engineering sectors are particular areas of strength. Services accounts for nearly 60% of employment and agriculture for just 3% (1993 figures).

(b) *The Cohesion Problem*

The new Eastern Länder presented massive problems. Reunification exposed their fundamental lack of competitiveness - with levels of productivity initially being barely a third of those in the west - in a stark way. After nearly half a century protected by an inconvertible currency and bilateral trade contracts within the eastern block, the new Länder had virtually overnight to price its goods in western currency and compete within an economic union. The adoption of the West German law, social security, tax and banking systems - and in particular the dismantling of the former extensive system of subsidies - also had profound effects. The results included massive rationalisations and bankruptcies with more than 3.5 million people losing their jobs in the first three years following reunification.

The priority given to full-employment at the expense of efficiency or competitiveness under the former regime meant not only that there was a lack of competitive enterprises but also that most workers lacked modern skills. Shortage of many management skills has been a particular problem. A high proportion (63% at the end of 1995) of the resulting unemployment has been focused amongst women.

The infrastructure of the new Länder was also deficient, reflecting the effects of long term underinvestment. The lack of effective environmental regulation left the legacy of a degraded environment with many industrial sites subject to extensive contamination. The collapse of much of its former industry added new problems of dereliction.

The importance of agriculture varies by Land - from negligible in East Berlin to two-thirds of the territory and 15% of the workforce in Mecklenburg - Vorpommern. Rural areas seem to have suffered disproportionately from the 'Wende' with up to 80% of rural jobs being lost.

The fisheries sector saw a reduction in capacity of 50% between the end of 1990 and 1993. Integration of former fishery workers into other sectors has proved difficult in the absence of a buoyant economy. A particular problem impeding modernisation - which also has parallels in other parts of the economy - is the uncertainties over the ownership of fishing vessels.

The precise nature of the structural problems of the *objective 2* regions varies markedly although the prominence of large employers in declining sectors is a common feature. The largest regions involved are Nordrhein Westfalen (former coal and steel areas), West Berlin (electro-engineering) and Bremen (ship building).

The onset of recession has seen a sharp deterioration in the labour market situation in the Western Länder, including that in traditionally prosperous regions such as Baden - Württemberg and Bavaria. High levels of immigration from the Eastern Länder and other parts of the former Soviet block have added to the social tensions associated with unemployment.

In relation to the specific target groups for *objectives 3 and 4* there were nearly 600,000 long term unemployed people and over 320,000 young people without jobs at the end of 1993. In addition, 606,000 people with health limitations and nearly 870,000 older people - over 45 - were unemployed at this time.

Turning to the focus of *objective 5a*, around half of the territory of the Western Länder and 240,000 farms from this area - many of which are worked only part-time - are classified as 'naturally-disfavoured'. Output and productivity levels have grown strongly as a result the combination of domestic and CAP support - and a number of key sectors are in substantial surplus - although farm incomes fell markedly over the 1980s.

As elsewhere, the fisheries sector has been characterised by significant excess capacity, given the problems of low stocks in the Baltic and North Seas, although - as discussed below - important progress has been made in addressing this problem.

The *objective 5b regions* typically benefit from attractive landscapes but are characterised by continuing dependence on a relatively inefficient farm sector, limited economic opportunities in other sectors and lagging real incomes.

2. Community Effort - Financial Assistance

(a) Scale of EU Financial Provision

Total structural fund transfers to Germany amounted to MECU 6,431 over the period 1989-93 but have increased markedly and will amount to MECU 21,729 over the period 1994-99. The total scale of the interventions involved - including national, local and private sector counterparts - amounted to MECU 24,481 in the first period and will amount to MECU 83,727 in the second period. To put these figures into context the annual interventions in the second period will amount to around 0.8% of GDP (1994 level).

Table 1 : Analysis of interventions by Objective and Source of Funding

	1989-1993									
	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
1	2	3	4	5	6	7	8	9		
1 = 2 + 9 2 = 3 + 8 3 = 4 + 5 + 6 + 7										
New Länder¹	13835	7280	2955	1500	855	600		4325	6555	2303
Objective 2	1464	1464	581	421	160			883		615
Obj. 3 & 4 (apart from Obj. 1)	2460	2451	1054		1054			1397	8	
Obj. 5a agric. (apart from Obj. 1)	3827	3150	878			878		2272	677	
Obj. 5a fish. (apart from Obj. 1)	177	51	36				36	16	125	
Objective 5b	2302	1210	511	226	62	223		699	1092	220
Total	24064	15607	6014	2146	2131	1701	36	9593	8457	3137
Community Initiatives	416	416	416	297	109	10				
Objective 1										
Others										
GENERAL TOTAL	24481	16023	6431	2443	2241	1711	36	9593	8457	3137
annual average	6741	4175	1680	689	562	422	7	2495	2565	627
ann.av/aver.GDP (89-93)	0,53%	0,33%	0,13%	0,05%	0,04%	0,03%	0,00%	0,19%	0,20%	0,05%

¹ Special assistance to the New German Länder 1991-1993.

1994-1999

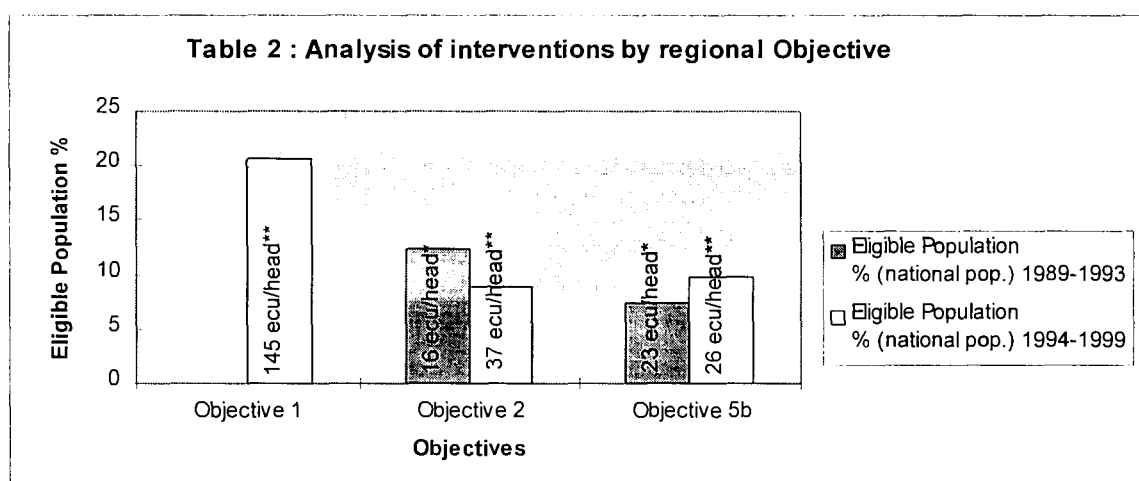
	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	57906	23896	13640	6 820	4 092	2 645	84	10 256	34 011	5 400 ³
Objective 2 (1994-1996)	2374	1597	733	514	219			864	776	
Objective 2 (1997-1999)²	2698	1815	833	584	249			982	882	
Obj. 3 & 4 (apart from Obj. 1)	5046	4747	1941		1941			2806	299	
Obj. 5a agric. (apart from Obj. 1)	4491	3873	1070			1070		2803	618	
Obj. 5a fish. (apart from Obj. 1)	369	107	75				75	33	262	
Objective 5b	5196	2735	1227	474	231	522		1508	2461	
Total	78079	38770	19518	8392	6732	4236	158	19252	39310	
Community Initiatives	5647	3866	2212					1654	1781	
Objective 1	3028	2073	1186					887	955	
Others	2620	1793	1026					767	826	
GENERAL TOTAL	83727	42636	21729	8392	6732	4236	158	20906	41091	
annual average	13954	7106	3622	1399	1122	706	26	3484	6849	
ann.av./GDP 94	0,81%	0,41%	0,21%	0,08%	0,07%	0,04%	0,00%	0,20%	0,40%	

² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.

³ 1993 prices.

The ECU 3bn allocation to the eastern Länder for the period 1991-1993 was provided by a special Regulation of the Council for 'Subventions on the Territory of Former East Germany.

The importance of EU support varies markedly. In the Eastern Länder the interventions and the structural fund transfers including Community Initiatives in the second period will amount to ECU 3828 and ECU 945 per capita respectively over the period. Structural fund transfers to the objective 2 and 5b areas will amount to ECU 37 and ECU 26 per head per annum respectively.



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

During this period 1990-93 the European Investment Bank provided MECU 2,303 in loans in the new Länder and it expects to lend a further MECU 5,400 in the second programming period. Some MECU 835 were made available in loans in the objective 2 and 5b areas in the Western Länder during the period 1989-93.

(b) Channels of EU Financing

Table 1 provide an analysis of the interventions by objective and source of funding for each period. It illustrates both the dominance of the funding for the Eastern Länder under objective one and the sharp increases in expenditure during the second period on each of the objectives, reflecting the stresses and new difficulties facing a reunited Germany. (Detailed information regarding the Community interventions is presented by regions and for the Community initiatives in annex.)

The administrative problems facing the Eastern Länder following reunification necessitated the inclusion of all ERDF interventions and the greater part of the ESF and EAGGF funding into nation-wide programmes (the Common Task for Regional Economic Structure and its equivalents - the GRW). The GRW will remain the most important instrument for delivery and co-financing of the interventions over the second period, although the links have been slackened somewhat. In overall terms the structural fund transfers are dwarfed by the massive resources mobilised within Germany, amounting - according to definitions comparable with the scope of the funds - to some ECU 150bn over the period 1991 - 1993 alone.

Strong linkages with national programmes are also evident in relation to other interventions. For example, the ERDF interventions in the objective 2 programmes are linked to some extent to the GRW and to Länder programmes which are derived from it.

(c) Direction of the Interventions

Table 3 provides a breakdown of the proportion of the interventions allocated to infrastructure, productive environment, human resources and environment and physical regeneration by objective and in total for each programming period.

* The German authorities consider this figure too high; however, it correspondes to the additionality table for the 1994-96 CSF. The alternative figure of DM 155.8 bn gross appears to refer only to 1991.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

1989-1993

MECU, current prices

	New Länder ¹	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	Total
Infrastructure							
Structural Funds	665	45				46	756
% of total	22,5%	7,8%				9,0%	12,6%
Productive Environment							
Structural Funds	1433	271		878	36	227	2845
% of total	48,5%	46,7%		100,0%	100,0%	44,5%	47,3%
Human Resources							
Structural Funds	783	34	1054			89	1960
% of total	26,5%	5,8%	100,0%			17,4%	32,6%
Environment and Physical Regeneration							
Structural Funds	0	219				142	362
% of total	0,0%	37,8%				27,9%	6,0%
Technical Assistance							
Structural Funds	74	11				6	91
% of total	2,5%	1,9%				1,2%	1,5%
Total							
Structural Funds	2955	581	1054	878	36	511	6014
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	

¹ Special assistance to the New German Länder 1991-1993.

1994-1999

MECU, 1994 prices

	Objective 1	Objective 2 (1994- 1996)	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	not divided Obj. 2 97-99	Total ¹
Infrastructure								
Structural Funds	3887	48				146		4081
% of total	28,5%	6,5%				11,9%		21,8%
Productive Environment								
Structural Funds	4160	197		1070	75	632		6134
% of total	30,5%	26,9%		100,0%	100,0%	51,5%		32,8%
Human Resources								
Structural Funds	3819	293	1941			219		6272
% of total	28,0%	40,0%	100,0%			17,9%		33,6%
Environment and Physical Regeneration								
Structural Funds	1637	184				207		2028
% of total	12,0%	25,1%				16,9%		10,9%
Others / Technical Assistance								
Structural Funds	136	11				23		170
% of total	1,0%	1,5%				1,9%		0,9%
Not divided (Obj. 2 97-99)							833	833
Total								
Structural Funds	13640	733	1941	1070	75	1227	833	19518
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%		

¹ % of total excluding Obj. 2, 97-99.

These percentages are estimations, taken from the measures funded.

In the eastern Länder priorities in both periods have included the improvement of the prospects for sound economic growth and long term employment creation through support

for productive investment and the complementary infrastructure support for SMEs, vocational and further training, agriculture and rural areas.

In the first period the ERDF allocation was concentrated through the GRW on productive investment (over 43%), economic infrastructure (just under 40%), human resource facilities and improvements in rural areas (7-8% each). The productive investment was concentrated on support for SMEs and this accounts for the relatively high proportion of the interventions (47.4% in the first period) which was represented by private financing. Economic infrastructure typically consisted of the development of new industrial sites and, less often, the recovery and renovation of old sites.

The ESF interventions involved support for large scale labour market measures to palliate the effects of the large scale job losses which were taking place until economic restructuring and training could create conditions for the normal operation of the labour market. The ESF contributed both through the Bundesanstalt für Arbeit to measures complementary to the national programme and to interventions at Land level.

EAGGF funds were used in conjunction with the Common Task for the agricultural sector and coastal protection (GAK) to promote the development of a market economy. With the promotion of rural development, especially village renewal, the Fund has contributed substantially to social life in rural areas. During the first period (1989-1993) the focus was on improving the competitiveness of processing and marketing of agricultural products. In the second period more emphasis will be placed on promoting the quality of the produce. The overriding aim is still to create new jobs and maintain incomes for the rural population. Support for the fisheries sector was not incorporated in the overall package of quasi objective 1 measures but MECU 45 was allocated from EU funds for withdrawal of vessels (MECU 29), modernisation grants (MECU 3) and investment support for fish processing and marketing (MECU 11).

The CSF for the second period maintains the broad strategy and priorities from the first period but adds new priorities, including research and innovation and protection and improvement of the environment. Resources, as shown in Table 2 above, were more than doubled on an annual basis. Some 1% of the total has been allocated to a single operational programme for fisheries supported by the FIFG. Otherwise the proportions contributed by the various funds remain the same.

The new fisheries programme operates across all of the Länder. Sea fishing is, of course, restricted to Mecklenburg-Vorpommern but some inland fisheries and fish farms will also be supported. A third of the EU funding of 83.5 MECU will be spent on processing and marketing, with almost twice as much again from the private sector, a quarter on renewal and modernisation of the sector and the balance divided between infrastructure for fishing ports, aquaculture and a number of minor projects. The limited role foreseen for private investment, with the exception of the processing and marketing sector, is striking.

EIB lending in the first period was largely (57%) directed to industry and services, with a further 21% allocated to telecommunications. In the second period the broad breakdown is expected to be similar, although a significant amount - 28% in the first two years - goes for energy projects.

Turning to *objective 2*, there is a major contrast with little uniformity in the programmes - primarily because of the differences in the structural problems facing individual regions referred to above, but also because of the long-established competence of the Länder and the very substantial variation in size of the programmes. Around 90% of Community expenditure in the first period was accounted for by the three regions of Bremen, West Berlin and Nordrhein Westfalen, with the last of these being much the largest of the programmes.

As indicated, the context in which the 1994-1996 programmes were prepared was rather different from the 1989 experience. In contrast to the boom of the later 1980s, the Germany economy, like most of the rest of the Union, was entering a recession. The Community contribution on an annualised basis more than doubled and a private sector contribution almost equivalent to the national public contribution is expected. The resources have thus increased significantly. Considerable emphasis is now placed on 'soft' measures such as consultancy, network support and R&D subsidies.

The *objective 3 and 4* operations implemented throughout the country through the European Social Fund are addressed to the most vulnerable and disadvantaged groups of workers. In the first period support was distributed roughly equally between Federal Government and Länder specific schemes. Priorities in relation to objective 3 (long term unemployment) included : measures in favour of women and persons with particular difficulties in the labour market, provision of qualifications, integration assistance, training in new technology and transnational measures, and interdisciplinary measures. Priorities in relation to objective 4 (young people) included : qualification measures for people with specific difficulties and disadvantaged groups, transnational measures and training in new technology, and assistance for employing new workers.

The second period again sees a sharp increase in the resources allocated to objective 3 (combining the former objectives 3 and 4), reflecting the changed labour market situation. The focus is on the extension of national measures, both quantitatively (with subsidies enabling more training to be provided) but also with a new emphasis on qualitative extension (through the coverage of groups who do not have sufficient coverage for whatever reason within the framework of the national employment support legislation). This follows successful experience gained in the new Länder. The new objective 4 programme is concerned with facilitating workers' adaptation to industrial changes and to changes in production systems, although at this stage its resources are relatively small (6% of the size of the ESF allocation) compared with objective 3.

Support for rural and coastal areas in the Eastern Länder is included in the objective one programmes. A range of other schemes under *objective 5a* have been established to assist parts of the agricultural and fisheries sectors meeting defined criteria elsewhere in the country. A large proportion of assistance to agricultural holdings is in the form of compensatory allowances. Aid to young farmers promotes a modern approach (since all beneficiaries must have completed professional training), whilst support for the processing and marketing sectors, which becomes relatively more important over the current period, aims to improve the overall competitiveness of the agricultural sector.

In view of the importance of fishing to particular communities specific measures have been introduced to assist the transition to modern market conditions. In the future substantial effort will be devoted to aquaculture and half of the available funds will be devoted to processing and marketing.

In relation to *objective 5b*, nearly half of the MECU 500 in Community funding allocated for the first period went to Bavaria. A partial analysis suggests that productive investment support received half the funds, economic infrastructure a third, with the balance for human resources. For the second period the allocations have been doubled with a particularly sharp increase in expenditure on human resources. A new emphasis on research and technology and tourism has been introduced into the programmes.

EIB data indicates that, taking objectives 2 and 5b together, lending in the first period was divided roughly equally between water and environment projects and support to industry, services and agriculture. No projections are available for the second period.

3. Results and Impacts

A variety of problems limit the scope to present a comprehensive assessment of the effectiveness of EU interventions in Germany. In relation to the Eastern Länder the subsuming of EU resources as a limited element within wider national programmes and the scale of the internal transfers involved create obvious difficulties for any assessment of the separate effects of the EU contribution. The stresses placed on the whole German economy by reunification have also made the assessment and prediction of the economic environment generally more than normally hazardous. These issues make it practically impossible to identify the macroeconomic effects of the interventions. In the East the near absence of baseline statistics in a form usable in a market economy means that even micro-level output and impact data are very hard to find and calculate. In view of the continuing uncertainties involved and the need to maintain flexibility the authorities have been hesitant to forecast the impacts of actions in any detail.

Indeed, a common feature of many of the German programmes, both completed and now underway, is a reluctance to specify quantitative impacts, or even output targets. An impressive list of final indicators has been developed for the 1994-1999 objective 1 programmes : these are rarely linked to any particular interventions and never include targets for reasons explained above. While there is an obvious danger in quoting figures which may be falsified by events outside the control of the programme, it is not possible properly to make judgements in relation to resource allocation without an estimate of the expected results. Moreover, the German authorities consider that the possible benefits of a quantification exercise linked to particular interventions may not justify the cost. The intermediate evaluations, with their intended focus on establishing relevant indicators, may clarify the picture.

The extent to which evaluation evidence is available in relation even to the first period programmes covering the Western Länder is variable so that the available figures represent something of a patchwork. There are also some doubts about the consistency of the available evidence, in particular in relation to the extent to which job creation estimates take account of issues of dead-weight and displacement.

With these points in mind the evidence on outputs and impacts is considered on an objective by objective basis.

Objective 1 (New German Länder)

Very little output data is available for the first period. Results up to the end of 1994 indicate that nearly 23,000 hectares of industrial sites had been made available through the GRW. Some 250,000 people participated in schemes financed with support from the ESF.

Estimates suggest that some 206,000 jobs have been created or maintained by the support for productive investment, at a cost per job of ECU 7,500 in public funding, or ECU 38,000 when the private funding is included. The industrial sites which have been provided have the potential to accommodate 182,000 jobs. The fisheries programme has helped bring about a reduction in capacity of 50% in the three years from the end of 1990 to the end of 1993^{*}. Taking the various programmes together it appears that perhaps 122,000 jobs were created and 102,000 jobs safeguarded, whilst over 300,000 individuals benefited directly from Community support.

Data on the employment outcomes of ESF supported training is limited. However, the indications are that - despite the focus of the labour market measures on women - their

* This figure appears to relate to the whole of Germany.

success in providing access to employment in general and to durable employment with higher qualifications profile in particular has been greater for men.

Significant advances have been made in improving productivity in all sectors, but especially in productive industry (Table 4). However, it is not possible to say how far this can be attributed to any specific structural interventions.

Table 4 : Comparison of Productivity per Worker by Sector in the New Länder (West Germany = 100)

	1991	1995
Overall economy	31.0	54.2
Productive industry	28.7	58.1
Commerce and trade	33.8	50.2
Services	34.4	49.4

While the economic situation still contrasts starkly with that in the rest of Germany the administrative and support frameworks, including the statistical base, necessary for proper implementation of the programme are substantially in place. It was expected that the GDP of the New Länder should grow by 10.5% per year, and employment by 0.5% per year, offering the prospect of 700,000 new or maintained jobs at the end of the second programming period. However, actual growth rates were 8.5% and 5.6% in 1994 and 1995, and a further decline in the rate is expected for 1996.

Objective 2

Table 5 summarises the available data on outputs and impacts from the first period programmes. It indicates the importance of the job creation, industrial site development/improvement and training elements :

Table 5 : Outputs and Impacts of First Period Objective 2 Programmes

Main Results	Berlin (West)	Bremen	Nieder- sochsen	Nordrhein Westfalen	Rheinland Platz	Saarland*
ERDF						
Direct Creation of Employment	1,254	4,340	500	9,800	100	1,148
Indirect Creation of Employment	--	--	--	--	1,600	--
Maintaining Existing Employment	--	350	--	10,600	--	357
Creation of Additional Jobs	4,515	12,000	100	25,000	--	--
Establishment/Regeneration of Industry Locations	4 projects 19 ha	264 ha	5 projects 32 ha	380 ha	2 Projects	11 Projects 89 ha
Infrastructure for SMEs	2 projects	4 projects	--	13 projects	--	4 projects
Number of Apprentices :	5,811	2,357	710	15,647	652	1,129
Unemployed	896	--	710	85%	--	--
Threatened by unemployment	4,915	--	--	15%	--	--

An overall analysis, although not necessarily complete or totally consistent, points to a reduction in the overall unemployment rate of 0.3% in West Germany as a result of the objective 2 measures in the assisted regions. In Nordrhein Westfalen the impact on the reported unemployment rate may have been 1.5% (i.e. a reduction of 12% in the number of unemployed people) and in Bremen a figure as high as 4.6% (a reduction of 30%) has been reported, although this estimate apparently includes the effects of related domestic programmes.

According to the SPDs, some 60,000 jobs may be created directly or indirectly by the second period programmes and 41,000 people should be supported through measures funded by the ESF. However, the projections are incomplete and it is unclear whether jobs created are defined on a consistent basis.

Objectives 3 and 4

In the period 1990-1992, 119,000 people participated in these measures. It appears that 39% of the male participants had no school certificate and 65% lacked professional qualifications. The percentage of women benefiting from the measures, at almost 50%, was higher than their unemployment share. Only 20% of participants withdrew from the measures before the end which points at some success in terms of personal social stabilisation. Almost 60% of the participants, - 71,400 people - were able to find regular employment after having completed their course.

Although comprehensive information across Germany is not available, it may be useful to take as an example the objectives 3 and 4 interventions for Nordrhein Westfalen. The main objectives of the Operational Programmes were to improve the policy tools available under the national employment scheme and to finance measures oriented to the specific problems of target groups and regions, mostly under a 'special aid programme for the labour market'. Under this scheme, 113 training courses with a total of 2,639 long-term unemployed people were funded, achieving a completion rate of around 90%. There was a wide variation of reintegration rates, varying between 23% and 100% depending on both personal and regional factors.

Objective 5a

Around 240,000 farms covering around 4.4m ha have benefited each year from the compensatory allowances over the first period. More than 10,600 investment plans for adaptation of agricultural holdings to the needs of the market were approved during this period. About 17,900 young farmers received a start-up premium, with 2,400 gaining from the additional investment aid. About 400 processing and marketing improvement projects were supported.

Although evaluation evidence is limited, the overall competitiveness of the sector has been improving. However, this has exacerbated the serious problems of overcapacity in some parts of the sector referred to above. The measures are clearly making an important contribution to maintaining farm incomes, with average compensation allowances per holding reaching over ECU 2,000 in 1993.

The target for the reduction in fishing fleet capacity by 1996 was actually achieved by the end of 1993 (although, as noted, the figures here include the East).

Objective 5b

The key outputs from the 1990 - 93 programmes are summarised in Table 6. A substantial proportion of the outputs in each case relate to the programme for Bavaria, reflecting the balance of expenditure involved. The importance of the provision of employment sites, tourism and forestry related initiatives is evident from the data.

Table 6 : Key Outputs of Objective 5b Programmes 1990- 1993

No. of SMEs and other firms supported	571
Technology/business parks and commercial sites	222
Hotels, farm stay suppliers	599
Tourist beds created and preserved	23,740
Tourist infrastructures	184
Unemployed people trained	9,677
No. of village renewal schemes	633
Ha of forest improved/mapped	175,329

Sources : SPDs 1994-1999. Annual Reports of 1994 Monitoring Committees.

The measures have had important effects in increasing employment and improving the rural structure. Evaluation evidence suggest that the first period programmes created or preserved some 40,360 jobs over the period 1990-93, although the figures are subject to the same caveats as those noted in relation to objective 2.

Community initiatives

Germany benefits from the ERDF dominated Community Initiatives Konver, Resider, Rechar, Retex, SME, Urban and Interreg, which in most cases are managed independently in each Land. The human resources initiatives Now, Horizon and Adapt, are discussed in other sections. The LEADER Community Initiative is also using original approaches to contribute to the Commission's policy for rural development, particularly job creation in rural areas. 85 Community Initiatives will receive a total of 1320 MECU from the ERDF on the current period. Of these the most significant are Interreg, - 18 programmes for 400 MECU - and Konver whose 17 programmes account for 220 MECU (all prices current at time of approval). The SME initiative, while of minor importance in the old Länder, is also very important offering 152 MECU in the former East Germany. A few of the Community Initiatives, such as Resider in Nordrhein-Westfalen (102 MECU) or Interreg in Sachsen (146 MECU), are substantial programmes in their own right but the sheer number of initiatives places a heavy burden on local, national and Commission administration and makes it almost impossible to establish quantified output or impact targets.

An Overview

In the particular circumstances Germany has faced in the early 1990s assessing the overall impact of the Community Structural Funds is all but impossible, at least quantitatively. However, it is clear that during the period 1994-1999, the contribution of Community funding under the objective 1 programme will measurably improve the growth and employment performance of the regions concerned. Moreover, evidence from specific objective 2 and 5b regions suggests that the Funds have been instrumental in reducing the unemployment rate, as well as increasing job creation and preserving existing jobs wherever concentration has been sufficient to enable the impact to be identified. While exact impacts cannot be calculated, an impact across the Western Länder of a little under 0.5% reduction in the unemployment rate for the period 1989-1993 and a little over in the period 1994-1999 seems justified by the data available. There may have been a gross job creation impact of around 100,000 jobs in the first period and 160,000 (with greater emphasis on job creation) in the second.

In terms of the content of the interventions, the most striking feature is the emphasis on industrial infrastructure, in particular industrial sites and premises. Well over 22,000 hectares were created or recovered in the New Länder from 1991-1993 and significant areas were also reported in the objective 2 and some objective 5b regions. In the new programmes more attention will be paid to recovering existing but derelict industrial zones. Other key areas include support for small and medium enterprises.

4. Community Contribution to the Development Process

(a) An Effective Approach to the Pursuit of Cohesion

Following the 1988 reforms the *programming* approach was generally accepted and adopted, except in relation to some elements of objective 5a. In some cases lack of experience created initial problems and in the case of the Eastern Länder the pressures of time were a complication in relation to the first period programmes. The national report notes that the programming approach has been adopted on a wider domestic basis in Nordrhein Westfalen.

The evidence on *partnership* is limited. Some evaluations have pointed to the benefits of horizontal partnership between the authorities and the social partners, although the involvement of the social partners varies between Land. Co-operation between ministries at Federal and Land level seems to work well and there is effective co-operation with the Commission. The role of the Monitoring Committees has developed positively in the direction of the exchange of experience. The strict formal division of implementation responsibilities may work against the achievement of synergies, although their report does draw out examples from the 5b programmes where synergies are being achieved.

For the eastern Länder, Germany benefited from the derogation of the additionality, rule because of the unusual level of eligible public expenditure between 1991 and 1993.

(b) Other Implementation Issues

The measurable impacts of the Community interventions are not their most significant contribution. Previous sections of the report have shown that there are regions and sectors where weak economic structures need help, and the contribution of the Structural Funds has been to demonstrate solidarity. This was particularly important in the former East Germany where the contribution of the Structural Funds in the current programmes is fully comparable with other objective 1 regions and it seems evident that, even with the difficulties in allocating and controlling funding in the exceptional circumstances of 1991 - 1993, it was important and right that the Community should be supporting the Federal Republic as it confronted the consequences of the former regime.

The involvement of the Community has also, in the judgement of the consultants, had a wider positive effect in Germany. They note in particular some shift in emphasis from the support for primarily business related infrastructure and production investment in regionally 'exporting' firms towards a greater focus on innovation.

IV. GREECE

1. Socio-economic context and the challenge of cohesion

The performance of the economy deteriorated in the 1980s and, for over a decade, the Greek economy has been characterised by macroeconomic imbalance combined with weak competitiveness. The low growth rates of the economy have caused a lack of convergence in GDP per capita and the gap in relation to the EU average has failed to close over the last decade. Even though the existence of a large underground economy and an increase in population of about 0.5% annually, distort this indicator, there is little doubt that progress in convergence is proving difficult to achieve.

Nevertheless, since 1994, the GDP growth rate has shown some improvement, passing from 1.5% in 1994, to 2.0% in 1995 and an expected 2.5% in 1996. The prospects of political stability and a continued reform process could permit Greece to create a more favourable investment climate which could contribute to a real convergence process. The figures for unemployment are also better than those planned and the unemployment rate has been kept under 10% of the labour force. The general government budget deficit as a percentage of GDP has been lowered from 12.1% in 1994 to 9.2% in 1995 and an estimated 7.4% in 1996. Inflation was also considerably lowered and fell below 10% in 1995, for the first time in 22 years, while interest rates are following suit. At the same time, the rate of gross fixed capital formation showed a remarkable recovery rising from -2.8% in 1993 and 0.5% in 1994, to 5.8% in 1995 and 10.1% (estimate) in 1996. Under these circumstances, the prospects of the economy seem promising, though it is still premature to assume that a real and sustainable convergence process is under way.

The structural weaknesses of the Greek economy are indicated by the overall level of GDP per capita, which is about 60% of the EU average (1993 estimate), while all regions are well below 75% of the EU average. The state of public finances is characterised by high levels of public debt (117.9% of GDP in 1993), which even if stabilised will continue to pose a threat to macroeconomic balance in the future. A further structural problem is the marked inadequacy of basic infrastructures and public facilities, as public investment has been neglected for the last two decades. Also, education and especially training remain at a low level of development.

Both industry and agriculture suffer from weak performance, with low competitiveness and a vulnerable enterprise fabric marked by the preponderance of very small firms. There are also serious regional imbalances, with a third of the population and even more of the economic activity being concentrated in the Greater Athens area. Another important impediment is the general ineffectiveness of the public administration, which totally lacks a developmental mentality and orientation. Finally, the geographical position of the country, which is characterised by peripherality and remoteness from the core European markets, poses a further obstacle to the development of the economy.

2. Community effort in financial assistance

The scale of EU financial provision has nearly doubled between the 1989-93 and the 1994-99 periods, rising from 9,168 MECU to 17,736 MECU. As a percentage of GDP, on an average annual basis, EU assistance has moved from 2.65% in the 1989-93 period, to 3.67% in the 1994-99 period. Taking into account both the national public counterpart and the financing provided by the private sector, the totality of funds mobilised in the context of structural interventions on an annual average basis, amounted to 4.47% of the average annual GDP in the 1989-93 period rising to 7.20% in the 1994-99 period. (Table 1)

Table 1 : Analysis of interventions by Objective and Source of Funding

1989-1993

MECU, current prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	12134	11462	7528	4165	1714	1505	144	3934	672	1463
Cohesion Fund¹	329	329	280				280	49		
IMP	1781	1436	648				648	788	345	
Total	14244	13227	8456	4165	1714	1505	1072	4771	1017	
Community Initiatives	1205	1098	705	568	93	44		393	107	
GENERAL TOTAL	15449	14325	9161	4734	1807	1529	1072	5164	1124	1463
annual average	3090	2865	1832	947	361	310	214	1033	225	293
ann.av/aver.GDP (89-93)	4,47%	4,14%	2,65%	1,37%	0,52%	0,45%	0,31%	1,49%	0,33%	0,42%

¹ Year 1993

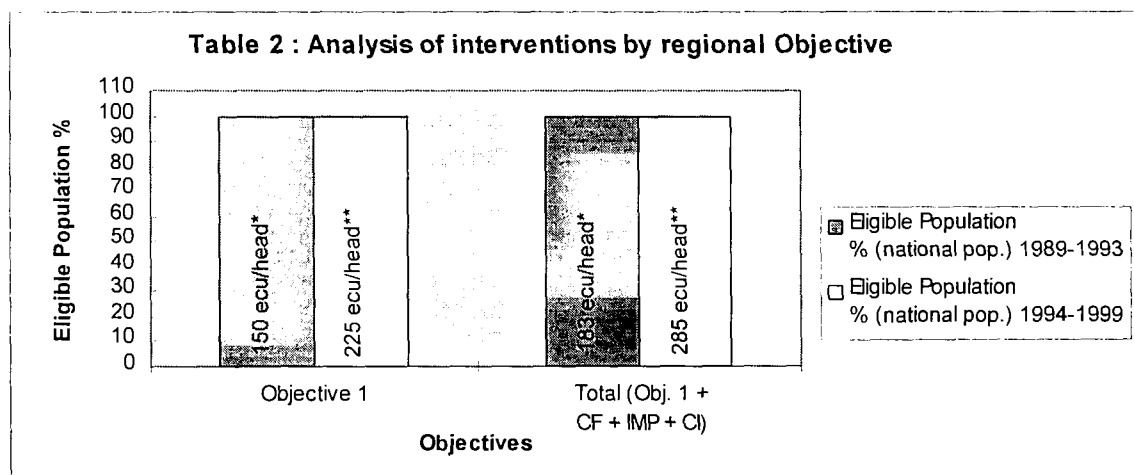
1994-1999

MECU, 1994 prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG/ Cohesion Fund	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	29721	21050	13980	9 490	2 561	1 800	130	7 070	8 671	2 368 ²
Cohesion Fund	3061	3061	2602				2602	459		
Total	32782	24111	16582	9490	2561	1800	2732	7529	8671	
Community Initiatives	1977	1690	1154					536	287	
GENERAL TOTAL	34760	25801	17736	9490	2561	1800	2732	8065	8958	
annual average	5793	4300	2956	1582	427	300	455	1344	1493	
ann.av/GDP 1994	7,20%	5,34%	3,67%	1,96%	0,53%	0,37%	0,57%	1,67%	1,85%	

² 1993 prices

The Structural Funds' interventions aim at Objective 1, which covers the country in its entirety. The importance of the Structural Funds, not only with regard to eligible population (which, of course, is the total population of the country) but also in terms of annual average expenditure per head is shown for each programming period by Table 2 (detailed information in annex).



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

The allocation of the Structural Funds in terms of broad categories that can be found in all CSFs (infrastructures, productive environment, human resources, environmental and physical regeneration and, finally, technical assistance), is indicative of the main direction taken by the Community effort in the pursuit of cohesion.

Table 3 below, shows the distribution among these broad categories in each of the two programming periods.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

1989-1993				MECU, current prices
	Objective 1	Cohesion Fund	IMP	Total
Infrastructure				
Structural Funds	2457	105	214	2776
% of total	32,6%	37,5%	33,0%	32,8%
Productive Environment				
Structural Funds	1991		168	2159
% of total	26,4%		26,0%	25,5%
Human Resources				
Structural Funds	1930		168	2098
% of total	25,6%		26,0%	24,8%
Environment and Physical Regeneration				
Structural Funds	621	175	52	848
% of total	8,3%	62,5%	8,0%	10,0%
Technical Assistance				
Structural Funds	528		45	574
% of total	7,0%		7,0%	6,8%
Total				
Structural Funds	7528	280	648	8456
% of total	100,0%	100,0%	100,0%	

1994-1999				MECU, 1994 prices
	Objective 1	Cohesion Fund ¹		Total
Infrastructure				
Structural Funds	5784	1235		7019
% of total	41,4%	47,5%		42,3%
Productive Environment				
Structural Funds	3882			3882
% of total	27,8%			23,4%
Human Resources				
Structural Funds	3444			3444
% of total	24,6%			20,8%
Environment and Physical Regeneration				
Structural Funds	624	1367		1991
% of total	4,5%	52,5%		12,0%
Others / Technical Assistance				
Structural Funds	246			246
% of total	1,8%			1,5%
Total				
Structural Funds	13980	2602		16582
% of total	100,0%	100,0%		

¹ DG XVI estimate of % spending on transport & the environment for the period 1994-1999. This estimate was based on the actual commitments for 1994 & 1995.

These percentages are estimations, taken from the measures funded

Finally, detailed information regarding the Community interventions is presented for the Community initiatives and by regions in annex.

European Investment Bank

During the 1989-93 period, the EIB offered a total value of loans equal to 900 MECU (in 1989 prices). The actual loans effected in this period reached almost 1,500 MECU (in current prices). The allocation of this finance was mostly to transport, which received 43% of the total, and to energy, which received 28%. Agriculture, industry and services also received 14% of the total.

For the 1994-99 period, the EIB has pledged to provide finance for loans equal to around 2,400 MECU (in 1993 prices).

3. Results and impacts

In presenting the effects of the Community effort at promoting cohesion, the various channels through which aid was provided (Objective 1 CSF, Community Initiatives, Cohesion Fund), as well as the role of the EIB, are considered separately.

Objective 1

The assistance provided by the Structural Funds in the context of the Objective 1 1989-93 CSF, reached 7,528 MECU or 82% of the total Community structural assistance during this period. This corresponds to an annual transfer per head of 150 ECU and, in terms of annual average GDP, to 2.2% of GDP. When the national public counterpart and private financing are also considered, the Objective 1 interventions represent 3.5% of GDP.

For the period 1994-99, the Structural Funds provide 13,980 MECU in the context of the Objective 1 CSF, or 78.8 of the total. This corresponds to an annual transfer per head of 225 ECU and, in terms of annual average GDP, to 2.9% of GDP. When the national public counterpart and private financing are considered, the Objective 1 interventions in this period represent 6.2% of GDP.

It is evident that magnitudes such as the ones above, can have an important macroeconomic impact. An estimate by means of an input-output approach suggests that, even if one is limited to the demand-side effects, the Community assistance must have added about 4 percentage points to GDP between 1989 and 1993 and in the region of 6 percentage points between 1994 and 1999. In terms of average annual growth rates, this impact represents an additional growth rate of 0.8 and 0.9 percentage points for the two periods respectively. These effects have been crucial in enabling Greece to avoid an increase in the gap between its own GDP per head and that of the Community average. They are also of central importance to the favourable prospects for the achievement of some degree of convergence during the present period.

As regards the effects on employment, it is estimated that during the 1989-93 period the employment of 3.5% of the active population was linked to the assistance provided by the Structural Funds. This implies that 130,000 jobs were supported directly and indirectly by the implementation of actions cofinanced by the Structural Funds. In the 1994-99 period, the employment supported by structural aid rises to 180,000 jobs or 4.5% of the active population. It is again evident that in the absence of these effects, it would not have been possible to restrain unemployment below 10%. Thus, despite a determined policy of protecting employment, even to the detriment often of the necessary restructuring of various sectors, the present number of jobs could not have been sustained and Greece's unemployment rate would have exceeded the European average.

Turning now to the three broad categories of infrastructures, human resources and productive environment and examining them one at a time, a number of important results need to be noted.

Infrastructures received 32.6% of all Community allocations to Objective 1 in the 1989-93 period and constituted the most important category of spending. Yet it was increased even further in the 1994-99 period reaching 41.4% of total Community expenditure. These global magnitudes hide an important difference in the character of infrastructure expenditure between the two periods. In the first period, the policy was marked by the desire to reduce the internal disparities among regions and the emphasis was on small infrastructures, while in the second period there is a strong emphasis on large infrastructure projects of major importance to the national economy. The current strategy holds the promise of making a major impact on the structure and productivity of the Greek economy.

In the area of transport, the change will be considerable, as the finance provided by the Structural Funds and the Cohesion Fund makes possible, for the first time for 30 years, the undertaking of very large projects. Thus, the motorway network, which had a length of 90 km in 1988 is planned to reach 980 km in 1999. The two motorway axes, PATHE and EGNATIA, will reduce by about 7 hours the time of travel from their one extreme to the other, while the savings in vehicle-hours per year are estimated at 24 million in 1999. Significant progress is also to be made in railways, ports and, most notably, airports, with the construction of the new international airport of Athens. The Athens metro will be considerably expanded with the construction of two new lines of 17 km total length and 24 stations, increasing its transport capacity by 50%. This is expected also to make a major contribution to the environment, by reducing air pollution in Athens.

Area of intervention	Indicators	Initial situation	Period 1989-1993	Period 1994-1999
TRANSPORT				
<i>1. Motorways</i>				
(i) Output	Number of kms	90 (1988)	300 (1993)	980 (1999)
(ii) Development of capacity	Increase in stock %	-	233 % (1989-93)	227 % (1993-99)
(iii) Outcome	Time savings			
	Patra-Thessaloniki			1h30
	Hgoumenitsa-Kipoi			5h30
	% TEN's completed			60 %
<i>2. Metro - Athens</i>				
(i) Output	Number of Kms	22,8 (1988)	22,8 (1993)	40,4 (1999)
(ii) Outcome	Increase in transport capacity	-	-	50 %

In telecommunications, Community aid has made possible important developments. In particular, it has supported the installation of 540,000 telephone lines, which represent 10% of total capacity existing in 1993. Given the major investment programme of the Greek Telecommunications Organisation, it may be expected that the gap in this area between Greece and the more developed European economies will be considerably reduced. The targets for 1999 include 80% digitalisation of the telephone network (from 0% in 1989), 56 telephone connections per 100 inhabitants (from 37.8 in 1989) and one week of waiting for a new telephone connection (from 100 weeks in 1988).

GREECE

Area of intervention	Indicators	Initial situation	Period 1989-1993	Period 1994-1999
TELECOMMUNICATIONS				
(i) Output	Number of telephone lines financed by structural aid		280.000 (1989-93)	260.000
	% digitalisation	0 %	21 % (1993)	80 % (1999)
(ii) Outcome	No. of telephone lines per 100 inhabitants	37,8 (1989)	45,4 (1993)	56 % (1999)
	Average waiting time for a new telephone connection	2 years (1988)	11 Months (1993)	1 week (1999)

In energy, apart from oil imports, Greece is dependent on its domestic production of lignite, the quality of which tends to worsen making it less economic and more polluting. The assistance provided by the Structural Funds will make possible a diversification of energy sources with the introduction of natural gas. A total of 7,000 km of pipelines and 20 stations of reception/transformation are to be constructed, with the aim of producing 12% of total electricity on the basis of natural gas. The expected effects include considerable benefits not only for the consumer but also for the environment, with a significant reduction in the emission of sulphur dioxide and carbon dioxide into the atmosphere.

Area of intervention	Indicators	Initial situation	Period 1989-1993	Period 1994-1999
ENERGY : NATURAL GAS				
(i) Output	Kms of high pressure pipeline	-	-	511 (1999)
	Kms of medium pressure pipeline	-	-	300 (1999)
	No. of reception stations	-	-	20
(ii) Outcome	% electricity generated by the use of gas	-	-	12 %

It should be noted that, in the area of the environment, Greece has been lagging seriously behind the more developed European countries. The aid provided by the Structural Funds and the Cohesion Fund have made possible the implementation of the EU's environmental policy and opened the way for a sustainable mode of development that shows respect for the environment. Important progress is expected particularly in the treatment of urban waste-water, which will affect in 1999, 8.5 million persons compared to 2 million in 1993. It is also important that thousands of studies on environmental impact of the cofinanced projects are carried out. This requirement of conformity to Community environmental policies, which is a condition for cofinancing, has modified profoundly the practice in the design and realisation of infrastructure projects. Finally, it should be noted that the Structural Funds make it possible for Greece to establish a much needed land register.

Area of intervention	Indicators	Initial situation	Period 1989-1993	Period 1994-1999
ENVIRONMENT				
(SELECTION)				
<i>1. Treatment of urban waste water</i>				
(i) Output	No of agglomerations covered	-	97 (1993)	207 (1999)
(ii) Outcome	Equivalent real population serviced (including tourists)	-	2 million	8,5 million (1999)
<i>2. Establishing a land registration system</i>				
	Number of hectares	0	0	4 million
<i>3. Environmental impact studies</i>				
	Number of studies		1.360 ¹ (1993)	

¹ For the year 1993

Progress has also been made in the area of health infrastructure. During the period 1989-95, about 2,700 beds have been added to the regional hospitals, outside Athens and Thessaloniki, reducing the disparities between the regions and the capital. Nevertheless, with 497 hospital beds per 100,000 persons in 1993, Greece has less than half the corresponding figure for Luxembourg, the Netherlands and Finland and it is still below the European average. For the period 1994-99, new hospitals are to be constructed in the regions and the quality of health services is to be improved. The equipment of both hospitals and health centres is to be modernised and the training of hospital and paramedical staff will improve. In particular, health-care staff without basic training is planned to drop from 26% of the total in 1990 to under 13% in 1999.

Area of intervention	Indicators	Initial situation	Period 1989-1993	Period 1994-1999
HEALTH				
(i) Output	Number of beds in hospitals outside Athens, Thessalonika		2.700 (1989-95)	
	Number of hospitals built, extended		19	14
(ii) Outcome	% increase in capacity outside Athens, Thessalonika		21 %	

With respect to human resources, the priorities aim at the development of the education and training capacity, a change in the balance between general education and professional training in favour of the latter, the development of R&D in accord with the needs of the productive system and, finally, the reduction in social exclusion.

Community aid in the area of human resources represents, in terms of total national expenditure, 24% and 32% respectively for the periods 1989-93 and 1994-99. In the 1989-93 period, 460,000 persons participated in training actions which roughly corresponds to 10% of the active population. Of these, 25% were unemployed, 25% in risk of unemployment, 33% young persons in secondary and tertiary education and 12% persons with special needs. Targets of a similar order of magnitude have been planned for the period 1994-99. It is difficult, at present, to measure the impact of these training actions on the employment prospects of the trainees and, more generally, on the level of unemployment because the monitoring system does not provide the necessary information for such estimates. There is some evidence that the broadness of effort in training and the absence of appropriate administrative structures have often impaired the quality of the actions, leading in the present period to requirements for certification of the training organisations as well as the content of the training courses.

As regards the capacity of education/training, between 1989 and 1994, 7,200 new classes were constructed for primary and secondary schools, providing 22,000 additional student-places. In secondary technical education, the number of students increased by about 22%, passing from 119,000 students in 1989 to 146,000 in 1994. As a result, the ratio of technical to general education at secondary level has increased from 18% in 1990 to 20% in 1994.

GREECE

Area of intervention	Indicators	Initial situation	Period 1989-1993	Period 1994-1999
HUMAN RESOURCES				
(i) Output	Number of classes constructed at primary & secondary level		7.200	
	Number of technical and professional schools		35	
(ii) Outcome	Number of trained persons		460.000	
	% of the active population having followed a formal training		10 %	
	The % of technical education in relation to general education at secondary level.		18 % (1990)	20 % (1994)

Actions for the promotion of research and development constitute a priority for the whole 1989-99 period. The financial effort in favour of R&D has intensified and the GERD/GDP ratio has practically doubled from 0.36% in 1989 to 0.70% in 1999. At the same time, the connection between research and the needs of the productive environment has improved. Finally, 350 research projects will be financed in the 1993-99 period, while the number of researchers has increased from 10,000 in 1989 to 16,000 in 1993 and is planned to increase further to 19,000 in 1999.

Area of intervention	Indicators	Initial situation	Period 1989-1993	Period 1994-1999
5. RESEARCH AND DEVELOPMENT				
(i) Output	Number of R&D projects	-		350 (1993-99)
	Number of researchers	10.000 (1989)	16.000 (1993)	19.000 (1999)
(ii) Impact	Gross expenditure on R&D / GDP	0,36 % (1989)	0,56 % (1992)	0,70 % (1999)

With respect to the productive environment, Community aid has been of crucial importance and it represents more than a third of total public expenditure for the reinforcement of the competitiveness of Greek enterprises. Though industrial policy in the period 1989-93 lacked clear aims, the actions undertaken contributed to 1) a better installation of SMEs, with the improvement of 22 industrial zones; 2) the creation and modernisation of SMEs, with the support of 400 investment projects; and 3) the improvement of the labour force's qualifications, with the training of 130,000 persons. More than 900 studies were carried out concerning the modernisation, reorganisation and market prospects of SMEs. Nevertheless, a constraint during this period was the complexity that characterised the administrative mechanisms and the system of evaluation for investment projects.

The policy in the 1994-99 period is more ambitious and aims at the support of SMEs that are oriented towards the international markets, while simplifying the administration of financial incentives and aid-authorisation. An important institutional innovation in this context is the creation of a "one-stop-shop" mechanism. It is expected that, as a result of this programme, exports will increase as a proportion of total industrial production from 20% in 1992 to 30% in 1999. So far, it is encouraging that private sector investments are increasing both in terms of number as well as volume.

The agricultural sector has a particular importance for Greece, given that it provides employment to about one fifth of the active population and is responsible for 15% of GDP and 30% of total exports. The support by the Structural Funds takes many different forms and ranges from assistance to the productive activities of the primary sector to the preservation of the environment and the maintenance of population in disadvantaged zones by means of compensatory aid. The assistance to productive activities includes 850

investment projects for the improvement of processing and marketing in the 1989-93 period, rising to 1,200 projects in the 1994-99 period, as well as support to agricultural and rural basic infrastructure.

During the whole 1989-99 period, the Structural Funds will make possible 5,500 investment projects in agri-tourism and handicrafts. Community assistance will also make possible the modernisation of water management concerning 123,000 ha of agricultural land, by reducing water-loss and distribution costs and by increasing water-storage capacity, especially in islands, by nearly 50 million cubic meters. Moreover, 8,500 ha of vineyards will be restructured, while interventions in other sectors (e.g. apricots, olive groves, stock breeding) will continue to improve their performance in terms of product quality.

According to existing evaluations, 40,000 jobs have been maintained in the primary sector as a result of the 1989-93 interventions and 50,000 jobs will be concerned by the 1994-99 programmes. Also, 50,000 agricultural holdings are to be modernised in the 1994-99 period (compared to 45,000 in 1989-93) and 14,000 young farmers will be helped to start-up (2,000 in 1989-93). Finally, 250,000 agricultural holdings will benefit each year from compensatory payments in the 1994-99 period (against 190,000 each year in 1989-93), making possible the continued stay of a considerable part of the population in disadvantaged zones. It may, nevertheless, be noted that despite these efforts, the size of investment and the improvement in competitiveness seem to be below the desirable level.

Area of intervention	Indicators	Initial situation	Period 1989-1993	Period 1994-1999
AGRICULTURE				
(i) Output	No. of Ha of forest to be protected			67.000
	No. of Ha newly irrigated or improved			123.000 (89-99)
	m ³ of water reservoirs constructed		14,6 millions (89-93)	35.0 millions
	N° of recipients of compensatory aid		190.000/an	250.000/an
(ii) Outcome	Ha of vineyards restructured		6.900 (89-93)	1.550 (1994-99)
(iii) Effects	No. of exploitation's modernised		45.000	50.000
	No. of jobs maintained		40.000 (89-93)	50.000
	No. of young farmers		2.000 (89-93)	14.000

In the case of fisheries, the three main priorities of the structural interventions have been the adjustment of the fishing fleet, the increase in aquaculture production and the improvement of fish processing. In the 1989-93 period, 190 investment projects in aquaculture, especially the sea-water kind, have been financed and 29 projects concerning processing, with the aim of increasing production. On the other hand, significant progress was also made in the reduction of the fishing fleet in order to achieve a balance between fishing effort and the fisheries resources though its extent was below the targeted level.

Area of intervention	Indicators	Initial situation	Period 1989-1993	Period 1994-1999
FISHERIES				
(i) Output	Number of boats taken out of service		792 (1989-93)	
	Reduction in the capacity of the fishing fleet (GTT)	-	-	4.321
	increase (in tonnes) in the production of aquaculture			4.900

Cohesion Fund

The Cohesion Fund begun to operate in 1993 under a temporary regulation. Thus, already in the 1989-93 period, it provided 280 MECU for transport and environment projects. In the 1994-99 period, it will spend about 2,602 MECU, which combined with the national public counterpart, will amount more than 3,060 MECU of finance. It has already been noted that the Cohesion Fund has a major presence in the motorways investments, which represent 60% of the Greek projects included in the Trans European Networks (TEN). The Cohesion Fund co-financing is also crucial for the new Athens international airport at Spata. Finally, the major investment effort on the environment front would have been impossible without the assistance of the Cohesion Fund.

Community Initiatives

The 12 Community Initiatives, which were involved in the case of Greece, provided 705 MECU community aids in total during the 1989-93 period. For the period 1994-1999, the relative amount will be of about 1,154 MECU in 1994 prices. The majority of actions undertaken were complementary to measures in the Objective 1 CSF and it is difficult to estimate their effects separately. Moreover, the large disparity and multiplicity of actions, even when separate effects can be estimated for some of them, does not allow the derivation of meaningful global results. Nevertheless, it is worth mentioning the important contribution of Community Initiatives STAR and TELEMATIQUE to the progress marked in telecommunications. They have enabled the Greek Telecommunications Organisation (OTE) to offer new services to enterprises that are exposed to international competition and, most importantly, they have helped in the realisation of the Crash Programme for OTE. This has contributed to the modernisation of OTE's management and has led to a new tariff policy and an opening towards more competition in telecommunications, by promoting the creation of private enterprises in cellular telephone services. The Community Initiative LEADER, due to its originality of programming methods and innovative features is substantially contributing to local rural development which is particular benefit to job-creation in rural areas.

Another important contribution by Community Initiatives that should be mentioned is in the energy area. The Community Initiatives REGEN and INTERREG II will allow, during the 1994-99 period, the connection of Greece to the European electricity networks via Italy. Moreover, this development opens up the possibility of extending the collaborations with other Balkan countries.

4. Community contribution to the development process

The contribution of the Structural Funds has been and continues to be of crucial importance to the development prospects of Greece. Its influence has been substantial at a number of different levels and may be summarised as follows:

a) It made possible a high level of investment, that affected the structure of the economy and acted as a lever for the participation of private capital and EIB loans in the developmental effort.

It is estimated by the evaluation studies, that Community assistance has enabled public investment during the 1989-93 period to be twice as high as the state of budget finances would otherwise have permitted. A major weakness of the Greek economy has been the low level of gross fixed capital formation and it is exactly here that the Structural Funds have made an important contribution. Moreover, with the continued support of the Structural Funds, it should be possible to raise the rate of gross fixed capital formation from an annual average of 1.5% during the 1989-93 period to 6.6% in the 1994-99 period.

It should be noted that the Community aid in the 1994-99 period represents a critical mass, which has an importance and provides financial guarantees that can support the acceleration of the adjustment process and the realisation of projects, with strategic significance for the economic and regional development of Greece. For this, the principle of additionality, which was respected during 1989-95, must be strictly adhered to in the current period.

In providing this impetus to economic development, the Community aid has become an effective lever for the mobilisation of private capital and foreign loans. It may be expected that, in the 1994-99 period, there will be a major mobilisation of private capital, on the basis of financial engineering which will optimise the relationship between structural aid and loans. Thus, the financing of structural actions by private capital will pass from 7% in the 1989-93 period to 29% in the current one. The recent recovery at the macroeconomic level and the determined attempt to improve the state of public finances, should make this ambition increasingly credible.

b) In a difficult economic context, it made possible a higher rate of growth and supported higher employment.

The difficulties of development in Greece have been mentioned in the introductory section. It is by reference to these constraints, that the addition of 0.8 to 0.9 percentage points to the annual growth rate brought about by Community assistance must to be assessed. This aid has enabled Greece not to diverge much during the 1989-93 period and to initiate a convergence process in the current period. On an annual basis, 130,000 jobs in 1989-93 were linked directly or indirectly to actions cofinanced by the Structural Funds. This corresponds to 3.5% of the total active population. Moreover, this effect was achieved despite the fact that induced imports from other EU countries represented 30% and 36% of Community assistance for the years 1993 and 1999 respectively.

c) It has allowed the adaptation of pivotal institutions and policies, thus reducing the constraints to performance.

Beyond its financial importance and its quantitative impact, Community assistance has induced changes of policies and institutions and has legitimised efforts at reform, that are of far-reaching importance both to the administration of the public sector and the performance of the economy.

As regards policies, a number of them have been shifted, adapted or modified in the context of an innovative partnership. In the transport area, the priority of large projects of importance to the structure of the national economy has been affirmed and established. In education/training, the shift in balance in favour of professional and continuing training has been reinforced. Industrial policy is more directed to encouraging a competitive environment. A number of policies are practically initiated by Community assistance and largely rely on it. This is the case with environment, R&D and the fight against social exclusion. Similarly, the integration of handicapped persons has been based on and developed by Community aid. Finally, even if the effort in this direction is not sufficient for the country's needs, the agricultural reconversion and the maintenance of the agricultural population in rural areas are closely linked to Community aid.

Other policies that will be affected by initiatives taken in the context of structural interventions, are the tariff policies of public organisations, which are bound to be reformed and modernised.

With respect to institutional change, the structural interventions have been responsible for a major transformation in the mode of public expenditure and, in particular, in the change from individual, usually small, projects to management by objective in the context

of integrated long-term planning. This transformation has been constrained by the weaknesses of the public administration. In order to alleviate these weaknesses and to make more flexible and effective the implementation of interventions, ad hoc agencies and organisations were put up to function according to private law and the logic of the market. Such examples are the agencies for the large projects, the "one-stop-shop" organisation for private investments, the organisation for the certification of training actions etc. Moreover, a special unit was created to attend to the needs for technical assistance and offer appropriate "turnkey" technical support to the realisation of the actions. The establishment of this "Management Operational Unit" has unfortunately been slow, though it is clear that the achievement of the targets, which have been set by the current plan, are dependent on its effective operation. Furthermore, the system of public works is going through a process of modernisation leading to an improved coherence with Community law and driven by a value for money approach.

It is finally important to note the role of evaluation in increasing the transparency and efficiency of public administration. The system of evaluation promoted by the structural interventions, including the monitoring mechanism and the project selection methods, have made a considerable difference to the efficiency of management and the level of performance by both central and regional administrations. More generally, the improvement of programming, co-ordination, management, evaluation and control, at all levels of public administration, are essential for socio-economic development and Community assistance has been instrumental in bringing about such an improvement.

V. SPAIN

1. Socio-economic context and the challenge of cohesion

Spain is characterised by a wide regional diversity and there are considerably varying conditions not only among different regions but even within the same region. There are, nevertheless, certain weaknesses that are common to at least the Objective 1 regions, which cover 77,2% of the country's territory and 59.4% of the total population. These include deficiencies in basic infrastructures, especially in communications, energy and water distribution; productive environment, especially in R&D and new technologies; human resources, with a low adaptation between university education and the needs of the productive system; provision for the environment and for certain social services relating to the quality of life.

The figures below indicate the magnitude of the problems. As regards transport infrastructures, the situation of the Spanish network of roads, motorways and railways, in comparison with the European average (index 100), was at a level of 38.3, 48.2 and 32.7 respectively in 1988. With respect to the productive environment, the level of productivity is very low (Spain = 100, EUR 12 = 141, Objective 1 regions = 89.3) and the innovation effort is less than half of the Community average. Human resources are underdeveloped with 63.7% (1991) of all persons over 25 having received only primary education (EUR 12 = 17.2), while the proportion of population with secondary and higher education are far lower than the Community average (11.9% and 9.8% respectively against 30.9% and 15% for EUR 12. Finally, the level of GDP per head, which was in 1988 only 68.3% of the European average, encapsulates in a single figure the extent of catching-up effort that needs to be made.

Objective 2 regions in Spain suffer from lack of modernisation and a low degree of technical innovation, weaknesses in infrastructure and environmental problems at the industrial and urban level. Objective 5b regions suffer from depopulation (15.5 persons/km²), dependence on agriculture (28.5% of active population), ageing population (54% of independent farmers are over 55 years of age) and deficiencies in infrastructures and general services (all figures from 1988).

But possibly the most important and urgent problem facing the Spanish economy is that of unemployment, which amounted to 24.3% of the active population in 1994. This is a national average and it is evident that there are Objective 1 and Objective 2 regions in which unemployment exceeds this figure.

It should be noted that given the range of the economy's needs, EU interventions in Spain take place under both regional Objectives 1, 2 and 5b and nation-wide Objectives 3, 4 and 5a.

2. Community effort in financial assistance

The scale of EU financial provision has tripled between the 1989-93 and the 1994-99 periods, rising from 15.087 MECU to 42,400 MECU. As a percentage of GDP, on an annual average basis, EU assistance has risen from 0.7% in the 1989-93 period, to 1.7% in the 1994-99 period. Taking into account both the national public counterpart and the financing provided by the private sector, the totality of funds mobilised in the context of structural interventions on an annual average basis, amounted to 1,5% of the average annual GDP in the 1989-93 period rising to 3.4% in the 1994-99 period. (Table 1)

Table 1 : Analysis of interventions by Objective and Source of Funding

1989-1993

MECU, current prices

	Total CSF	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	21517	17147	10171	6197	2322	1320	333	6976	4369	6425
Objective 2	4363	3951	1505	1167	339			2446	412	1793
Obj. 3 & 4 (apart from Obj. 1)	1889	1889	837		837			1052	0	
Obj. 5a agric. (apart from Obj. 1)	902	620	229			229		391	282	
Obj. 5a fish. (apart from Obj. 1)	292	154	92				92	63	138	
Objective 5b	665	590	265	70	35	160 ¹		326	74	315
Cohesion Fund³	922	922	859				859	63		
Total	30550	25275	13958	7433	3533	1709	1283	11317	5275	10510²
Community Initiatives	1128	1128	1128	893	152	83				
Objective 1										
Others										
GENERAL TOTAL	31679	26403	15087	8327	3685	1792	1283	11317	5275	10510²
annual average	6336	5281	3017	1667	737	358	257	2263	1055	2102
ann.av/aver.GDP (89-93)	1,57%	1,31%	0,75%	0,41%	0,18%	0,09%	0,06%	0,56%	0,26%	0,52%

¹ This amount does not include the measures financed known as "weight of the past"² Including an additional 1976 MECU for Obj. 2 and Obj. 5b regions combined.³ Year 1993

1994-1999

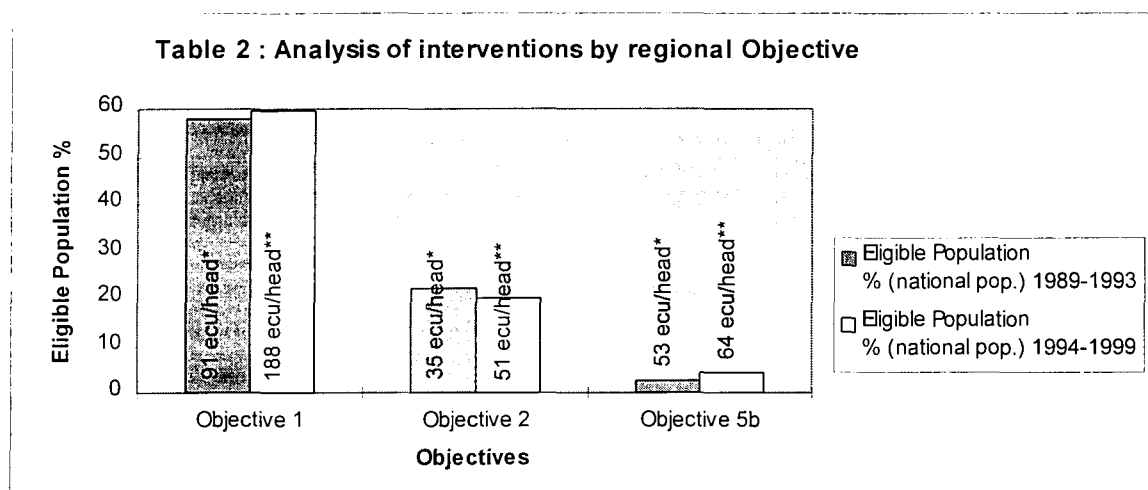
MECU, 1994 prices

	Total CSF	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG/ Cohesion Fund	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	48905	39051	26300	15 944	6 047	3 314	995	12 751	9 853	9 000 ⁵
Objective 2 (1994-1996)	3487	2440	1130	870	260			1310	1047	
Objective 2 (1997-1999)⁴	3966	2775	1285	989	296			1490	1191	
Obj. 3 & 4 (apart from Obj. 1)	4328	4096	1843		1843			2253	232	
Obj. 5a agric. (apart from Obj. 1)	920	662	326			326		336	258	
Obj. 5a fish. (apart from Obj. 1)	382	202	120				120	82	180	
Objective 5b	1799	1327	664	161	89	415	0	663	472	
Cohesion Fund	9143	9143	7950				7950	1193	0	
Total	72929	59695	39618	17965	8534	4054	9065	20078	13233	
Community Initiatives	9552	4209	2782					1427	5343	
Objective 1	7813	3442	2275					1167	4371	
Others	1738	766	506					260	972	
GENERAL TOTAL	82480	63904	42400	17965	8534	4054	9065	21504	18576	
annual average	13747	10651	7067	2994	1422	676	1511	3584	3096	
ann.av/GDP 94	3,38%	2,62%	1,74%	0,74%	0,35%	0,17%	0,37%	0,88%	0,76%	

⁴ Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.⁵ 1993 prices.

The geographical scope, in terms of eligible population, covered by the EU cofinanced programmes has also increased between the two programming periods.

The Structural Funds' interventions aim at Objectives 1,2,3,4,5a and 5b. The three regional Objectives (1, 2 and 5b) cover among themselves 83.8% of the total population, marking a rise from 82.2% in the previous period. The importance of the Structural Funds not only with regard to eligible population but also in terms of annual average expenditure per head is shown for each programming period by Table 2 (detailed information in annex).



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

The allocation of the Structural Funds in terms of broad categories that can be found in all CSFs (infrastructures, productive environment, human resources, environmental and physical regeneration and, finally, technical assistance), is indicative of the main direction taken by the Community effort in the pursuit of cohesion. Table 3 below, shows the distribution among these broad categories in each of the two programming periods.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

	1989-1993							Total
	Objective 1	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	Cohesion Fund	
Infrastructure								
Structural Funds	4110	687				105	606	5508
% of total	40,4%	45,6%				39,6%	70,6%	39,5%
Productive Environment								
Structural Funds	2183	149		229	92	76		2728
% of total	21,5%	9,9%		100,0%	100,0%	28,7%		19,5%
Human Resources								
Structural Funds	2460	399	837			39		3735
% of total	24,2%	26,5%	100,0%			14,8%		26,8%
Environment and Physical Regeneration								
Structural Funds	1399	268				45	252	1964
% of total	13,8%	17,8%				16,9%	29,4%	14,1%
Technical Assistance								
Structural Funds	20	5				0		24
% of total	0,2%	0,3%				0,0%		0,2%
Total								
Structural Funds	10171	1506	837	229	92	265	858	13958
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	

1994-1999

MECU, 1994 prices

	Objective 1	Objective 2 (1994-1996)	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	Cohesion Fund ¹	not divided Obj. 2 97-99	Total ²
Infrastructure									
Structural Funds	7594	302				69	3983		11947
% of total	28,9%	26,7%				10,3%	50,1%		31,2%
Productive Environment									
Structural Funds	8023	290		326	120	439			9198
% of total	30,5%	25,7%		100,0%	100,0%	66,2%			24,0%
Human Resources									
Structural Funds	7462	317	1843			89			9710
% of total	28,4%	28,0%	100,0%			13,4%			25,3%
Environment and Physical Regeneration									
Structural Funds	3034	214				67	3968		7283
% of total	11,5%	18,9%				10,2%	49,9%		19,0%
Others / Technical Assistance									
Structural Funds	187	8				0			194
% of total	0,7%	0,7%				0,0%			0,5%
Not divided (Obj. 2 97-99)								1285	1285
Total									
Structural Funds	26300	1130	1843	326	120	664	7950	1285	39618
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

¹ DG XVI estimate of % spending on transport & the environment for the period 1994-1999. This estimate was based on the actual commitments for 1994 & 1995.

² % of total excluding Obj. 2, 97-99

These percentages are estimations, taken from the measures funded

Finally, detailed information regarding the Community interventions is presented by regions and for the Community initiatives in annex.

European Investment Bank

The EIB loans planned in the context of the Objective 1 1989-93 CSF were 2,200 MECU. Nevertheless, the actual amount of the loans during this period reached 6,400 MECU. These were allocated for the most part to transport (42%), telecommunications (17%) and industry (12%). In addition, during the same period, 1,793 MECU of loans were offered for the financing of projects in Objective 2 regions.

In the 1994-99 period, the EIB has planned loans of 9,000 MECU for the Objective 1 regions and in the first two years of the programme it has already lent 3,100 MECU, of which 40% is destined for transport projects. Moreover, 2,050 MECU are to be provided to Objective 2 regions during the current planning period.

3. Results and impacts

In presenting the effects of the Community effort at promoting cohesion, the various channels through which aid was provided, as well as the role of the EIB, are considered separately.

Objective 1

Starting with the global effects, the gap which separates the GDP per capita of Objective 1 regions from the Community average has been reduced by 16.5% in the first five years. More specifically, between 1988 and 1993, GDP per capita of Objective 1 regions increased from 68.3% to 73.5% of the Community average.

It is estimated that, in the period 1988-93, the CSF has contributed an additional 0,25 percentage point to the annual growth rate on average and that more than half of this is due to the Structural Funds. For the 1994-99 period, it is expected that the addition to the average annual growth rate contributed by the CSF and the Structural Funds will be 0.7 and 0.4 percentage points respectively. These estimates imply that the GDP per capita of these regions will attain by 1999, a level 3% higher than would have been possible in the absence of the Structural Funds over the preceding decade.

As regards effects on employment, these are estimated at 115,000 new jobs in the 1989-93 period and between 150,000 and 200,000 new jobs in the 1994-99 period.

Turning now to the three broad categories of infrastructures, human resources and productive environment and examining them one at a time, a number of important results need to be noted.

It is clear that the emphasis of the 1989-93 CSF was on infrastructures which were considered to pose the main bottleneck to development. This supplied the rationale for the concerted effort in the transport area, which absorbed about 40% of the funds in the 1989-93 period and which resulted in considerable advances. The road network was increased by 5.5% between 1987 and 1994, while the length of motorways has tripled during the same period. The Structural Funds have greatly facilitated this effort, by cofinancing 54% of the roads and 36% of the motorways that were constructed in Objective 1 regions during this period. In the present CSF period, this effort is carried further and the road and motorway networks are extended by 1,425 km and 1,300 km respectively.

A major impact of the improvements achieved in the transport area, is on safety. It is indicative of the progress made, that accidents with victims have been reduced by 27.2% between 1989 and 1993, while by 1999 the reduction is expected to exceed 40%. The reduction in the annual number of accidents with victims per 100 million vehicle km is even more dramatic, reaching 51% between 1988 and 1994.

Investments on the railway network were aimed mainly at the improvement of the existing lines rather than their extension. Thus, cofinanced improvements in electrification and the construction of twin rail track between 1989 and 1999, affect 32% of the network existing in 1988. Also, 26% of the total high-speed rail network in Objective 1 regions was created in the context of the 1989-93 CSF. As a result of this investment effort, the number of passengers has increased continuously since 1987, passing from 321 to 452 millions in 1993.

Finally, in telecommunications the number of telephone lines in Objective 1 regions was increased from 22.8 per 100 inhabitants in 1988 to 31.8 in 1993 and is expected to reach 38 lines in 1999. More than a quarter of this increase was due to Community cofinanced actions.

The percentage of the telephone network's digitalisation has increased from 5.7% in 1987 to 36.9% in 1993 and is planned to reach 65% in 1999. Again, about a quarter of this is due to cofinanced investments. It is indicative of these improvements, that there has been a large reduction in the waiting time for new connections, which was 99 days in 1993 and is planned to be reduced further to 30 days by 1999.

The improvements of human resources absorbed about one fifth of total expenditure in a multitude of actions concerning mainly training and aid to employment. In total, 1.4 million persons benefited from these actions, of which 87% received training, with the remainder being the beneficiaries of employment subsidies. There is evidence that training was quite effective in promoting employment and a 1992 study by the Permanent Observatory of Employment showed that 42% of unemployed persons receiving training found a job within a year.

The effort undertaken in the present period is also considerable, amounting to 22.6% of total expenditure, and the targets include raising the percentage of young persons in secondary education from 66.2% in 1994 to 97.9% in 1999, offering continuous training to 1.8% of all employees and providing training to 10.6% of all unemployed.

In R&D, actions concerning the provision of infrastructures and modern equipment were cofinanced in nearly all the universities and in many technology parks. It should be noted that during the 1989-93 period, general expenditure on R&D as a percentage of gross value-added increased from 0.72 to 0.91 and it is expected to reach 1.20 in 1999. Moreover, the present CSF aims at increasing the number of persons employed in R&D between 1994 and 1999 by 8%.

With respect to the productive environment, the financial effort constituted one fourth of the total public expenditure in the 1989-93 CSF and covered a wide variety of actions.

In the industry and tourism sectors, nearly 8,000 projects were cofinanced generating a total investment of 4,000 MECU and giving rise to about 50,000 jobs. Taking Andalucia, which has been examined in depth, as a characteristic case, it may be noted that there was a pronounced concentration in the distribution of aid with the agri-foodstuffs sector receiving 44% of aid and with 6.1 of all assisted enterprises receiving 59.7% of total funds. Only 15% of the assisted enterprises were export-oriented and about 40% were operating solely in regional and local markets. It is noteworthy that 68% of the enterprises were not aware that the assistance they received was cofinanced by the European Structural Funds. On the positive side, it should be noted that the private financing induced by public aid resulted in a total investment that was 5.6 times higher than public aid. Also, the result in terms of employment was 9,000 new jobs, which imply a cost of 53,000 ECU per job created.

In agriculture, the EAGGF-Guidance section has contributed to the promotion of rural development a total sum amounting to 1,281 MECU (1989 prices). This covered a wide variety of actions:

- a) Horizontal measures (5a measures in Objective 1 areas): 559 MECU, of which, improvement of agricultural structures, 345 MECU (aids for the investments in 72,000 agricultural holdings, compensatory allowances for 157,000 farmers each year living in less-favoured areas, aids to the starting-up of 7,300 young farmers); aids for the promotion of producer groups, 8 MECU; and aids for the improvement of processing and marketing of agricultural products, 191 MECU;
- b) Regional programmes concerning agriculture and rural development, 722 MECU, with nearly 80% of finance being directed towards rural infrastructures (rural roads, electrification water supply), improvement of irrigation systems, erosion control and prevention of forest fires.

It is estimated that the cofinanced actions resulted in the creation or support of 26,000 jobs in total.

In concluding, it is important to note that the resources devoted to the improvement of the productive environment have been increased substantially in the 1994-99 CSF from one-fourth to over one-third (34.5%) of the total public expenditure. This constitutes the main change in the developmental strategy in relation to the previous period, which emphasised basic infrastructure. The emphasis in the present period is on the support of small and medium enterprises, in terms of providing better access to technology and improving the quality of both processing methods and products.

Table 4 : The 1989-93 and 1994-99 CSFs (Objective 1) - Some key outputs

Outputs	1989-93 actual data	1994-1999 planned outputs	Relative impact
Motorways constructed (km)	1100	1300	36.38 % of Motorways constructed in Obj.1 regions (1989-1993)
Primary roads constructed (km)	2000	1425	(54.36% of primary roads constructed in Obj. 1 regions (1989-1993)
Improved roads (km)	3000	5000	2.5% and 4% respectively of stock of roads in Obj.1 regions
TGV (km)	129	-	25.80% km of TGV constructed in Obj. 1 regions
Constructed and improved railroad (km)	1063	2185	10.5% and 20.8% respectively of the total of railroad in Obj.1 regions
Installation of optical fibre (km)	3914	2680	17.75% and 12% respectively of the total optical fibre in Spain in 1994
Digital telephone lines (n°)	239800	634000	6% and 13.5% of digital lines installed in Spain during each period
Dams constructed	68	67	6.6% and 6.1% of n° of dams in Spain
Stations for water treatment (n°)	250	147	
Universities subsidised	20	23	91% and 100% of Universities in Obj.1 regions
N° of persons employed in R&D activities		1470	8% of population employed in R&D activities in Obj. 1 (1991)
Creation and improvement of irrigated land (ha.)	34236		1.5% of the irrigated surface in Obj.1 regions
Concentration of land holdings (ha.)	225000		1.4% of the agricultural surface in Obj. 1 regions
Modernised farms (n°)	107000		4.8% of farming in Spain (1992)
N° of young grant-aided farmers	11000		0.5% of farming in Spain (1992)
Compensatory payments (n°)	198000		3% of employed farmers in Spain (1992)
N° of trained persons*	2693000	2850000	17.7% and 17.8% of active population in Spain for the whole of each programming period.
N° of beneficiaries of employment subsidies*	768000	800000	3.2% of n° of persons obtaining employment

* Actions supported by the ESF (all objectives together)

Objective 2

The emphasis here, as in Objective 1 regions, was on the provision of infrastructures and, especially, on the communications network, which absorbed nearly half of total expenditure. As a result, 235,000 digital lines and 1,075 km of optical fibres were installed, while 3,000 km of regional roads were constructed or repaired in the 1989-93 period.

With respect to the productive environment, there was direct support to the setting-up of 2,000 enterprises and more than 20,000 enterprises were assisted in total. Also, approximately 6,000 ha of industrial grounds were newly provided or improved. Particular attention was also given to innovation and the promotion of technology. Examples of such actions are the construction of the Centre of Agrarian Biotechnology in Navarra, the support to the construction of mini-satellite platforms and the provision of equipment for their operation in Madrid and, finally, the provision of equipment for the National Centre of Microelectronics and for the Institutes of Materials Science and Artificial Intelligence in Barcelona.

In the area of human resources, 530,000 persons benefited from ESF interventions between 1990 and 1993. The great majority (98%) received training, while the rest (2%) were the beneficiaries of employment subsidies. On the whole, the actions in this area during the 1989-93 period resulted in the creation or support of 71,000 jobs. In the present period, it is estimated that 115,000 jobs will be maintained by ESF actions.

Finally, as regards environmental protection, waste treatment capacity has been increased by 75%, thus affecting favourably the living conditions of more than 4 million persons.

Objectives 3 and 4

The Social Fund has provided nearly 800 MECU during the period 1989-93 for the promotion of training and employment in the context of Objectives 3 and 4. This is raised to 1,843 MECU in the 1994-99 period, 80% of which is devoted to Objective 3. Over 1989-93, the ESF amounted to 35% of resources allocated to training and labour market policies in Spain.

The effort in the 1989-93 period has resulted in about 2 million persons participating in training actions and 768,000 benefiting from employment subsidies. This implies that 20% of the unemployed in each year took part in a training action. Placement rates for participants 15 months after completion of training are close to 33%. At the same time, these actions had a significant impact on the structure of the labour market and contributed to a better matching between the demand and supply sides of the market. It is indicative of this that the proportion of job offers which could not be satisfied by the employment agencies has fallen from 27% in 1983 to 13% in 1993 and 7% in 1994.

There can be little doubt that, in the 1989-93 period, the Social Fund contributed to improving job opportunities and stabilising employment, especially in the parts of the labour market with which Objectives 3 and 4 were mainly concerned. In the 1994-99 period, the strategic directions of EU assistance in this area may be summarised as follows:

- a) Improvement of the orientation system in schooling and reinforcement of technical education;
- b) Strengthening of the links between the traditional education system and training within firms;
- c) Refining the systems for aid to employment;
- d) Decentralisation of services aiming at local needs;
- e) Promotion of regional employment observatories and of evaluation procedures, thus improving planning and co-ordination of actions, both among regions and between regions and the Structural Funds;
- f) Creation of the Foundation FORCEM for the promotion of continuing training, especially for workers in small and medium enterprises, and the implementation of Objective 4.

Objective 5a

With respect to Objective 5a, the structural actions contributed to the improvement of agricultural structures and provided support to the processing and marketing of agricultural products. Nearly 5% of the total number of agricultural holdings benefited from this kind of assistance. More specifically, 107,000 agricultural holdings received aid, 67% of which were located in Objective 1 regions. Also, aid to the starting-up of young farmers was given to 11,600 agricultural holdings, while aid to investment carried out by young farmers was provided to more than 13,000 agricultural holdings. Moreover, compensatory payments to mountainous and handicapped regions benefited nearly 5% of all persons in agricultural employment, with assistance being provided to an annual average of 200,000 persons. Finally, aid to the improvement of processing and marketing of agricultural products in the three years from 1991 to 1993 reached 223 MECU, with nearly one-third being directed to meat products. In terms of regional distribution, 73% of the funds went to Objective 1 regions. This aid generated additional investment that was 3 times higher than the Community assistance and total investment exceeded 890 MECU of which 596 in Objective 1 regions.

In the fisheries sector, the total aid received reached 532 MECU (for a total investment of 1385 MECU), two-fifths of which was for the restructuring and modernisation of the fishing fleet. As a result, there was a considerable reduction in the capacity of the sector, with the fishing fleet being reduced, between 1986 and 1994, by 21.5% in terms of tonnage, 14% in terms of kW power and 4.5% in terms of number of vessels. There were also 842 new vessels constructed and 1,942 modernised. Employment in the sector was reduced by one-third, while labour productivity increased by 64%. Finally, the sector's output increased by 21%, in terms of volume, during this period.

Objective 5b

In objective 5b regions, there was a concerted effort in the provision of assistance with an expenditure of 287 ECU per person in the 1989-93 CSF and 384 ECU per person in the 1994-99 CSF, as against a European average of 157 and 214 ECU per person in the two periods respectively. This effort resulted in the creation of 8,700 jobs in the first period and an estimated 14,200 jobs in the current period. The number of enterprises which benefited from assistance aiming at modernisation has reached 2,200 in the first period and is expected to be 4,100 in the second one. In addition, 500 rural localities were provided with electricity, 550 municipalities were supplied with water and 180,000 ha of natural environment were improved and protected. It is to be noted that this aid has contributed to a reduction in the gap between Spain and the European Union with agricultural revenue increasing faster than the European average. More specifically, value added per AWU (annual work unit) in the period 1985-94 has shown an increase of 121% in Spain compared to a European average of 60,7%.

Cohesion Fund

Given its assignment of financing projects in the areas of environment and transport, the Cohesion Fund has an important role in these two sectors.

As regards the environment, the main priorities in the Cohesion Fund's operation in Spain were the following: water supply, treatment of waste water and urban waste, protection and development of the coastline and urban environment. Characteristic examples of efforts financed by the Cohesion fund are the provision of good quality water for big cities and, in particular, for Guadalajara, Huelva, Murcia, Malaga, Cuenca and Teruel, as well as the irrigation of regions suffering from drought and water insufficiencies.

In the transport area, priority was given to routes that link Spain with the other EU countries. Prime examples here are the motorway Lisbon-Madrid and the road corridor Valencia - Saragossa - Somport - France.

The macroeconomic impact of the Cohesion Fund has been estimated in a variety of ways. A study commissioned by the Spanish authorities suggests that, even in 1993 when the activities of the Cohesion Fund were not fully developed, the Fund contributed 11% of total expenditures in the area of environment and 12% in the area of transport. A cost-benefit study concludes that the full impact of the Fund will be felt between 1996 and 1999, when it will represent 0,4% of both GDP and total employment. During this period, its contribution is estimated to be on average 50,000 man-years at a cost of 4 million pesetas per man-year. Finally, estimates derived with the use of two macro-econometric models, suggest that the Cohesion Fund's impact for the period 1993-99 could be nearly as high as 1% of GDP and result in the creation of 70,000 jobs in 1999 (HERMIN model). The estimates of the other model (MOISEES) imply a weaker impact.

4. Community contribution to the development process

It is clear that the Community assistance has made a major contribution to progress in the three broad categories of infrastructures, human resources and productive environment. The main quantitative effects have already been presented in the preceding section. Here, it suffices to note that the strategy in the various plans and CSFs was characterised by an emphasis on infrastructures in the first period, with the upgrading of basic infrastructure (roads in particular) being the main strategic priority, giving way to a greater attention to the productive environment in the second period. At the same time, the importance of this assistance for the development of human resources should not be overlooked. It must not be forgotten that the 4,400 MECU provided by the ESF between 1989 and 1993 represents about 35% of the total expenditure on employment and training policies during this period.

Moreover, the degree of additionality was high. Average national eligible expenditure in the period 1989-1993 increased, compared to the reference year 1988, by 19.5% (Objective 1), 26% (Objective 2) and 14% (Objective 5b). Projects would have been implemented most probably with considerable delay in the absence of EU interventions. There was also, in general, a high degree of absorption of funds. Thus, despite a few negative aspects such as insufficient simplification of certain programming procedures and synergy between programmes' components, with aid schemes for SMEs being particularly weak, the overall assessment is undoubtedly positive in terms of quantitative results.

Nevertheless, the principal contribution of the European structural policies in Spain seems to be in the domain of institutional development. The Structural Funds have promoted the establishment and use of a system of interventions and a set of instruments that make for a more rational and integrated regional policy. This is largely the effect of the implementation of the four fundamental principles underlying the 1988 reform of the Structural Funds. The principle of concentration has led to resources being directed predominantly towards Objective 1 regions, as well as to an emphasis on large infrastructure projects. The principle of partnership has encouraged co-operation not only between the national authorities and the European Commission but also among different levels of central, regional and local administration and, furthermore, between the public and the private sectors and among different social partners involved in the developmental process. The principle of programming has increased the rationality of the interventions by clarifying priorities, promoting synergies and extending the time horizon of policy-making. Finally, the principle of additionality has ensured that Community assistance has been in addition to the national development efforts rather than substituting them.

It is difficult to over-estimate the effects from the implementation of these principles on the institutional foundations of regional policy and, in particular, on the Spanish system of administration. A reminder may be here in order. The present system of state administration in Spain, which is based on the 1978 Constitution and the establishment of regional autonomies, is the most complex in Europe comprising 17 autonomous communities with legislative powers, 52 provinces, more than 8,000 municipalities and numerous public enterprises, all of which have an interest in investment programmes. These entities, not surprisingly, possess markedly varying degrees of planning capability. But the co-ordination among these different levels of public administration, which is necessary for a strong impact and a high degree of effectiveness, was often lacking and was, in general, clearly insufficient.

In this context, the operation of the Structural Funds has had a catalytic role. By introducing a hierarchical order and common principles in the process of planning, it has induced a major shift of attitude and practice. These entities, which tended to act unilaterally, were led to co-ordinate and adopt a common position in dealing with the Commission services. It is evident that this need for co-ordination, which was imposed from outside, improved the effectiveness of public investment. The information available to each decision-making unit, concerning the planned actions of other decision-makers, increased considerably and had the effect of promoting synergies among different actions.

The regional plans and the CSFs of the 1989-93 period, were the first ever public investment programmes, in which all participating administrative units planned their actions in a co-ordinated manner. Thus, any public investment today is part of an integrated planning process that co-ordinates practically all investing public entities. In this respect, it is worth mentioning the Territorial Compensation Fund (FCI) which, following its reform in 1990, has become an effective instrument for the reinforcement of ERDF policy in Objective 1 regions. It may, therefore, be concluded that it is such institutional improvements, ranging from better programme management through the statutory use of evaluation to better co-ordination between regional and national plans, all enhancing the effectiveness of public investment, which constitute the main Community contribution to the development process in Spain.

VI. FRANCE

1. Socio-economic context and the challenge of cohesion

The general economic statistics of the French economy hide quite marked regional discrepancies. Even within metropolitan France, Corsica has only 45% of the GDP per capita of Ile-de-France. When the overseas departments are taken into account, the discrepancies become even more striking, as the overseas departments have, on average, about half of Corsica's GDP per head. The incidence of unemployment is also very unequally dispersed with the lowest unemployment region in metropolitan France (Alsace 7.3%) having in 1993 half the unemployment rate of the region with the highest unemployment rate (Languedoc-Rousillon 15.4%). Again, overseas departments are very much worse, with unemployment rates more than 4 times higher on average than that of Alsace and ranging between 24.1% in Guiana and 36.9% in Reunion (1990 figures).

The structural characteristics of the economy also vary a lot among regions and the proportion of active population in industrial employment is indicative of the wide differences in economic structures. Thus, in metropolitan France, Franche-Comte has 36% of the active population in industry while Corsica has only 7.3%. Metropolitan France as a whole has 22.6%, while the corresponding figures for the overseas departments range from 6.4% in Martinique to 5.3% in Guadeloupe. Similar differences mark the relative situation among regions with respect to the qualifications of the human resources, the degree of urbanisation and industrial pollution and other general socio-economic indices.

In view of this diversity, a general description of the socio-economic context seems to require the grouping of regions according to their common main problems. Such a grouping may be attempted on the basis of the Objectives of European regional policy.

Objective 1 regions, with the exception of French Hainaut, suffer from their geographical situation and distance from the large European market combined with the very small size of their local markets. The main challenge for these regions is the reduction in their isolation (which is, of course, much easier for Corsica than for the overseas departments) and, at the same time, the encouragement of the endogenous developmental potential. Both of these imply major investments in basic infrastructures, especially for reducing isolation, and a sustained effort in developing tourism, agricultural resources, fishing and local SMEs while preserving the environment and creating the conditions for a more competitive economy in particular for the overseas departments when confronted with the less developed countries in the area. The improvement of education and professional training constitute a further priority, not only for economic development but also in order to overcome the main causes of labour market exclusion and to promote social cohesion. Thus, it is necessary to face squarely the problems of illiteracy and long-term unemployment.

Objective 2 regions suffer mainly from the concentration of employment in declining traditional industries, which offer decreasing employment opportunities to the local labour force. (It may be noticed that Hainaut resembles an Objective 2 region and was, in fact, included among these regions during the 1989-93 programming period). The challenge in this case is the restructuring, modernisation and diversification of the industrial sector. This implies investments in modern, automated plants to reduce production cost and improve product quality in the case of traditional industries and, most importantly, investment for the creation of new industries and other activities in growing markets. Again, the support of SMEs, especially innovatory and dynamic ones, is essential and so is the need to diversify into promising non-industrial sectors such as certain services with growth potential and

possibly tourism. The preservation of the environment is, of course, a prerequisite in any attempt at development. Finally, both R&D and labour force skills need to be developed.

Objective 5b regions are rural regions, often mountainous, with specific handicaps which require developmental policies based on diversification both of agricultural activities and of the whole production structure. Thus, economic activities such as tourism, craft industries, certain commercial and other services need to be developed and growth-oriented SMEs need to be supported.

Finally, there are some nation-wide problems relating to unemployment, which has risen from 9.4% in March 1989 to 12.4% in March 1994. One-third of this consists of long-term unemployed and it is clear that without appropriate training this proportion is unlikely to be reduced. Also, the problems created by the inevitable tendency of declining agricultural employment need to be eased and the adjustment of both the agriculture and fisheries sectors to lower employment levels needs to be facilitated.

2. Community effort in financial assistance

The scale of EU financial provision has more than doubled between the 1989-93 and the 1994-99 periods, rising from 6,941 MECU to 14,939 MECU. As a percentage of GDP, on an annual average basis, EU assistance has risen from 0.14% in the 1989-93 period to 0.22% in the 1994-99 period. Taking into account both the national public counterpart and the financing provided by the private sector, the totality of funds mobilised in the context of structural interventions amounted, on an average annual basis, to 0.42% of the average annual GDP in the 1989-93 period rising to 0.63% in the 1994-99 period.

Table 1 : Analysis of interventions by Objective and Source of Funding

1989-1993										
MECU, current prices										
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9		2 = 3 + 8		3 = 4 + 5 + 6 + 7					
Objective 1	1782	1651	957	428	306	192	30	694	131	187
Objective 2	3616	2718	1225	993	232			1493	898	2219
Obj. 3 & 4 (apart from Obj. 1)	4225	4211	1442		1442			2770	14	
Obj. 5a agric. (apart from Obj. 1)	4808	3893	1274			1274		2619	915	
Obj. 5a fish. (apart from Obj. 1)	599	238	135				135	103	361	
Objective 5b	3085	2208	874	253	132	490 ¹		1334	878	1656
PIM outside Obj. 1	1890	1200	462	130	62	67	203	738	691	
Total	20006	16118	6369	1804	2174	2022	368	9750	3887	4424²
Community Initiatives	573	573	573	378	105	90				
Objective 1	148	148	148							
Others	418	418	418							
GENERAL TOTAL	20578	16691	6941	2182	2279	2113	368	9750	3887	4424²
annual average	4116	3338	1388	436	456	423	74	1950	777	885
ann.av/aver.GDP (89-93)	0,42%	0,34%	0,14%	0,04%	0,05%	0,04%	0,01%	0,20%	0,08%	0,09%

¹ This amount does not include the measures financed known as "weight of the past".

² Including an additional 362 MECU for Obj. 2 and Obj. 5b regions combined.

1994-1999

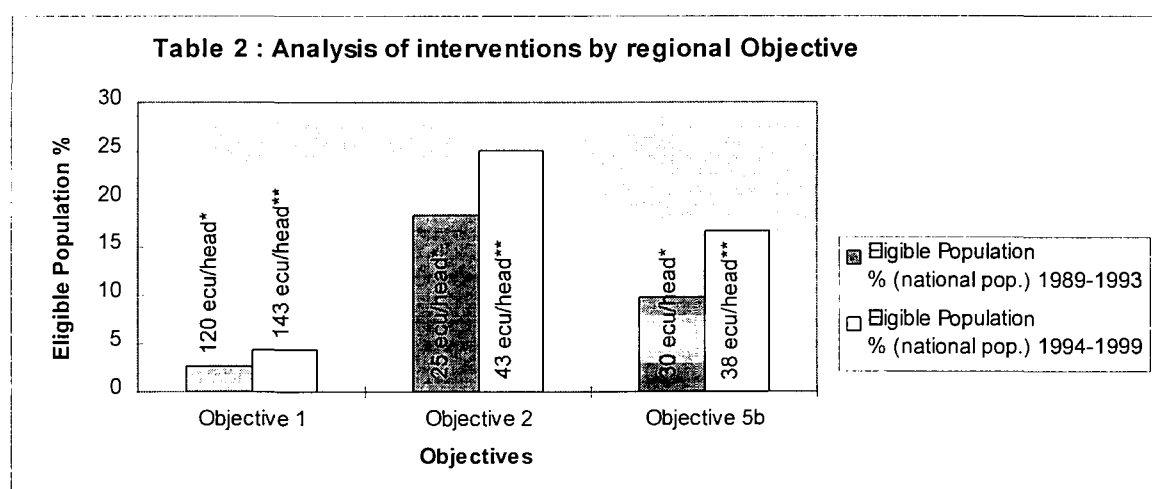
MECU, 1994 prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9		2 = 3 + 8		3 = 4 + 5 + 6 + 7					
Objective 1	5006	4131	2190	1.195	526	431	38	1.941	875	150 ⁴
Objective 2 (1994-1996)	5001	4191	1763	1453	311			2428	810	
Objective 2 (1997-1999)³	5690	4768	2006	1653	353			2762	922	
Obj. 3 & 4 (apart from Obj. 1)	8459	7797	3203		3203			4594	662	
Obj. 5a agric. (apart from Obj. 1)	5813	4808	1746			1746		3062	1005	
Obj. 5a fish. (apart from Obj. 1)	843	335	190				190	145	508	
Objective 5b	7847	5065	2236	938	292	1006		2829	2782	
Total	38659	31095	13334	5238	4685	3183	228	17761	7564	
Community Initiatives	3981	3125	1605					1520	856	
Objective 1	901	707	363					344	194	
Others	3081	2419	1242					1177	662	
GENERAL TOTAL	42640	34221	14939	5238	4685	3183	228	19282	8420	
annual average	7107	5703	2490	873	781	530	38	3214	1403	
ann.av/GDP 94	0,63%	0,51%	0,22%	0,08%	0,07%	0,05%	0,00%	0,29%	0,13%	

³ Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.

⁴ 1993 prices.

The Structural Funds' interventions aim at Objectives 1,2,3,4,5a and 5b in both periods. The regional Objectives (1,2,5b) cover among themselves 46% of the total population, marking a rise from 31% in the previous period. The importance of the Structural Funds not only with regard to eligible population but also in terms of annual average expenditure per head is shown for each programming period by Table 2 (detailed information in annex).



* Annual average Community public expenditure per head ECU, current prices (1989-1993)

** Annual average Community public expenditure per head ECU, 1994 prices (1994-1999)

The allocation of the Structural Funds in terms of broad categories that can be found in all CSFs (infrastructures, productive environment, human resources, environmental and physical regeneration and, finally, technical assistance), is indicative of the main direction taken by the Community effort in the pursuit of cohesion. Table 3 below, shows the distribution among these broad categories in each of the two programming periods.

Finally, detailed information regarding the Community interventions is presented by regions and for the Community initiatives in annex.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

		1989-1993					MECU, current prices		
		Objective 1	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	PIM outside Obj. 1	Total
Infrastructure									
Structural Funds		275	12				149	19	455
% of total		28,8%	1,0%				17,0%	4,1%	7,1%
Productive Environment									
Structural Funds		298	516		1274	135	416	382	3020
% of total		31,1%	42,1%		100,0%	100,0%	47,6%	82,8%	47,4%
Human Resources									
Structural Funds		275	236	1442			178		2130
% of total		28,7%	19,3%	100,0%			20,3%		33,4%
Environment and Physical Regeneration									
Structural Funds		101	453				117	59	729
% of total		10,5%	37,0%				13,3%	12,8%	11,4%
Technical Assistance									
Structural Funds		9	8				15	2	34
% of total		1,0%	0,7%				1,7%	0,4%	0,5%
Total									
Structural Funds		957	1225	1442	1274	135	874	462	6369
% of total		100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

1994-1999

MECU, 1994 prices

	Objective 1	Objective 2 (1994-1996)	Objective s 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	not divided Obj. 2 97-99	Total ²
Infrastructure								
Structural Funds	287	157				205		649
% of total	13,1%	8,9%				9,2%		5,7%
Productive Environment								
Structural Funds	748	553		1746	190	1457		4694
% of total	34,1%	31,3%		100,0%	100,0%	65,2%		41,4%
Human Resources								
Structural Funds	595	614	3203			285		4697
% of total	27,2%	34,8%	100,0%			12,8%		41,5%
Environment and Physical Regeneration								
Structural Funds	323	416				245		984
% of total	14,7%	23,6%				11,0%		8,7%
Others / Technical Assistance								
Structural Funds	238	25				44		307
% of total	10,9%	1,4%				1,9%		2,7%
Not divided (Obj.2 97-99)							2006	2006
Total								
Structural Funds	2191	1765	3203	1746	190	2236	2006	13337
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%		

² % of total excluding Obj. 2, 97-99

These percentages are estimations, taken from the measures funded.

European Investment Bank

EIB loans amounted to 4.4 billion ECU for the period 1989-93. The loans for Objective 1 areas were limited to 187 million ECU (in current prices), with most of the loans designated to Objective 2 and 5b regions.

For the period 1994-99, the Bank estimated that interventions in Objective 1 regions (including French Hainaut) could amount to 150 million ECU. No estimate was made for interventions in Objective 2 and 5b regions. In 1994 and 1995, the Bank agreed 2.8 billion ECU for regional development of which 53 million was allocated to Objective 1 areas.

These loans were principally for transport projects (47%) and industry 43% with the greater part of lending going to SMEs.

3. Results and impacts

In presenting the effects of the Community effort at promoting cohesion, the various channels through which aid was provided are considered separately.

Objective 1

The Community assistance provided to Objective 1 regions has increased in absolute but not so much in relative terms between the 1989-93 and the 1994-99 periods. Thus, it has risen from 957 MECU or 13% of the 1989-93 total to 2,190 MECU or 14% of the 1994-99 total. On a per capita basis, this implies an increase from 120 ECU in the previous period to 143 in the present one. Moreover, if the national public counterpart and private financing are taken into account, the total expenditure per head reaches 326 ECU, marking a 46% rise relative to the corresponding figure in 1989-93.

The French Objective 1 regions show quite similar objectives in terms of net job creation and of contribution to growth.

Table 4 : Objective 1

Guadeloupe	Number of net jobs created	1989-1999	27.000
	Additional growth	1989-1999	+ 5,8 %
Martinique	Number of net jobs created	1989-1999	23.500/25.000
	Additional growth	1989-1999	3,3 % et 4 %
Reunion	Number of net jobs created	1994-1999	5.000
	Additional growth	1994-1999	± 4 %
Corsica	Number of net jobs created	1994-1999	5.300
	Additional growth	1994-1999	± 2 %
Hainaut	Number of net jobs created	1994-1999	12.000

The presentation of the available results in quantitative terms does not provide more than a partial view of the impacts, since many large infrastructure projects are still not completed. This, for example, is the case with the Raizet airport and the port-airport road link in Guadeloupe or the Fort-de-France airport in Martinique.

In Corsica however, the expected or obtained results by measure are quantified with more accuracy and the expected impacts, mentioned above, are derived from a series of detailed and quantified actions as shown in table 5.

Table 5 : Corsica - Objective 1

Area of intervention	1989-1993	1994-1999
Infrastructure		
- Harbours	4 equipped or upgrated	
- Airports	3 upgrated	
- Dual-carriage ways		20 km Reduction of the duration of the trip Ajaccio-Bastia-Corte transport : 1 hour
- Dams	2 new dams	
- Water distribution (% of population concerned)	75 %	100 %
- Treatment of waste water (% of population connected to a station for water treatment)	57 %	80 %
Economic Infrastructures and productive sector		
- Industrial areas	56 ha	-
- Hotel Capacity	-	500 beds
- Conference room capacity	500 places	1.500 places
- Creation of buildings and workshop	-	10 buildings/workshops
- SME which have benefited from services and advises	75 SME	120 to 150 SME
Agriculture		
- Reforestation	-	460 ha/year
- Agricultural reconversion	500 ha/year	500 ha/year
- Irrigation (equipment)	790 ha/year to be equipped	360 ha/year to be equipped
- Plantation/Regeneration	1000 ha	-
Fishery		
- Construction/transformation of vessels	-	3 vessels transformed 4 new trawlers
- Reduction of shipping tonnage in %	-	- 20 % otter trawlers - 15 % beam trawlers
Human resources		
- Infrastructure/Equipment	1 University (Corte) 1 technical college	± 7.000 m2 university rooms equipped
- Capacity (places) for training/education	-	± 2.000 (+ 20 %) new places
- Training of 15-24 years outside of the educational system	1000 pers/year	1.500/pers/year
- Schooling rate of women until 18 years	67 % age class	80 % age class

On the whole, it would seem that the problem of isolation has been attenuated, if not quite resolved, by the investment in transport infrastructure and other public facilities. There has also been significant progress in the modernisation of the agricultural sector, with rural development and diversification of production outside the traditional agricultural products, though the dependence on food imports has largely remained.

The development of human resources has contributed to the growth of training activities and has supported job-finding and the insertion into the labour market of various disadvantaged groups. It is the under-development of the production structure rather than the quality of the training programmes that tended to limit the effectiveness of these activities. The priority presently given to this domain is the best possible action in the fight against massive under-employment and a strong demographic pressure.

Objective 2 regions

The Community assistance provided to Objective 2 regions has increased considerably between the 1989-93 and the 1994-99 periods, both in absolute and relative terms. More specifically it has risen from 1,225 MECU or 17% of the 1989-93 allocation to 3,769 MECU or 25% of the 1994-99 total assistance. In terms of eligible population, there has been an increase of nearly 50% between the two periods and, in terms of assistance per capital, an increase of 72%.

It is worth noting that the annual average of 628 MECU provided by the Structural Funds corresponds to about 14% of the planned public investment in metropolitan France (excluding Ile-de-France).

Table 6 : Objective 2 - Summary of results

Area of intervention	Indicators	1989-1993	1994-1999
Employment	Number of indirect jobs created	162.000	
	Number of direct jobs created	106.000	
SME Formation	Number of SME assisted	3.700	
	Number of population having followed a formation	257.000	

Source : Ex post evaluation "Ernst & Young".

The diversity of cofinanced measures means that results only can be summarised in a general fashion. Detailed analysis reveals that the most visible progress was obtained in the absorption of the physical after-effects of industrial decline (such as industrial and urban derelict sites) in coal, steelworks and textiles areas, as well as in the support to research and technological development through the provision of technology parks, workshops, services to enterprises etc.

The measures of direct and indirect support to SME's, as a whole, have promoted financial consolidation and have made possible productivity gains in an attempt to bring about endogenous economic development. An example of the effects, produced by support to SMEs and other measures for endogenous development, is provided by Lorraine.

The Community-cofinanced actions in Lorraine have resulted in the implementation of 225 physical investment plans, 10% of which were in the trans-border European Development Pole. Aid was also provided for investment of a non-physical character, such as technology transfer, diffusion of techniques, computerisation of the information system, external consultancy and executive recruitment. There were 650 instances of such non-physical investment that were cofinanced. The number of SMEs that could potentially benefit from this aid was 700 and, though more than one application could be made by each

enterprise, there is no doubt that a very high proportion of these enterprises actually received assistance.

In addition to these, there were actions on the industrial infrastructure and the environment. Thus, 25 industrial buildings were cofinanced in the context of the European Development Pole and 1,715 ha of industrial derelict sites were treated (1,062 ha in the iron and steel zone, 626 ha in coal and 27 ha in textile zones). The number of jobs that was potentially generated by these actions in the region is estimated to exceed 4,900. The actual number of jobs created in the European Development Pole during this period was 1,913. Similar results to the above can be observed in the Loire region, the Nord Pas-de-Calais and other Objective 2 regions for which information is available.

Employment is a central concern in Objective 2 regions, given the relatively high unemployment rates. For this reason, training actions have been closely linked to economic development and to the specific needs of enterprises. This is particularly the case in tourism, environment and R&D, all of which are priority areas in Objective 2 regions. Community-cofinanced actions in these regions are thus aiming to create or maintain about 200,000 jobs in the 1994-99 period.

Objectives 3 and 4

During the first programming period, the rate of unemployment in France has steadily risen. It has increased from 9.4% to 11.6% between March 1989 and March 1993, reaching 12.4% in March 1994. The long-term unemployed constitute one-third of total unemployment.

In the 1990-92 period, the number of beneficiaries from ESF cofinanced actions reached 1,100,000, of which 539,000 were assisted in the context of Objective 3 and 561,000 in the context of Objective 4. On the basis of these figures, it may be concluded that 14% of the total number of unemployed participated in cofinanced measures. More specifically, 21% of the long-term unemployed benefited from Objective 3 measures and 26% of the unemployed under 25 years benefited from Objective 4 measures.

It should be noted that these figures must be interpreted with caution. Given that France has not implemented a system of evaluation that can adequately monitor the physical implementations of ESF interventions, it is difficult to assess the impact of these interventions on economic and social cohesion. The number of beneficiaries is obtained from book-keeping records and provides little insight into the actual impact of the ESF-cofinanced actions on the targeted groups. As a consequence, it is not possible to properly estimate in quantitative terms the value of the Community contribution.

The evaluations of impacts arising out of national interventions show how progress may be achieved in improving the effectiveness of measures for the fight against unemployment. On average, between 26% and 67% of trainees find a job depending on the type of action. The results show that the closer the measures are to the job, the more effective they are in promoting employment. They also underline the increased effectiveness of the insertion circuit (*parcours d'insertion*) vis-a-vis the classic training approach of the ESF, as well as the necessity of implementing partnerships which take into account the local specificities of the labour market.

Faced with mounting unemployment, the ESF interventions have been targeted, particularly since 1993, on groups that are in danger of marginalisation and exclusion from the labour market. The cofinancing has been concentrated on strategic measures aiming at an improvement in the supply of insertion activities. These involve integrated courses with individualised follow-up and local partnerships, in combination with actions of direct support to the creation of economic activities and, in the context of the new Objective 4, to facing the concomitants of industrial change.

Objective 5a

The Community contribution for the totality of Objective 5a actions during the 1989-93 period has reached 1,274 MECU, while for the period 1994-99 it is expected to rise to 1,746 MECU.

The actions in the context of Objective 5a (improvement of agricultural structures) have in France the twin priority of improving the competitiveness of agriculture (modernisation of agricultural holdings with aid to investments and the setting-up of young farmers, support to processing and marketing activities) and the keeping in production of agricultural holdings located in handicapped geographical zones (compensatory payments to disadvantaged zones).

(a) Modernisation of agricultural holdings

The participation of EAGGF under this heading reached 717 MECU during the 1989-93 period and it is expected to be 1030 MECU in the 1994-99 period. The two most important measures were: a) aid to young farmers and b) aid to investments.

As regards the first, 60,000 young farmers were assisted, 40% of which were located in disadvantaged zones. The financial participation of EAGGF was equal to 373 MECU. After reduction in the start-ups in 1993, the pace at which young farmers are installed picked up by 10% in 1995 and it is presently 9,000 per year. The priority given to this action by France, should help this rhythm to be maintained and even be accelerated in future years. In the period 1994-99, 769 MECU are allocated to this measure in the EAGGF budget.

As regards investment aid, between 1989 and 1993 more than 40,000 "plans for physical improvement" (excluding young farmers) were approved, half in disadvantaged zones. The financial participation of EAGGF was 122 MECU. After a noticeable reduction, beginning in 1991, there has been a renewed impetus in 1993 reaching by 1995 an annual total of 9,000 plans for physical improvement. For the period 1994-99, the planned allocation to this measure in EAGGF's budget reaches 207 MECU.

(b) Processing and marketing of agricultural products

In the period 1991-93, 482 projects were supported, with priority given to the sectors of meat, fruits and vegetables, wine and alcoholic beverages, milk and milk products. The participation of EAGGF was 191 MECU in the period 1989-93 and it is planned to be 259 MECU in the 1994-99 period.

(c) Compensation of natural handicaps

The number of agricultural holdings assisted each year reaches 150,000, the majority of which are in mountainous zones and two-thirds of them are in Objective 5b regions. It should be noted that this aid constitutes an important part of the global revenue of these agricultural holdings, especially in mountainous regions. The participation of EAGGF was 367 MECU in the 1989-93 period, while for the period between 1994 and 1999 the planned expenditure is 457 MECU.

(d) Adaptation of fishing structures

Over 1989-93, the fishing fleet, port infrastructures and aquaculture were the principal beneficiaries of investment aids of the order of 365 MECU. In the area of the restructuring and marketing of fish products and aquaculture, 124 projects have been brought to completion for a Community participation of 20 MECU, with the principal aim of improving the production conditions and marketing.

In the period 1994-99, the Financial Instrument for Fisheries Guidance (FIFG) has been allocated 190 MECU in order to improve the rational management of resources and increase the value added and the quality of products.

Objective 5b

The Single Programming Documents approved in 1994 and 1995 concern 18 regions and 2 mountain ranges (Massif Central and the Pyrenees). The Community spending is 2,236 MECU for a population of 9,759,000 inhabitants, which implies an aid intensity of 38 ECU per person annually. This may be compared with Community spending in the first programming phase, in which 874 MECU (960 MECU including "weight of the past") were spent on 5.8 million potential beneficiaries, implying an aid-intensity of 30 ECU (38 ECU) per person annually.

These interventions, which were carried out in regions of which a part only was designated as 5b zone, concern rural areas that are very heterogeneous. As a consequence, the priorities, the measures and types of actions that are financed tend to be very different. There is, in all instances, the need to adapt the interventions to the specific assets and handicaps of quite different rural areas (high mountainous, dry mountainous, humid zones of the West, coastal zones, etc.).

In the first period, the financial allocations to projects indicate the following global priorities:

- 1) The support of economic activities obtained three-quarters of all available resources.
- 2) The maintenance, adaptation and diversification of agriculture was given a central place.
- 3) The support to agriculture was accompanied by a comparable effort in favour of non-agricultural activities (tourism, industry, handicrafts, commerce and services).
- 4) Infrastructures and public facilities had a less important position.

The 1994-99 period confirms the priority given to the diversification in agriculture and silviculture, as well as the support to non-agricultural economic activities (more than 50% of the public expenditure in the SPDs).

Thus, the five main categories of expenditure, which exceed 84% of the Structural Funds' budget, are in descending order of importance the following: agriculture, silviculture, aquaculture, etc. (30.8%); industry, commerce, handicrafts and services (16.3%); tourism (14.9%); human resources' training (11.6%); environment and energy (10.8%). The remaining 15.6% of the Structural Funds is shared among six other categories of expenditure.

Nevertheless, despite the apparent continuity in the priorities and broad directions of expenditure, the content and the proclaimed strategies of the programmes display certain breaks with traditional development views, which are described below.

In agriculture, the search for productivity and/or intensification have given way to quality improvement and to the development of complementary activities linked to the environment (tourism, maintenance of rural space).

In the domain of support to SME-SMI, the strategies of attracting enterprises from outside the region by means of heavy equipment and facilities in investment zones, now give way to the support of small enterprise projects that use and develop local know-how and productive potential or provide services to the local population or externally (for example, tourism).

As regards basic infrastructures, these have on the whole been implemented or modernised and, with the exception of a few large investment projects, the present priority is to improve the living conditions of the rural population with more "qualitative" actions bearing on the renovation of villages.

Finally, the mobilisation and development of human resources, which in the first programming phase was limited to the global raising of qualification levels, takes now more into account (even if still in a marginal fashion) training actions that are directly linked to development projects.

Community Initiatives

Community Initiatives provided 573 MECU additional funding during the 1989-93 period, and about 1605 MECU for the 1994-99 period. Most of these interventions were complementary to the mainstream programmes under the various Objectives. However, it proves difficult to estimate their overall impact given the wide range of actions covered by these interventions. Nonetheless, it is worth mentioning the most important contribution brought about by some Community Initiatives.

Interreg played a crucial role in the progressive adoption of a more global cross border policy. Together with the improvement of transport and other communication systems, it contributed to support the development of SMEs, tourism, environmental protection and co-operation in higher education, research and vocational training. On the borders of France, Belgium and Luxembourg, the European College of Technology was created as a transnational centre to provide training and resources for companies. As well as contributing to increase opening of the France-Spain border, original projects were funded, such as the "aid fund" set up jointly by Aquitaine-Euskadi and Navarre or a research centre (CERESI).

Under **Leader** 40 local development projects were supported during the 1991-93 period. This initiative has brought up some valuable innovations in terms of broad horizontal and vertical partnerships which allowed different partners to participate to projects. Local actors have been actively involved in these projects, especially Departments and Communes which provided the main co-financing, but leverage effects on private sector were also significant for actions targeted to SMEs and craft industry. Local heritage and promotion of local identity were also developed, as shown for example by the "Cathar Country" project in the Aude. Reappropriation of rural development policies by local actors gave more legitimacy and credibility to these actions. Furthermore, the high number of operations financed (more than 3.000) demonstrates the capacity of local action groups to implement and carry out these projects. Despite this success, **Leader II**, which will benefit from increased funding, could lose its originality if similar management methods as in other interventions were adopted.

As regards research and innovation, **Stride** contributed to support 107 projects, ranging from the creation and/or the equipping of research centres - especially in Objective 2 regions - to the exchange of researchers, the promotion and dissemination of results and training. It is worthwhile noting, for example, that about half of the SMEs projects related to technology transfer, in the context of the framework Research Programme were dependent upon activities developed under **Stride**.

Other significant results include for instance :

- 900 projects financed under the **Resider, Rechar, Renaval** initiatives, half of which involved SMEs in eligible areas for Structural Funds
- 3 projects financed under **Envireg** in Objective 1 regions, dealing in many cases with waste water treatment systems.

4. Community contribution to the development process

Apart from the physical results in a number of domains that have been implemented with the assistance of the Structural Funds and which have been reviewed above, the Community contribution is wider-ranging in its effects. The ramifications of the Community contribution, that are of the greatest importance in the case of France, are to be found in two areas:

- i. the encouragement of innovatory actions and orientations; and
- ii. the support of modernisation in public administration.

As regards the former, there are a number of elements that need to be mentioned. Firstly, there is the much more pronounced concern with the environment, which is taken into account in the design of practically all programmes. There has been a notable shift in the views regarding development (as noted above in the section concerning Objective 5b regions) towards the notion of sustainable development, in which the preservation of the environment has a central place. Thus, the reconciliation of the need for higher productivity and employment with environmental protection in both agricultural and industrial activities is now widely accepted. The Community has played a major role in increasing social awareness regarding the environment and the Structural Funds have been in the forefront of devising developmental programmes that can practically and effectively realise the desirable reconciliation between the twin imperatives of the environment and the economy.

Secondly, the Structural Funds have promoted the linking of expenditure on education to innovation in the economy. Thus, there has been emphasis on engineering and technical education and closer collaboration between universities and enterprises. There has been sustained effort to involve the universities into applied research for technological innovation, in partnership with business enterprises. The opening up of the universities and the world of science to the concerns of the business world and the forging of contacts and links between these two, often distant, worlds has been a constant aim of the Structural Funds.

Thirdly, the Structural Funds have been instrumental in the provision of training that is in close accord with the needs of economic modernisation. Both in their regional programmes and in relation to Objective 4, the Structural Funds have striven after training that is relevant to economic progress. There is no doubt that this has affected the character of training that is on offer and has improved its effectiveness in satisfying the economy's requirements.

Fourthly, the Community assistance has contributed to the promotion of new activities and forms of work. This is the case not only in zones of industrial decline, in which new processes, materials and products might have been considered too risky in the absence of aid by the Structural Funds but also in agriculture, in which there has been a strong emphasis on production processes aiming at quality products. Moreover, in the latter there has also been an encouragement to new work-forms and especially pluriactivity, with the combination of agricultural work and work in tourism, commerce, handicrafts or services. Finally, the new technologies of communication and information have found a place in the programmes, resulting in the emergence of information networks and experience in new work-forms, such as tele-working.

Finally, there has been a clear trend of moving towards an effort at integrated development. The programmes of the 1989-93 period, which constituted a part of the planning contract between the state and the regions, have evolved into a conception of integrated development with emphasis on the complementarities and synergies among measures. Programmes in both industry and agriculture are designed around the pivotal notion of synergy, with consideration of the implications for all aspects of the society and the

environment. This promising evolution towards a more integrated, and indeed holistic, approach to development, which has become apparent in the 1994-99 programmes, needs still to be carried considerably further before it is properly consolidated.

The other main contribution of the Structural Funds is their support of modernising tendencies in public administration, which is particularly noticeable in the practices of programming, monitoring, evaluation and partnership.

In programming, the insistence by the Structural Funds on actions that are consistent with the analysis of the socio-economic situation, in accord with the fundamental aims and the strategic priorities and, finally, coherent among themselves, increases the degree of rationality in the planning process and has an incontestable pedagogic value. Moreover, the effort to quantify objectives of physical implementation and of impact particularly benefits the initial draft of the plan, while the negotiations phase improves considerably the finally adopted version of the plan.

There has been progress in monitoring practice, as the needs of piloting the programmes have required rapid feedback regarding implementation. Sophisticated information systems have been developed to ensure that implementation progress is followed as instantaneously as possible and that data are properly validated.

Evaluation of public policies is relatively new in France. There is still resistance to evaluation in some circles, especially to the use of independent, external evaluations. Nevertheless, there is no doubt that this statutory obligation, which is written in the SPDs, is useful on at least two counts: Firstly, it helps greatly in the management of the programmes and, secondly, it improves decision-making and provides justifications regarding the allocation of public aid. The evaluation of implementation mechanisms and practices can be, in particular, a powerful management tool not only for the better execution of the programmes but also, more generally, for improving the functioning of public administration.

Finally, partnership is certainly not new in France and there has been a partnership relation between the State and the Regions in the negotiation and signature of planning contracts since the early 1980s. Nevertheless, the Structural Funds contributed to a widening of this partnership to include all financial recipients of the programmes. Thus, not only regions but also departments, communes and certain intercommunal institutions have been brought into this partnership. Good working relations among the partners have been helped considerably by transparent monitoring methods, such as the ones adopted in the context of the SPDs.

VII. IRELAND

1. Socio-Economic Context and the Challenge of Cohesion

Ireland is one of only three member states wholly covered by objective one status for the entire 1989-1999 period. This status reflects a set of long term and deep seated economic weaknesses exacerbated by significant problems of peripherality. Nevertheless, the period covered by this report has seen major improvements in the country's macroeconomic performance and, as discussed in Section 3, the structural funds have made a major contribution to this turnaround.

(a) *Economic Structure and Macroeconomic Performance*

Ireland's GDP per capita amounted to only 64.1% of the EU average in 1988, prior to the start of the first programming period. On a range of indicators - such as growth in GDP, unemployment and the relative sizes of the current account and budget deficits - its macroeconomic performance over the period 1984-1988 was worse than the EUR12 average; its inflation performance was somewhat better than average, but only marginally so. Unemployment was the second highest in the EU, despite relatively low labour market participation and the 'safety valve' of emigration. This reflected the long term failure of employment growth in industry and services to keep pace with the rapid growth of the labour force and the scale of the outflows from agriculture. Levels of private sector investment were also too low.

A variety of factors appear to have contributed to Ireland's longer term economic problems at this time (1988). Some of these derive from the infrastructure weaknesses and the educational underperformance of significant sections of the population as discussed below. Other factors include the high levels of public debt and the distorting taxation and social welfare system; political obstacles to reform of this system and associated uncertainties and, wage setting institutions have raised labour costs to levels which are detrimental to competitiveness.

The subsequent turnaround has been dramatic. Over the first programming period Ireland achieved the highest growth in GDP of any member state with GDP growth averaging 5% annually as compared with a Community average of 1.7%. Its inflation, balance of payments and budget deficit /GDP ratio were also better than the Community average. Subsequently Ireland has continued to achieve high levels of growth - 6.7% in 1994, 7.8% in 1995 and a forecast 6.8% in 1996. However, progress in reducing unemployment has been more limited because of growth in the labour force, the low employment intensity of the growth which has been achieved and the effects on emigration of the depressed labour market elsewhere in Europe. Unemployment fell from an average of 15.6% in 1993 to less than 13% in 1995 and is projected to fall even further.

The agricultural sector remains important in Ireland and it still employs some 10.8% of the working population (1996) and - along with the food industry - contributes 40% of the country's net exports (agriculture itself accounts for 10%). The industrial sector now accounts for some 29% of total employment (1993 figure) and, in contrast to the situation in most member states, has continued to experience some employment growth. Services employ just under 60% of the population; employment in this sector has also been increasing, although this was interrupted by the severe contraction in the latter half of the 1980s.

(b) *Cohesion Problems*

The cohesion problems of Ireland related to a large extent to four areas which were identified in the first CSF, some of which were carried forward as issues to be addressed in the second:

(i) *Agriculture, Fisheries, Forestry, Tourism and Rural Development*

Many rural areas have seen substantial outmigration - and absolute decline in their populations - because of acute problems of low incomes and a lack of alternative economic opportunities to replace those being lost through the restructuring of primary activities. The agricultural sector remains heavily dependent on the rearing of animals; the labour force is ageing and the sector has a range of efficiency problems.

Fisheries and related activity play a crucial role in the economies of a number of coastal areas and in maintaining their social fabric though the processing sector in particular is underdeveloped. Unemployment rates are often above average; there is a lack of alternative employment opportunities; outmigration and dependency ratios are high. These and related factors, such as the inadequate infrastructure, tend to greatly limit the scope to attract new activities.

Forestry is a developing area with substantial further potential but the number of jobs which it supports is currently limited and the proportion of land which is afforested (6%) is well below the EU average.

Tourism provides a substantial (7% in 1993) and growing contribution to Ireland's GDP, supporting jobs in areas where alternative opportunities are difficult to develop. Nevertheless, the sector remains highly seasonal and fragmented.

Finally, the environment represents a crucial aspect of Ireland's tourism product. Ireland's limited industrialisation means that EU air quality standards are generally met, at least outside Dublin and Cork. However, there are significant waste management problems some of which are related to agriculture pollution - associated with both the run-off of pollutants from agricultural land and pollution from point sources. In parts of the main urban centres, there are problems of physical decline typically associated with deprivation and social stress.

(ii) *Industry and Services*

Recent manufacturing growth has been concentrated on a narrow range of sectors, most notably office equipment and electronics. There is a sharp divide between the substantial, profitable and productive foreign owned sector and the relatively inefficient and uncompetitive indigenous sector. As well as low productivity the indigenous sector suffers from a range of management, marketing and product related weaknesses. Levels of R&D activity are low and the technological base is weak. Investment has been on a declining trend and is thought to be constrained by the limited availability of seed capital. Concern with the issues of competitiveness led to a fundamental review of industrial policy in the form of the Culliton report, published in 1992, and related follow-up proposals.

The services sector outside tourism also contains important weaknesses. Contrary to international experience the share of growth coming from the sector - and in particular from non-market services - has been falling. A need for a more enterprising and competitive environment in domestically traded services has been identified.

(iii) *Peripherality*

Ireland's peripheral location and its underdeveloped internal transport network increase transit times and add substantially to industrial costs, hampering the development of export markets and the process of competition. At the start of the first programming

period some of Ireland's key external gateways - such as Dublin airport - faced capacity constraints; the country had the lowest level of good quality road provision in the EU and the rail network had been adversely affected by low levels of investment. The Dublin region - which is the hub of the country's transport network - suffered, and still suffers, from major problems of congestion. The limitations of the internal transport system clearly exacerbate the problems of peripherality of areas in the west of Ireland in particular.

The combination of peripherality, population sparsity in much of the country, underinvestment and institutional problems has also affected the availability, quality and/or costs of key public services. Post and - until relatively recently - telecommunications charges have been amongst the highest in Europe. The proportions of the population connected to the water and sewerage systems are relatively low. The limited availability of indigenous energy resources means that there is a high dependence on imported energy, whilst energy intensity is also high.

(iv) Human Resources

Ireland has an unusually high proportion of young people, with just over a quarter of the population under 25 in 1994 (EU average 16%). This demographic structure - together with capacity problems in parts of the education and training system, the relatively low levels of training of much of the labour force and the scale of the country's unemployment problems - mean that human resource investment issues are a dominant policy concern.

A substantial proportion of young people now receive third level education. However, around 20% of school leavers acquire, at best, only poor qualifications. Problems of educational underperformance, early drop-out and low skill levels, which affect a substantial proportion of the workforce, are strongly associated with social deprivation and the crucial problem of long term unemployment. In 1993 nearly 59% of unemployed people had been without a job for 12 months or more. The combination of skills problems, demographic factors and limited economic opportunities also meant that nearly a quarter of all economically active young people were unemployed at this time.

Education and training related factors, along with limitations of economic opportunity, also contribute to the fact that Ireland has the lowest proportion of its working age population in employment of any EU country and one of the lowest female participation rates. This, inter alia, represents a significant loss of economic potential.

2. Community Effort

(a) Scale of EU Financial Provision

Total structural fund transfers to Ireland, amounted to Billion ECU 4.5 over the 1989-93 period with Billion ECU 5.6 allocated for the 1994-1999 period. On an annual basis this is equivalent to ECU 253 per capita per annum and ECU 262 per capita per annum in the two periods respectively. When the national and private sector spending counterparts are included the total scale of the interventions amounts to Billion ECU 10.3 and Billion ECU 10.4 respectively. In addition, Ireland received MECU 144.4 from the Cohesion Fund in 1993, with an indicative allocation of Billion ECU 1.3 made for the period 1994 - 99.

Table 1 : Analysis of interventions by Objective and Source of Funding

1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 1	10252	7382	4460	1966	1681	762	51	2922	2870	1333
Cohesion Fund ¹	166	166	144				144	22		
Total	10418	7548	4604	1966	1681	762	195	2944	2870	1333
Community Initiatives	643	569	297	242	41	13	0	273	74	
GENERAL TOTAL	11061	8117	4901	2208	1722	775	195	3216	2944	1333
annual average	2212	1623	980	442	344	155	39	643	589	267
ann.av/aver.GDP (89-93)	6,00%	4,40%	2,66%	1,20%	0,93%	0,42%	0,11%	1,74%	1,60%	0,72%

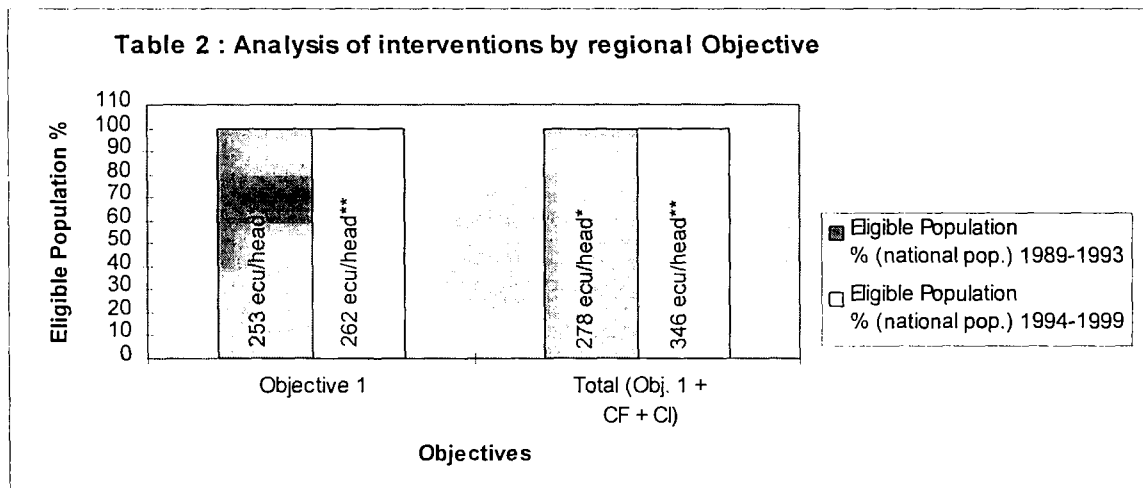
¹ Year 1993

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG/ Cohesion Fund	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 1	10383	7955	5620	2 562	1 953	1 058	47	2 335	2 428	1800 ²
Cohesion Fund ³	1530	1530	1301				1301	229		
Total	11913	9485	6921	2562	1953	1058	1348	2564	2428	
Community Initiatives	1164	1019	482					537	145	
GENERAL TOTAL	13077	10504	7403	2562	1953	1058	1348	3101	2573	
annual average	2180	1751	1234	427	326	176	225	517	429	
ann.av/GDP 1994	4,98%	4,00%	2,82%	0,97%	0,74%	0,40%	0,51%	1,18%	0,98%	

² 1993 Prices

³ Indicative



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

CF Cohesion Funds
CI Community Initiatives

To put these figures into context the annual transfers, including the Cohesion Fund and the Community initiatives, in the second period equate to some 2.8% of GDP (1994), representing in proportionate terms one of the largest transfers to any member state (after Portugal and Greece). The total scale of the interventions (both EU and national) in the second period averages some 5% of GDP.

European Investment Bank

EIB loans over the period 1989-93 amounted to MECU 500 (at 1989 prices). Total lending activities exceeded Billion ECU 1.3, of which half was associated with Community grants. Over the period 1994-99 a further Billion ECU 1.8 in EIB lending is projected, with MECU 400 already agreed for 1994 and 1995.

In the first period *EIB lending* principally related to energy projects (29%), transport (29%), telecommunications (15%), other infrastructure projects (14%), productive environment (10%) and vocational training projects (5%). In 1994 and 1995 loans have mainly related to transport and to industry - essentially in the form of credits on global loans.

(b) Channels of EU financing

Table 1 provides an analysis of the intervention by funding source for each CSF period, highlighting the overall growth in support in each case. The high proportion of support channelled through the ESF is noteworthy and reflects the significance of human resource and labour market issues as highlighted above. The EAGGF is also relatively important, reflecting the significance of the agricultural sector.

(c) Direction of Interventions

The CSF for the first period entailed a significant increase in public development expenditure over pre -1989 levels. Based upon the type of analysis set out in Section 1b above, the CSF was structured around four priorities : Agriculture, Fisheries, Forestry, Tourism and Rural Development; Industry and Services; Measures to offset the effects of Peripherality; and, Human Resources. Its measures were organised through a framework of no less than 12 Operational Programmes, with separate treatment of Regulation 1820/80 and the objective 5a measures.

The CSF for the second period involves a substantial degree of continuity. It is organised around four strategic objectives - strengthening productive capacity; investing in economic infrastructure to improve competitiveness; developing skills and aptitudes in order to meet the needs of both the productive sector and marginalised/disadvantaged groups; and, harnessing the potential of local initiatives - and nine operational programmes. Respect for the principles of sustainable development represents in effect a fifth strategic objective. The achievement of these objectives is being assisted by substantial increases in non-cofinanced domestic public expenditure in these priority areas since 1994.

Table 3 provides an analysis of expenditure under the two periods by category of intervention. The share of expenditure on human resources increases, with that devoted to infrastructure and the environment reduced. The shift in structural fund support is actually even more marked because of the increased role of the Cohesion Fund in financing infrastructure and major environmental projects.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

1989-1993			MECU, current prices
	Objective 1	Cohesion Fund	Total
Infrastructure			
Structural Funds	1027	86	1113
% of total	23,0%	60,6%	24,2%
Productive Environment			
Structural Funds	1491		1491
% of total	33,4%		32,4%
Human Resources			
Structural Funds	1695		1695
% of total	38,0%		36,8%
Environment and Physical Regeneration			
Structural Funds	210	56	266
% of total	4,7%	39,4%	5,8%
Technical Assistance			
Structural Funds	37		37
% of total	0,8%		0,8%
Total			
Structural Funds	4460	142	4602
% of total	100,0%	100,0%	

1994-1999			MECU, 1994 prices
	Objective 1	Cohesion Fund ¹	Total
Infrastructure			
Structural Funds	1035	665	1700
% of total	18,4%	51,1%	24,6%
Productive Environment			
Structural Funds	1831		1831
% of total	32,6%		26,5%
Human Resources			
Structural Funds	2470		2470
% of total	43,9%		35,7%
Environment and Physical Regeneration			
Structural Funds	74	636	710
% of total	1,3%	48,9%	10,3%
Others / Technical Assistance			
Structural Funds	211		211
% of total	3,8%		3,0%
Total			
Structural Funds	5621	1301	6922
% of total	100,0%	100,0%	

¹ DG XVI estimate of % spending on transport & the environment for the period 1994-1999. This estimate is indicative and is based on the actual commitments for 1994 & 1995.

These percentages are estimations, taken from the measures funded

It is useful to review the key elements of the interventions involved in each period.

(i) *Productive Environment*

The Industry OP for the period 1989-1993, which accounted for about 14% of EU structural funds expenditure, focused on employment creation and economic growth through the creation and maintenance of increased value added directly in the industrial sector - and indirectly in other sectors of the economy - the development of natural resources as a foundation for increased industrial development, and the promotion of regional development.

Under the current CSF 18% of the total resources available was allocated to Industrial Development measures. RTD was recognised as being a vital part of the development process and receives increased emphasis. A greater range of measures targeted at services were included as this was identified as an area particularly relevant to employment creation. A seed and venture fund and a development capital fund were initiated. Another new element in the programme is a fully-integrated sub-programme for the very important Food Industry, which represents some 30% of manufacturing industry in Ireland and is an important marketing channel for the food industry. The sub programme - which incorporates investment aid, RTD, marketing support and human resources - builds on the experience in the first period. It implements a key recommendation of the Culliton Report, picking up the theme of the need to focus on clusters of activities with the potential to develop and/or sustain competitive advantages.

Small and Medium Sized Enterprises (SMEs) - which accounts for more than 90% of all firms in the case of Ireland - received funding from the sub-programme *Irish Indigenous Industry*, and the Community's own SME initiative. Measures have also been concentrated on improving competitive capability at firm and industry level, particularly within the indigenous sector. New areas of human resource intervention are being implemented specifically in order to bolster SMEs - supporting training programmes for managers and assisting researchers to engage in industry related projects.

The *Tourism* sector programme aims to facilitate a gradual move away from a reliance on agriculture. In the second period particular emphasis is given to extending the tourist season, marketing, product development and training.

The principal objectives of the Agriculture and Rural Development measures in the CSF for 1989-1993 were to improve the quality and marketing of agricultural produce in line with marketing requirements, reorientation and enhancement of the efficiency of agricultural production, thus improving its competitiveness, encouraging farmers to farm in an environmentally friendly way and rural development, including alternative land uses and non-traditional enterprises for farmers. Policies sought to encourage the development of off-farm employment and enterprises. There was particular emphasis on the role of compensatory allowances in supporting farm incomes in the less favoured areas.

The Operational Programme for Rural Development complemented agricultural and forestry measures with a range of measures for the diversification of production, research and the promotion of the food sector, training for agriculture and fisheries, as well as the development of road and fishery infrastructures.

The current OP for fisheries has, inter-alia, increased the emphasis on the modernisation of the fishing fleet, as well as increasing funding for research facilities, dedicated fishing port infrastructure, creation of a stronger fish processing and marketing base, development of markets both at home and for export, and for the provision of necessary training.

(ii) *Infrastructure*

The primary objective of the Peripherality OP was to reduce the cost of exporting, and to improve the internal transport network. Another main objective was to support the development of industry and tourism. In the second period four-fifths of the structural fund resources allocated under the Economic Infrastructure priority are targeted at Transport Infrastructure, and two-thirds of this is devoted to roads. The remainder will be spent on, inter alia, ports and rail, including support for the development of a new light rail system in Dublin.

Expenditure was supported in the first period to address some of the country's environmental problems, particularly in relation to wastewater treatment. The Community

Initiative ENVIREG, also contributed. The OP was designed to contribute to increasing the economic development potential and structural adjustment of Ireland, as well as to protect public health and the environment.

(iii) Human Resources

In the first period ESF support was provided to eight Operational Programmes (four integrated programmes and four receiving support solely from the ESF). There was also provision for innovatory projects and technical assistance.

A feature of the first period CSF was the large investment of ESF assistance in the education and initial training systems. The Department of Education was the largest single beneficiary of ESF assistance in Ireland during this period, reflecting the very high numbers of young people coming on to the labour market each year.

Significant changes introduced in the second programming period included the following:

- Increased emphasis on improving the quality of actions with specific ESF allocation devoted to training of trainers, certification and evaluation from the outset.
- Specific (if limited) support for equality actions.
- ESF support for curriculum reforms in the second level education system to improve retention rates in the education system.
- The establishment of a new Human Resource Co-ordinating Committee to review and assess horizontal issues in relation to the education and training system in Ireland.

The total level of assistance in the second programming period represents 35% of total structural fund support. Initial education and training is now receiving approximately 42% of the ESF assistance available and measures in favour of those excluded from the labour market 24% of the assistance. The objective is to enhance, education and skill levels and the employment prospects of unemployed people, particularly the long term unemployed and persons excluded from the labour market. However, the second period also sees an increased emphasis on training in support of sectoral development objectives.

3. Results and Impacts

(a) Macroeconomic Impacts

Much of the systematic analysis of the impacts of EU interventions in Ireland has focused on their macroeconomic effects which have clearly been substantial. Estimates by ESRI suggest that the interventions in the first period will - cumulatively - raise the level of GDP by 2.6% in 1992, with the peak impact on employment being around 31,000. An analysis of the CSF for the second period, again by ESRI, suggests a potential boost to GDP of up to 9% by 1999, relative to a complete absence of the CSF. Furthermore, on the assumption that expenditure is maintained at the 1999 levels in real terms, it is estimated that by 2020 GDP could be almost 12.5% higher.

The interventions have clearly been an important factor in the substantial improvements in Ireland's macroeconomic performance in recent years which were highlighted in Section (1a). However, other factors have, of course, also been involved in this improved performance, including : the wider external economic environment, exchange rate changes - most notably the fall in the punt/sterling exchange rate in 1991/92 - domestic fiscal and monetary policies - including a turnaround in the trend of the 'tax wedge' from 1989 onwards - and, perhaps, changes in wage setting behaviour.

Against this overall background the remainder of this section reviews the outputs which have been achieved within individual areas of intervention and considers their impact where the evidence to do so exists.

(b) *Productive Environment*

Investment under the Industry programme has contributed to the development of the manufacturing and international services sector. Industrial output expanded by nearly 7% per annum over the first programming period, with similar rates of expansion in the manufacturing and building sectors. Improvements in economic competitiveness related to the moderate growth in wages and the absence of significant increases in utility charges, as well as the tax and exchange rate changes referred to above, also account for some of this improvement.

The rise in manufacturing output reduced the gap in the relative importance of the manufacturing sector between Ireland and the rest of Europe during the first period, although the improvement was due in particular to high-tech overseas owned companies. However, the indigenous industrial sector contributed, albeit at a relatively high cost, to job-creation. Although job-creation in the "foreign" sector was smaller, the "retention rate" was substantially higher (30% compared with 4%). Industrial gross job-creation during the first period 1989-93 totalled 98,900, with the number of net jobs created of the order of 12,070, most of which were in the foreign owned sector.

The new industry programme aims to build upon the efforts to create a strong and competitive industrial structure. The target is to create 20,000 jobs a year.

Area of intervention	Unit	Period 1989-1993	Period 1994-1999
Industry and R&D			
Gross job creation-direct	(numbers)	+18,000	+20,000 ¹
Value of exports	(IRL m 93 prices)	20,300	28,800
Business expenditure on R&D	(as % of GDP)	0.65	0.82
Govt. expenditure on R&D	(as % of GDP)	1.00	1.30
Value-added in industry	(IRL m 93 prices)	8,356	11,973

¹ Annual average 1994-99

Source : CSF Ireland 1994-99

As indicated, the economic importance of the tourism sector has increased markedly - from 5.8% of GNP in 1989 to the 1993 figure of 7% - with particularly strong growth in the holiday market, and this has facilitated a reduction in the extent of the dependence on agriculture. A range of other measures - notably infrastructure investment, particularly in transportation improvements - have played a supporting role. The sector has also clearly benefited from the greater concentration of Government efforts and favourable external demand. The target is to raise employment in the sector by 29,000 (32%) in the second period.

Area of intervention	Unit	Period 1989-1993	Period 1994-1999
Tourism			
Net job creation:			
- direct	(numbers)	-	+ 17,250
- indirect	(numbers)	-	+11,750
- construction	(job equivalent per annum)	-	+6,000
Percentage increase in Ireland's foreign exchange earnings % increase for EU	(ratio)	-	1,5 times
Foreign tourism revenue	(IRL m 93 prices)	1,367	1,920
Visitors in the off-peak periods	(%)	70	75

Source : CSF Ireland 1994-99

By and large Agriculture and Rural Development measures were successful in their aims. Good use was made of the *objective 5a* measures, including the Farm Improvement Programme. Some 8,600 farm plans were supported in the period - 120,000 farmers in the less favoured areas received annual payments of compensatory allowances with a total cost of 462.4 MECU. This represented some 40% of the income of the farms in question and contributed to the maintenance of employment and the rural population of the areas concerned. In the food processing sector 9 plans were approved under Regulation (EEC) No 866/90 with a view to expediting the adjustment of production, processing and marketing structures as part of the Reform of the Common Agricultural Policy. A total of 102 projects were approved under this measure with an estimated 3,363 jobs expected to result. Some 8,630 Farm Improvement Plans were completed between 1986 and 1993, with a further 14,700 still being implemented. A total of 2,030 young trained farmers received Installation Aid. The Operational Programme for the Control of Farmyard Pollution experienced a strong take up by farmers.

Investment in silage and slurry storage and winter housing for animals took place on 25,000 farms, increasing the capacity of agriculture to deal with possible pollution arising from farming. Winter housing was provided for 376,000 cattle and 304,000 sheep; there was an increase in silage storage capacity of 846,000 tonnes and 203,000 tonnes of other fodder. This was a major contribution to reducing serious pollution of water arising from agricultural areas.

A range of measures was implemented under the Forestry Operational Programme. There was a significant increase in the rate of afforestation and in particular interest by farmers and other private investors accounted for 57% of planting by 1993. In all 83,000 ha were afforested, exceeding the target of 77,500 ha. The aid for harvesting equipment helped expand harvesting capacity and equipped private contractors to carry out this work. Wood production increased from 1.5 million cubic metres in 1989 to 2 million cubic metres in 1993. Developments in the processing sector helped provide markets for this material.

The Operational Programme for Rural Development completed agricultural and forestry measures with a range of measures for diversification of production, training of farmers, research and promotion in the food sector and training for agriculture and fisheries and road and fishery infrastructures. The diversification measure provided investment aid for the first time for a number of enterprises and was most popular in the horse and agri-tourism sectors. Uptake in other sectors was uneven. Overall 2000 new entrants each year received a minimum training qualification in farming, providing a basic human resource for the future.

LEADER I complemented the Rural Development OP with an innovative bottom-up approach to rural development. This pilot action was well received by the 16 groups selected, allowing them to implement agreed business plans for their area. The groups selected activated their communities and successfully carried through their plans. An estimated 800 full-time jobs were created, making a significant contribution to employment in the rural areas selected.

Reform of the CAP took place in 1992 and started to have its effects in the first period. The change in the support system has helped stabilise markets and, with the payment in direct income support to farmers, there are substantial changes in the method of support. The Reform also introduced accompanying measures for Early Retirement, Agri-environmental measures and Afforestation. All of these different measures contributed to an increase of 24% in farm income in the period 1989 to 1994. In the second period most of these activities have continued. However, planning took place in the context of the

Reformed Common Agricultural Policy and more emphasis is put on improved quality and marketing of farm produce, diversification of production.

(c) *Infrastructure*

Between 1989 and 1993, some 307 Kms of national primary roads were improved or upgraded, along with 1700 kms of roads supporting industrial and tourism development. Facilities at Dublin, Shannon and Cork airports were upgraded. In the area of public transport, a number of renewal works took place on various rail links, notably those on the Dublin-Belfast line. Structural fund resources were used to improve handling facilities at ports, to upgrade ferry terminals and to develop bulk storage facilities. The Peripherality OP is considered a successful programme with a significant impact on the Irish economy. It is expected to add over 0.4% to GNP after 10 years and to create 9,000 jobs.

One - 1993 - study points to a 12% saving in journey times for freight vehicles on major routes where improvements have been made. A target has been set to reduce transit times on the four key road corridors by 204 minutes by the end of 1999. By the end of 1995 a reduction of 54 minutes had been achieved, with significant associated reductions in the variance of journey times. The mainline rail investment will reduce journey times on the upgraded routes by between 5% and 17%. Port investments are expected to facilitate an increase in throughput of 41% by the year 2000.

Area of intervention	Unit	Period 1989-1993	Period 1994-1999
Transport (including Cohesion Fund expenditure)			
Time savings on the 4 key road corridors	(minutes)	-	204
Degree of completion of the 4 key road corridors	(%)	35	53
Road expenditure on the 4 key road corridors	(%)	-	70
Rail revenue generated	(IRL m 93 prices)	42.8	45
Rail passenger numbers	(passengers)	7.90m	8.70m
Airport passenger and freight traffic	(passengers)	8.37m	10.93m
	(freight tonnes)	94,100	128,000
Combined port & shipping costs to users	(%)	-	- 15

Source : CSF Ireland 1994-99

The supply side impacts on the wider economy of investments under the Transport OP and Cohesion Fund (Transport) investments are tentatively estimated at a permanent increase in GNP of 1.0% by 2003 and an increase in total employment of around 14,000.

Other aspects of the infrastructure investment are also achieving significant outputs. For example, in the first period some 250 km of sewers and 166km of trunk water mains were installed and 52 sewage pumping schemes were implemented. Across a range of areas the traditional infrastructure disparities faced by Ireland are being reduced. For example, major progress is being made in increasing the proportions of households connected to the water and sewerage systems, whilst the proportion of wastewater receiving secondary treatment will rise from 14% in 1993 to 35% in 1999. By 1999 all bathing waters are expected to meet EU Directives and Ireland will have a fully digitalised telecommunications system.

(d) *Human Resources*

The interventions are making a substantial contribution to the training of Ireland's labour force, supporting the improvements in participation rates in post-compulsory education and training which are being achieved and the associated improvements in levels of qualification attained. In the first programming period over 500,000 people benefited from

courses at different levels. The Industry and Services OP trained over 250,000 people; over 7,200 people benefited from Teagasc courses supported through the Agriculture and Rural Development OP; nearly 8,400 people completed courses for long term unemployed people supported through the objective 3 OP, whilst nearly 40,000 young people received training supported under objective 4.

Evaluation of the direct impact of the interventions in favour of specific vulnerable groups (measured in terms of placement rates), showed that young people had in fact better chances of improving their labour market situation : 18 months after completion of a measure, around 50% of young participants were employed, compared to 37% of the long term unemployed. However, large dead-weight losses are to be expected for this age group, which in fact balances programme effectiveness. Another determining factor in employment changes identified by the evaluation study is educational background; after the same period of time, only 24% of young people with few or no qualifications were employed.

Participation in a measure seems therefore to increase participants chances of employment - this positive discrimination effect is more visible in the short-term; when compared to a group of non-participants with the same characteristics, programme participants had better chances of being employed in the three months after completion of the programme (placement rates being 20 to 25% higher). However, in the longer-term and for all the programmes, placement rates are almost equivalent, although employment probabilities remain higher for participants in specific measures (such as advanced skills training and enterprise support).

For the second period a set of targets has been set for participation rates and qualifications achieved through the education and training system. For example, the aim is to raise participation rates in ET in the 15-19 and 20-24 age groups from 75.2% to 85% and from 16.8% to 22% respectively, whilst the target is to raise the proportion of young people who achieve a leaving certificate from 77.4% to 90%. Some 620,000 people are expected to benefit from ESF supported measures. Some initiatives have been re-formulated to take account of previous experience and criticisms.

4. Community Contribution to the Development Process

(a) An Effective Approach to the Pursuit of Cohesion

The massive transfers of resources which are taking place are clearly making a major contribution to Ireland's economic development and the reduction of the range of disparities which have long existed compared with other more prosperous parts of the EU.

The principles of the 1988 reforms have been carried through in practice and this has produced clear benefits.

The *programming* approach has facilitated strategic as opposed to tactical planning and the external evaluators have judged that it has been a substantial improvement over the original project based approach.

Programming has also improved the certainty of funding - particularly for infrastructure and training projects where the former annual Exchequer funding arrangements were a source of substantial uncertainty. In some cases significant reprogramming and virement has been necessary. The consultants also point to a lack of coherence and consistency in the cross-sectoral programmes, although they attribute some of the problems to the overhasty formulation of the first CSF. Nevertheless, they also point to important wider benefits from the programming approach such as -greater understanding of underlying objectives; increased consistency between Community, national and regional efforts, increased transparency of assistance, greater budgetary stringency, a simplification

of procedures, improved decision making and the introduction of better monitoring and assessment procedures.

The scale of the transfers to Ireland is a practical expression of the *concentration* principle. Within Ireland concentration is being achieved both at priority level - as reflected in the emphasis on human resource development - and at a spatial level. For example, in the latter context the external evaluators' analysis shows that proportionately greater assistance has gone to the priority Gaeltacht region. In the future it is expected that the Local and Rural Development OP and the introduction of Regional Monitoring Committees will underpin this principle.

The *Partnership* principle has been especially important for the success of the programme based approach to EU funding. The approach requires a large degree of co-operation and communication in order that a balance is maintained between the pursuit of EU goals and national priorities.

The partnership principle reflected in the involvement of the social partners and the regional authorities in the preparation of the National Development Plan (1994-1999) on which the second CSF was based. Co-operation and dialogue between the Commission, the member states, the regions and other partners has developed and the active involvement of the social partners in all of the Monitoring Committees has added an extra dimension to the partnership process and is considered to have contributed to improved decision making.

The external evaluators judge that the principle of *additionality* has been respected and point to both an increase in planned actions and an acceleration in implementation.

(b) *Other Implementation Issues*

In combination with the improving domestic fiscal position which has increased the Government's freedom for manoeuvre, the interventions and the associated need to provide matching funding to absorb the doubling of transfers under the Delors I package and the subsequent increases under Delors II have played an important role in reversing the previous severe cutbacks in public sector capital investment. General government capital expenditure rose by 57% over the period 1990-1995 and this trend is set to continue. This is clearly having a powerful effect in promoting output and employment growth.

The Community's insistence on evaluation, and the Irish authorities' positive response to this, has promoted a critical assessment of the justification of actions which the external evaluators judge has made a valuable contribution to improving policy effectiveness.

VIII. ITALY

1. Socio-Economic Context and the Challenge of Cohesion

The fundamental cohesion problem in Italy is the North-South divide. It has existed for decades, but it has now increased. At present, this regional divergence is most clearly illustrated in terms of variations of GDP and unemployment.

During the 1989-1994 period, the convergence process between Mezzogiorno and Centre North was interrupted. The main development indicators, GDP per head and unemployment rates, which showed significant improvements until then, worsened during the early 90s (Tab.1). After reaching a peak in 1991, GDP per head fell during 1993-94 and dropped to below its 1989 level in 1994. The unemployment rate was higher in the Mezzogiorno than that of the Centre North by 11.6 %. The persistence of such high unemployment, especially among young people has often created poverty and a lack of hope, which contributed to strengthen the influence of organised crime.

Table 1 : GDP per head (at market prices, PPS, EUR12=100) and unemployment rates in Italian regions

	GDP per head (PPS, EUR12=100)			Unemployment rate (1) (%)		
	1980	1991	1994	1980	1991	1994
Abruzzo	86.3	92.3	86.1	8.8	10.8	9.2
Molise	73.7	75.8	71.5	9.7	15.1	16.4
Campania	69.4	71.5	66.3	12.2	21.5	21.5
Apulia	75.8	76.8	73.3	8.1	16.1	15.1
Basilicata	69.0	62.1	61.6	12.3	20.5	16.5
Calabria	58.7	60.4	56.9	15.3	23.1	21.5
Sicily	69.4	70.9	66.7	9.8	23.0	22.0
Sardinia	74.8	80.3	78.0	14.7	18.7	19.7
Mezzogiorno	71.1	73.0	68.8	11.1	19.9	19.2
Centre-North	119.8	122.1	120.7	5.4	6.5	7.6
ITALY	102.5	104.1	101.5	7.2	10.9	11.3
EUR 12	100.0	100.0	100.0	6.0	8.7	10.9

(1) From 1993 the method to calculate unemployment rates has changed and a comparison with preceding years is not possible. Source: EUROSTAT, SVIMEZ, ISTAT

The Mezzogiorno suffers from a limited industrial base, with less than 11% of labour force employed in industry (against 24% in the Centre-North). The economic structure is highly dependent on local demand as well as on public transfers, and could not take advantage of favourable conditions offered by the devaluation of the lira. Moreover ,the restrictive budgetary policies since 1992 have reduced the outstanding share of internal demand in the Mezzogiorno's economy which is heavily dependent on the public sector.

Apart from low levels of productivity, there were significant gaps in basic infrastructure compared with the Centre-North, especially in water supply, energy and communication infrastructures.

Despite the overall negative economic performance of the Mezzogiorno, there are varying situations among the different regions. The so-called "Adriatic corridor" emerged as in a better position than the rest of the south. This area is led by Abruzzi which is by now on a stable growth path and close to the national income level.

In contrast, Centre North regions are characterised by a strong export-led economy, which has helped to boost job creation, especially in the North-Eastern regions. However, there are important regional differences that should be outlined: old industrialised areas such as Tuscany and Piedmont are still confronted with a severe industrial decline and massive

job losses, while other regions (Liguria, Veneto, Marche) have fewer reconversion problems and experience positive effects from higher industrial growth.

Rural areas under Objective 5b are mainly located in well developed regions, but they still require a more balanced growth path through economic diversification, environmental protection and infrastructure endowments.

2. Community effort towards cohesion

(a) Scale of the effort

During the 1989-93 period, more than 27 billion ECU (at current prices) were devoted to Community structural interventions, including Objectives 1, 2, 3&4, 5a and 5b, Community initiatives and other previous interventions such as IMPs. Community resources (ERDF, ESF and EAGGF) amounted to around 11,9 billion ECU, or 43% of total investment. National public funds accounted for about 41% of this total, and private funds about 16%.

Table 2 : Analysis of interventions by Objective and Source of Funding
1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	17615	16265	8504	5539	1926	857	182	7760	1350	8053
Objective 2	2027	949	387	272	115			562	1079	605
Obj. 3 & 4 (apart from Obj. 1)	2021	2006	903		903			1103	15	
Obj. 5a agric. (apart from Obj. 1)	1756	1340	493			493		847	416	
Obj. 5a fish. (apart from Obj. 1)	300	175	106				106	70	125	
Objective 5b	1615	809	360	146	38	175		449	806	
PIM outside Obj. 1	1424	971	452	31	54	129	238	519	453	816
Total	26758	22515	11205	5989	3036	1654	526	11310	4243	10283 ¹
Community Initiatives	667	667	667	495	134	39				
GENERAL TOTAL	27425	23182	11872	6484	3170	1692	526	11310	4243	10283 ¹
annual average	5485	4636	2374	1297	634	338	105	2262	849	2057
ann.av/aver.GDP (89-93)	0,63%	0,53%	0,27%	0,15%	0,07%	0,04%	0,01%	0,26%	0,10%	0,24%

¹ Including an additional 810 MECU for Obj. 2 and Obj. 5b regions combined.

1994-1999

MECU, 1994 prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	32439	25187	14860	9 660	2 739	2 228	233	10 327	7 252	1732 ³
Objective 2 (1994-1996)	2109	1759	684	542	142			1075	351	
Objective 2 (1997-1999)²	6202	2137	778	617	161			1359	4065	
Obj. 3 & 4 (apart from Obj. 1)	3811	3669	1715		1715			1954	142	
Obj. 5a agric. (apart from Obj. 1)	2211	1861	681			681		1180	350	
Obj. 5a fish. (apart from Obj. 1)	381	223	134				134	88	158	
Objective 5b	4714	2238	901	369	122	410	0	1337	2475	
Total	51866	37073	19753	11188	4879	3319	367	17320	14793	
Community Initiatives	6466	3817	1898					1920	2649	
Objective 1	4147	2448	1217					1231	1699	
Others	2320	1370	681					689	951	
GENERAL TOTAL	58333	40891	21651	11188	4879	3319	367	19240	32235	
annual average	9722	6815	3609	1865	813	553	61	3207	5373	
ann.av/GDP 94	1,13%	0,80%	0,42%	0,22%	0,09%	0,06%	0,01%	0,37%	0,63%	

² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.

³ 1993 prices.

Total funds represent, on annual average terms, more than 0,6% of GDP at national level and more than 3% of GDP of the Mezzogiorno.

In the 1994-99 planning period, total resources devoted to structural interventions have more than doubled, amounting to around 58.3 billion ECU (at 1994 prices). However, in annual terms, the increase is somewhat smaller (+83%).

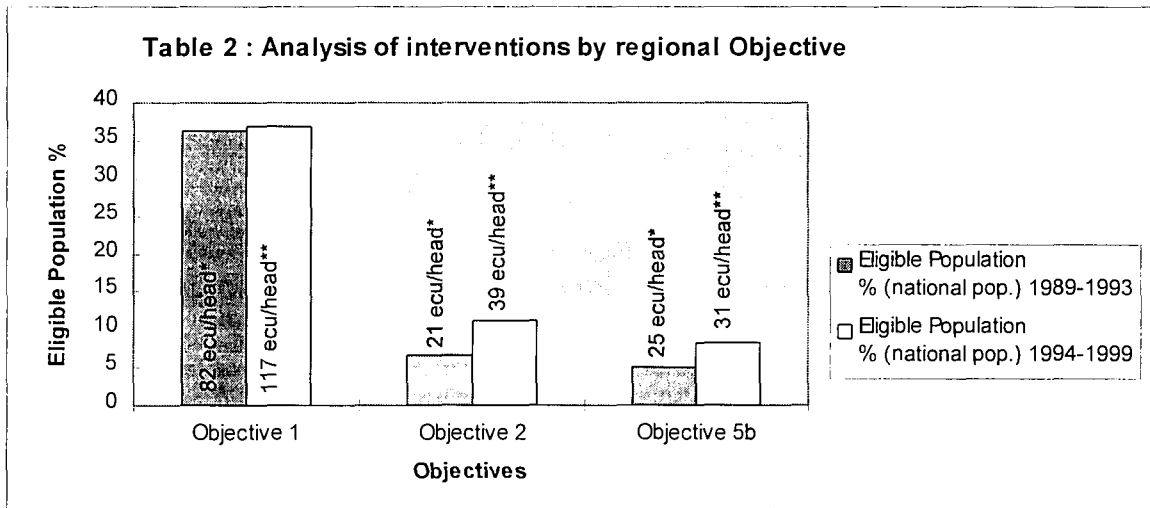
Total Community funds amounted to 21.6 billion ECU, corresponding to 37% of the total cost. Private funds play a major role compared to the previous period, accounting for nearly 30% of the total cost.

In relation to GDP, this represents, in average annual terms, about 1.1% at national level. Considering only structural funds, this proportion increases from 0.27% to 0.42% of GDP between the two periods.

Total funds allocated in Objective 1 regions in the 1989-93 period through the CSF corresponded to more than 21% of total national development expenditure allocated in the same areas and increased to 27% in the 1994-99 period. (Detailed information regarding the Community interventions is presented by regions and for the Community initiatives in annex.)

(b) Channels of EU financing

The distribution of funds (excluding Community Initiatives) between Centre-North and the Mezzogiorno shifted in favour of the former, with 38% of the resources (against 33% over the previous period). This could be explained by higher level of cofinancing (especially private funding) in Objective 2 and 5b regions. Considering only Structural funds, this distribution is unchanged relative to the previous period (around 75% of funds concentrated in the Southern regions). These funds equals to an annual transfer of 117 ECU per head, against 82 ECU per head in the previous period.



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

Compared to 1989-93, total investment is more than 4 times higher in Objective 2 regions (including 1997-99) and almost 3 times in Objective 5b. As a consequence, allocations per head, on a yearly basis, have increased in these areas, i.e. respectively from 21 to 39 ECU in Objective 2, and from 25 to 31 in Objective 5b.

There are also some significant variations in the relative importance of each funding source, in particular ERDF (from 56% to 53%), ESF (from 26% to 24%) and EAGGF (from 15% to 17%).

(c) *Direction of the interventions*

Table 4 provides an analysis of Structural funds by broad category of expenditure. Overall, between the two periods, there has been a shift away from infrastructure support (from 18% to 14%) to assistance to the productive sector (from 41% to 49%) and human resources (from 25% to 28%).

Table 4 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

1989-1993

MECU, current prices

	Objective 1	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	PIM outside Obj. 1	Total
Infrastructure								
Structural Funds	1882	89				68	19	2057
% of total	22,1%	23,0%				18,9%	4,1%	18,4%
Productive Environment								
Structural Funds	3344	59		493	106	201	374	4577
% of total	39,3%	15,3%		100,0%	100,0%	55,9%	82,8%	40,8%
Human Resources								
Structural Funds	1838	69	903			51		2861
% of total	21,6%	17,9%	100,0%			14,2%		25,5%
Environment and Physical Regeneration								
Structural Funds	1409	164				34	58	1665
% of total	16,6%	42,4%				9,3%	12,8%	14,9%
Technical Assistance								
Structural Funds	33	5				6	1	45
% of total	0,4%	1,4%				1,6%	0,3%	0,4%
Total								
Structural Funds	8504	387	903	493	106	360	452	11204
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

1994-1999

MECU, 1994 prices

	Objective 1	Objective 2 (1994-1996)	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	not divided Obj. 2 97-99	Total ¹
Infrastructure								
Structural Funds	2553	22				7		2582
% of total	17,2%	3,2%				0,8%		14,2%
Productive Environment								
Structural Funds	7168	313		680	134	667		8962
% of total	48,2%	45,8%		100,0%	100,0%	74,0%		49,3%
Human Resources								
Structural Funds	3184	204	1715			119		5222
% of total	21,4%	29,8%	100,0%			13,2%		28,7%
Environment and Physical Regeneration								
Structural Funds	1867	134				96		2097
% of total	12,6%	19,6%				10,6%		11,5%
Others / Technical Assistance								
Structural Funds	88	11				13		112
% of total	0,6%	1,6%				1,4%		0,6%
Not divided (Obj.2 97-99)							778	
Total								
Structural Funds	14860	684	1715,05	680	134,4	901	778	18974
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%		

¹ % of total excluding Obj. 2, 97-99

These percentages are estimations, taken from the measures funded

Under Objective 1, the strategy chosen for the current planning period strongly differs from the past. Major support has gone to the productive sector, in particular to industry (grants), which constitutes the bulk of interventions under CSF (more than one third of total

funds). Infrastructure expenditure decreases significantly, and is mostly concerned with transports (roads and rail).

According to data on additionality, CSF has made the largest contribution of funds in the productive sector (62% with respect to national public expenditure less Structural Funds). Human resources grows in CSF, but decreases in national expenditure either in absolute and relative terms.

A greater emphasis on indigenous potential has also been given under other regional initiatives. In Objective 2 programmes, nearly 50% of available funds are allocated to support and promote SMEs, through grants, business services and small scale infrastructure projects. In Objective 5b, a broad range of interventions has been used to promote diversification and development of non agricultural sectors, which account nearly for 75% of available funds.

European Investment Bank

It is also worthwhile mentioning that EIB interventions complement these mainstream programmes through an increasing support to regional development. Total loans allocated to Objective 1 regions will rise from 8bn ECU during 1989-93 to more than 9 bn ECU over the 1994-99 period. In these regions, most of the lending activity up to 1993 has gone to industry, energy and telecommunications (about a third each). In Objective 2 and 5b regions, 80% of the funding has been devoted to industry, followed by energy (9%) and transports (7%). More attention is now being given to investments in the transports sector under Objective 1 and the energy sector under Objective 2.

3. Results and impacts

Objective 1

Community policies partly contributed to sustain global demand in this area but, being designed as supply side policies, their overall impact on short-term economic performance was rather small as a significant part of additional demand leaks to the Centre North and the rest of the European Union. However, their role in sustaining investment levels in the area have significantly increased in the last few years after the repeal of the Intervento Straordinario and the consequent decrease in national expenditure flows in the area.

The investment-GDP ratio was in 1994 17.2 % in the Mezzogiorno against 16.1 % in the Centre North. This means that the CSF ensured that lagging regions would maintain investment at a higher level than the more developed regions.

According to recent macroeconomic studies, taking into account the recession effects and the Maastricht requirements, Community interventions will continue to have an important impact on investment (0.72 % per year), whilst effects on GDP and employment will be more limited, notably because of the important leakage effects into the Northern regions.

The estimated impact of the 1989-93 CSF (based on actual expenditure) is a 1.1% reduction in unemployment. If annual temporary jobs are added to new permanent jobs, the annual CSF contribution to employment increases to 29.300 jobs, but is far from compensating the massive loss of employment (400 thousands) between 1992 and 1994.

The contribution of the community policies in endowing the Mezzogiorno with basic infrastructures and in improving the quality of production factors (human resources, R&D) was rather significant.

Substantial fund investment has gone to major infrastructure projects which will have an immediate impact on the standard of living as well as on business.

In the energy sector, CSF brought about a broad extension of the natural gas distribution network, which now covers almost 75% of the population in the southern regions.

Modernisation of telecommunication networks enabled the reduction of the waiting time of new telephone installations by 30%. Under the STAR programme, major progress has been made in constructing advanced telecommunications networks such as a broadband network with more 3,000 km of optical fibre cable installed covering all southern regions. Being linked to this programme, Telematique supported the demand of advanced telecommunications services through more than a hundred SMEs projects as well as forty projects in regional administrations and other public bodies.

Environment infrastructure, especially water supply, will remain a key priority for the future. Under the 1989-93 CSF, water supply has increased by 34% in the Mezzogiorno, reducing the gap with national average by 10%. But despite these investments, huge improvements are still required in this sector.

In industry, Community support for business investment incentives, which represented 20 % of total grants allocated in the Mezzogiorno, provided assistance to about 2000 SMEs and generated more than 10000 new jobs. The aid scheme in favour of "young entrepreneurs", under Italian Law 44/86, supported the creation of more than 400 SMEs. Despite this effort, the productivity gap with the Centre-North has increased, mainly because of the low performance of the construction sector which plays a key role in the Mezzogiorno. Moreover, the lack of selectivity in favour of the most innovative or export oriented SMEs constitutes a major issue, given the low impact of financial grants on the manufacturing sector.

In the tourism sector, CSF support has helped to upgrade tourist facilities, with over 15.000 new beds created. But this sector suffers from a lack of integrated strategy taking account of the diversity of natural resources and cultural heritage.

Regarding agriculture, this plays an important role in the Mezzogiorno economy, accounting for 6,2% of GDP against 3,7% at national level. In terms of employment, it contributes to 14,5% of total employment in the Mezzogiorno against 8,5% at national level and 5,5% at Community level. The 8 southern regions include 54% of agricultural holdings in Italy.

The productivity gap with the centre-North was reduced over the period 1989-93. This result is largely due to the successful Multiregional programmes which proved to be effective in transferring innovative production methods to local farms. However, the overall impact of Community interventions in this area was limited by the weak results obtained by regional programmes, which have been delayed until 1997.

Human resources interventions concerned, during the 1990-92 period, more than 370 thousand people taking part in training courses, of which 50% are unemployed. Assistance was also used to provide young people and long term unemployed with recognised qualifications in the sectors of agriculture, craft, tourism and business services. It has also been devoted to support training initiatives for the employed. For instance, in Basilicata and in Calabria, the share of employed training rose from 22% to 49% between 1989 and 1993. Small businesses and other target groups such as women or disabled people were insufficiently involved, and most of these interventions were for in-house training.

However, the economic impact of the 1989-93 CSF, though it will be visible only in the medium-long term, was hampered by the relative administrative inefficiency which affected the Southern regions as well as institutional constraints such as the repeal of the Intervento Straordinario which left a power vacuum and delayed the implementation of the programmes.

In this context, the current CSF will play a more important role, not only because of the increased amount of resources but also by a stronger emphasis on indigenous development and SMEs creation. To the extent that this strategy is effective, this would contribute to a reduction by 13.6% in the industrial productivity disparities between the Mezzogiorno and Centre-North, together with a net increase of 50.000 employees in the manufacturing sector.

Furthermore, the CSF will also increase basic infrastructure in transport, water and environment. For example, by 1999, substantial progress will be made on the upgrading of the railways network, especially on electrified lines (+4% of total) and double track lines (+3%). Training programmes will be directed to increase significantly the participation rates to secondary school and to alleviate long term unemployment and social exclusion which are particularly prevalent in the Mezzogiorno.

Table 5 : The 1989-93 and 1994-99 CSFs (Objective 1) - Some key outputs

	Actual data 1989-93	Planned data 1994-99
1. Annual CSF total investment (MECU)	3520.8	5407.0
2. Productive sector (%)	40.1	58.1
3. Economic infrastructures (%)	40.9	31.7
4. Human resources (%)	18.5	9.8
5. Infrastructure priorities	Energy, water and environment	Transport, water and environment
6. Main output (infrastructures)	Energy: 522 municipalities covered by gas distribution Telecom.: reduction in waiting time for new teleph. installation: -30%	- Rail: 487 Km. - Motorway: 50 Km. - Water distributed: 700 mio m ³ /year
7. Main output (productive sector)	- SMEs financed: 2,670 - New enterprises: 74 - New jobs (estimates): 9,900	industrial employment :+50000 units (i.e. +6.4%) value added per labour unit : +13.8% (relatively to the Centre-North level). new enterprises: 160
8. Main output (Human resources)	- Total trained persons: 378884 of which 50% unemployed	- Increase in intermediate level training measures : +20.5% - Long term jobless trained (%): +0.9 - Workers trained (%): +1.0

Other Objectives

On the other hand, the non-objective 1 structural interventions took place in a different territorial context which is characterised by an increasing cohesion in Centre-North regions. In recent years, the North-Eastern regions recorded the best performance and transformed many rural areas into industrial districts. These regions reached per capita GDP and employment levels of the old industrialised regions of the North West, where most of the objective 2 areas are concentrated.

Objective 2

The de-industrialisation process, which characterised these areas since the 80s has slowed down during the 90s and has not caused a dramatic socio-economic slump, though some regions (Piedmont, Tuscany) are still experiencing an industrial decline. But, globally, in 1995 industrial employment levels have improved in most Objective 2 regions.

During the 1989-93 period, it is estimated that these programmes have helped to create or safeguard more than 48.000 thousands jobs. In net terms, the largest impact can be attributed to the SMEs assisted (about 3.000). The high number of trainees (about 35.000), suggests also a high impact of ESF interventions, but these are strongly concentrated (more than half of trainees in Piedmont being mostly associated with the R&D sector).

Community interventions were effective in favouring the industrial conversion process but did not fully succeed in completing the conversion of old industrialised areas, which is a long term process and will require large investments. Support to the industrial adaptation of SME based areas encountered less conversion problems and boasted a more favourable regional environment. In these areas, the reconversion process could be completed in the next few years. Some successful cases such as Genova, Valle d'Aosta, Prato and Pesaro Urbino confirm the validity of the local strategy and overall Community approach.

Objective 3 and 4

Objectives 3&4 were more effective in the Northern regions than in the Mezzogiorno. One of the most important effects of these programmes was the reinforcement of the intermediate level training measures according to EU orientations and enhancement of the existing regional training provisions. Attention was also devoted to disadvantaged social groups, which represented an important innovation and this allowed experimentation with new forms of training, which has become more important in the current training programmes. The main limitation of these programmes was their mismatch with sectoral and territorial labour market trends, which requires constant monitoring as well as a stronger involvement of the private sector to adapt these policies to local needs.

Regarding the current programming period, more than 900 thousand beneficiaries are expected to benefit from Objective 3 measures over the period 1994-96. No specific outputs are specified for Objective 4 over 1994-96, as these will be defined at regional level. However, Objective 4 will become a key element for adult training, in that no continuing training system currently exists and the programmes aim to establish such system.

Objective 5a

The priority and impact of the measures varies in different regions, although investment aid to farms and compensatory allowances are in general the two most important measures. During the period 1990-1993, a growing priority was given to the encouragement of young farmers: 13.500 farmers received setting-up aid, with a EAGGF, contribution of about 26 MECU for this type of interventions. The breakdown of the total amount of investments planned shows a priority for investments livestock housing and land improvement.

Between 1989 and 1993, the EAGGF granted about 56 MECU for compensatory allowances in Italy (outside Objective 1 regions). In fact, only 9% of the eligible holding in less-favoured areas benefited from this aid (figures of 1994).

The support of investments for processing and marketing of agricultural products in an important measure to modernise and improve the structures of processing and marketing. The objective is to ensure lasting economic advantages for farmers. During the period 1989-1993, about 617 investment projects benefited from this measure (including Objective 1 regions). They represented a total investment volume of 1,294 MECU. Community Funds contributed 225 MECU (outside Objective 1) and 389 MECU (including Objective 1 regions).

For the current period 1994-1999, the total Community contribution for the implementation of 5a-measures agriculture in Italy amounts to 681 MECU. More than 45% of this amount is intended to be allocated to investment aids for agricultural holdings and compensatory allowances; 27% are foreseen as investments aids for the processing and marketing of agricultural products.

As far as structural fisheries is concerned, their inclusion under Objective 5a has led to substantial changes in programming such as specific interventions for technical assistance and protected marine areas. However, more attention will have to be given to the

creation of new jobs for those who will be made redundant after the fishing capacity reductions.

Objective 5b

The Community programmes under Objective 5b made a positive economic contribution, by supporting and accelerating structural changes in these areas following a sustainable approach. In Veneto, for example, financial grants were used not only to increase the farms' profitability and to improve rural infrastructures, but also to reduce the environmental impact of agricultural production and to preserve the landscape. Diversification of economic activities as well as the improvement of environment and of quality of life have been the two major items of the programmes.

Considering that statistics are not available on a local basis, the impact of the 5b programmes can be estimated on the basis of provincial trends. The decline in agricultural employment in the Objective 5b provinces, from 12.2% to 9.4% between 1988 and 1992, has been compensated by the diversification initiatives and job creation in other sectors and thus had no negative influence on the regional economic performance. During the period 1989-93, it is estimated that about 7,500 jobs have been created and 33,000 jobs safeguarded. On the basis of the provincial indicators, it seems that disparities between Objective 5b provinces and Centre North have been reduced in terms of value added per capita. Nevertheless, it has to be stressed that the provincial average hides disparities between the rich and well developed plains and the deep rural areas in the mountains and peripheral areas.

Concerning the 1994-99 period, it is estimated that Italian programmes will help to create about 22,500 jobs and to safeguard some 97,000 jobs.

4. Community contribution to the development process

(a) An effective approach to the pursuit of cohesion

Although the main financial effort is carried out in the Mezzogiorno, especially through measures aimed at widening its productive base to reduce the high unemployment levels, specific interventions in Objective 2 and 5b regions have also contributed positively to support structural changes and economic diversification in these areas and hence promote greater cohesion.

The influence of Community policies is not limited to financial aspects, but also benefited planning and organisational procedures. During a period of great institutional changes, national and regional institutions were pushed to augment their planning effort and to improve their implementations procedures. In the Centre-North regions, community innovations such as territorial concentration significantly influenced national policy and Objective 2 areas have been adopted in national regulations. These innovations only partially modified national reconversion strategies, but permitted important improvements in planning and implementation mechanisms.

However, in the Italian programmes, the importance given to investments did not always ensure effective impacts. Serious delays have incurred in the implementation of most programmes, and the ability of Community assistance to stimulate additional investment was then reduced.

Additionality remains a key problem in Italy. According to the latest estimates provided by the national authorities, CSF funds rose more rapidly than total public expenditure, relatively to the previous period. If this latter does not increase accordingly in the next years, the additionality principle might not be respected.

As a consequence of the repeal of the *Intervento Straordinario*, policy implementation has also shifted towards regional and local administrations, reducing the role of central government and promoting the increased involvement of local actors.

Moreover, this increase of administrative responsibility was necessary to make Community interventions more efficient in terms of strategies and instruments. Many innovations have been introduced: the improvement of R&D actions, especially in Objective 1, the emphasis on business services, the reinforcement of secondary training, support to young farmers, preservation of environment in rural areas, promotion of local development, effective use of global grants.

The overall effect of these innovations was a shift away from financial grants to a more integrated approach, and an increased ability to face the broader issues of cohesion. More generally, Community actions have raised awareness about the need of a permanent improvement of the competitive environment. The most dynamic regions are well prepared for this cultural transformation, but this process will take time to spread tangible results across the whole institutional system.

(b) *Other implementation issues*

One of the main priority tasks of Italian authorities is to deal with the *absorption* issue. Following the 1995 agreement ("intesa") between Mrs Wulf-Mathies and Mr Masera, new bodies responsible for operational support to Community Interventions (the so-called "Cabine di Regia") have been set up to overcome the implementation difficulties encountered so far.

The opportunities offered by technical assistance will also be exploited at a larger scale. The scope will be broadened to include the management of projects and measures which would reduce the burden of public administration and introduce more effective implementation mechanisms. This will also require clear working procedures and co-ordination mechanisms between administrations and external experts.

To increase its effectiveness, Monitoring Committees will be assisted by a permanent Evaluation group, which will supervise on-going evaluations and help decision making within these Committees.

IX. LUXEMBOURG

1. Socio-economic context and the challenge of cohesion

The relative position of the Grand Duchy of Luxembourg within the EU is very good, with the main economic indicators being better than the EU average. More specifically, in terms of GDP per head, Luxembourg has improved considerably its position in relation to the EU average (100) moving from 125 in 1988 to 160 in 1993. Moreover, the unemployment rate was only 4% in December 1995 against an average of 10.9% in the EU and the annual rate of inflation was in 1996 also less than half the corresponding EU average, standing at 1.1% against 2.8% for the EU.

The good condition of Luxembourg's national economy is the result of a successful long effort at restructuring and reconversion, which has involved Community interventions, in particular in the context of the European Pole Development programme.

Nevertheless, despite the overall excellent health of the economy, there are still some problems remaining, which demand attention. These are the following:

- 1) The tendency for depopulation in rural regions, which can be arrested only by the support and maintenance of economic activity and employment opportunities in these regions.
- 2) The difficulty of insertion into the labour market, that is faced by certain disadvantaged socio-economic groups.
- 3) The problems of reconversion faced by the regions in which the iron and steel industry was located.

2. Community effort in financial assistance

The scale of EU financial provision has increased by nearly a third between the 1989-93 and the 1994-99 periods, rising from 77 MECU to 102 MECU. As a percentage of GDP, on an annual average basis, EU assistance has moved from 0.17% in the 1989-93 period, to 0.15% in the 1994-99 period. Taking into account both the national public counterpart and the financing provided by the private sector, the totality of funds mobilised in the context of structural interventions on an annual average basis, amounted to 0.45% of the average annual GDP in the 1989-93 period rising to 0.49% in the 1994-99 period. (Table 1)

Table 1 : Analysis of interventions by Objective and Source of Funding

1989-1993

MECU, current prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2	37	32	12	11	1			21	5	
Obj. 3 & 4	25	25	11		11			14	0	
Obj. 5a agric.	108	103	29			29		74	5	
Obj. 5a fish.	0	0	0	0	0	0	0	0	0	
Objective 5b	12	10	3	1	0	2		7	3	
Total	183	170	55	12	12	31		116	12	24¹
Community Initiatives	22	22	22	21	1					
GENERAL TOTAL	205	193	77	33	14	31	0	116	12	24¹
annual average	41	39	15	7	3	6	0	23	2	5
ann.av/aver.GDP (89-93)	0,45%	0,43%	0,17%	0,07%	0,03%	0,07%	0,00%	0,26%	0,03%	0,05%

¹ Obj. 2 and Obj. 5b regions combined. 1993 prices.

1994-1999

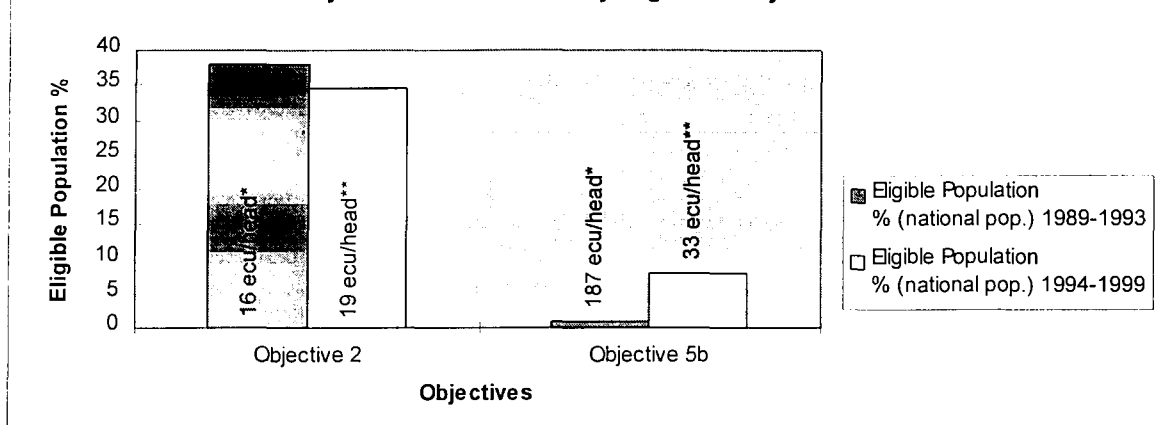
MECU, 1994 prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2 (1994- 1996)	21	17	7	6	1			10	4	
Objective 2 (1997- 1999) ²	24	19	8	7	1			11	5	
Obj. 3 & 4	49	48	22		22			26	1	
Obj. 5a agric.	143	137	39			39		98	6	
Obj. 5a fish.	4	1	1				1		2	
Objective 5b	26	20	6	3	1	2		14	5	
Total	266	243	83	16	24	41	1	160	23	
Community Initiatives	76	57	20					37	19	
GENERAL TOTAL	341	300	102	16	24	41	1	198	41	
annual average	57	50	17	3	4	7		33	7	
ann.av/GDP 94	0,49%	0,43%	0,15%	0,02%	0,04%	0,06%	0,00%	0,28%	0,06%	

² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.

The Structural Funds' interventions aim at Objectives 2, 3, 4, 5a and 5b. The regional Objectives (2 and 5b) cover among themselves 42.6% of the total population, marking a rise from 40% in the previous period. The importance of the Structural Funds not only with regard to eligible population but also in terms of annual average expenditure per head and as a proportion of total public expenditure, is shown for each programming period by Table 2 (detailed information in annex).

Table 2 : Analysis of interventions by regional Objective



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

The allocation of the Structural Funds in terms of broad categories that can be found in all CSFs (infrastructures, productive environment, human resources, environmental and physical regeneration and, finally, technical assistance), is indicative of the main direction taken by the Community effort in the pursuit of cohesion. Table 3 below shows the distribution among these broad categories in each of the two programming periods.

Finally, detailed information regarding the Community interventions is presented by regions and for the Community initiatives in annex.

Table 3-1 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

	1989-1993					Total
	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	
Infrastructure						
Structural Funds					0,5	1
% of total					17,9%	0,9%
Productive Environment						
Structural Funds	1		29		2	32
% of total	7,8%		100,0%		71,4%	58,2%
Human Resources						
Structural Funds	1	11			0,3	12
% of total	4,3%	100,0%			10,7%	22,4%
Environment and Physical Regeneration						
Structural Funds	10				0	10
% of total	85,2%				0,0%	17,9%
Technical Assistance						
Structural Funds	0				0	0
% of total	2,6%				0,0%	0,5%
Total						
Structural Funds	12	11	29		3	55
% of total	100,0%	100,0%	100,0%		100,0%	100,0%

1994-1999

	MECU, 1994 prices						Total ¹
	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	not divided Obj. 2 97-99	
Infrastructure							
Structural Funds					2		2
% of total					36,2%		2,8%
Productive Environment							
Structural Funds	1		39	1	2		43
% of total	14,3%		100,0%	100,0%	41,4%		58,3%
Human Resources							
Structural Funds	2	22			1		24
% of total	21,4%	100,0%			13,8%		32,1%
Environment and Physical Regeneration							
Structural Funds	5				1		5
% of total	64,3%				8,6%		6,7%
Others / Technical Assistance							
Structural Funds	0				0		0
% of total	0,0%				0,0%		0,0%
not divided(Obj.2 97-99)						8	8
Total							
Structural Funds	7	22	39	1	6	8	82
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

¹ % of total excluding Obj. 2n 97-99

These percentages are estimations, taken from the measures funded

3. Results and impacts

In presenting the effects of the Community effort at promoting cohesion, the various channels through which aid was provided, as well as the role of the EIB, are considered separately.

Objective 2 & Community Initiatives

The most prominent outcome for Objective 2 and Community Initiatives Resider, Interreg I and Stride is the success of the European Development Pole (a transborder programme between Luxembourg, France and Belgium). This has resulted in the creation of 1,682 jobs, exceeding by nearly 70% the target set. It has also resulted in 116 ha of site development and the creation of an agency for the diffusion of technological innovations (Stride).

In the 1994-99 period, the expected results include the creation of 700 jobs and the development of 94 ha of land. It is worth noting that by March 1996, progress towards the realisation of these targets had reached 339 jobs and 56 ha. Moreover, the Community Initiatives will continue to contribute to cross-border co-operation, SMEs (15 owner/managers trained, 35 audits planned) and key sectors of the economy (Resider and Konver).

Objectives 3 and 4

Expenditure on these objectives was equal to one-seventh of the Structural Funds in the 1989-93 period. This allowed 18% of the unemployed (other than handicapped) to participate in actions cofinanced by the ESF in 1990-92. In 1994, this proportion rose to 23%, while for the long-term unemployed over 25 years of age, the corresponding proportion reached 47%.

In the 1994-99 period, the estimated total number of persons participating in ESF cofinanced programmes is estimated at 4,779. This is a rise of about 84% over the corresponding figure in the preceding period. It is also expected that more than four-fifths of the total number of beneficiaries will complete the training courses and that 78% of them will find employment.

Objective 5a

This Objective absorbed 38% of the Structural Funds in the 1989-93 period and 39% in the 1994-99 period. This shows clearly the importance of agriculture in the Community assistance programmes. Nearly half of the aid (48.3% of EAGGF-Guidance) was directed to compensatory payments and more than a quarter (27.9%) was used for the support of productive investments.

Compensatory payments for the support of agricultural activities in disadvantaged zones were provided each year to approximately 2,700 agricultural holdings between 1989 and 1993. During the same period, 529 investment plans presented by young farmers for the modernisation of their farms were approved.

The structural actions also contributed to the improvement of processing and marketing of agricultural products (5.5% of total aid), mostly in the sectors of wine and potatoes. Finally, assistance was provided for the setting-up of about 5,000 young farmers (18.3% of total aid).

Objective 5b

In the context of Objective 5b, which absorbed 4% of the funds provided by EAGGF-Guidance between 1989 and 1993, there was support to 50 projects relating to the infrastructure of economic activities. Half of these were in the sectors of agriculture and sylviculture, while nearly two-fifths were in tourism and the remainder in the restoration of industrial buildings and the preservation of the architectural heritage.

In the 1994-99 period, investment in economic and environmental infrastructure includes 29 projects in the preservation of cultural heritage and 26 in tourist accommodation. The creation of 40 km of forest paths is also planned. Finally, 960 persons will benefit from training while aid will be provided to the productive investment planned by 44 firms.

4. Community contribution to the development process

The Community structural interventions have addressed effectively the problems that characterise the economy of Luxembourg and the main quantitative results have been presented above. It is worth noting here the important support given to innovatory industrial projects in the context of Objective 2 actions; the introduction of the concept of "insertion course" and the novel efforts for workers' continuing training, in Objectives 3 and 4; the initiation of support for fish-farming in the present period of Objective 5a programmes; and, finally, the emergence of an integrated rural development policy in the context of Objective 5b.

In relation to this latter point, it may be noted that the Objective 5b programme has encouraged local participation and, particularly, the co-operation of national and local institutions. These benefits of greater participation and co-operation are evident, to a greater or lesser extent, in the whole range of Community interventions. It may also be noted that the Community action has greatly contributed to the integration of different policies in various areas and has resulted in the acceleration of their implementation. This is particularly the case with new projects that were capable of generating novel types of jobs and employment.

As regards the principles underlying the 1988 reform of the Structural Funds, they contributed to institutional improvements that increased the effectiveness of public investment. The principles of concentration and programming resulted in management practices that were, on the whole, new for the public sector and improved the effectiveness and efficiency of the programmes. Finally, the partnership principle encouraged better dialogue and co-operation among all parties interested in the success of the programmes.

X. THE NETHERLANDS

1. Socio-Economic Context and the Challenge of Cohesion

The Netherlands is one of the most prosperous member states. However, a number of areas and social groups face particular difficulties and receive structural fund support, albeit on a comparatively modest scale. The total proportion of the population living within areas covered by regional objective status is, however comparatively low (12.9% and 24.1% in the two programming periods respectively). A new Objective 1 region (Flevoland) covering 1.4% of the total population was designated for the second programming period; three Objective 2 regions covering 9.9% of the population were designated for the first period with two further regions added for the second period, raising the proportion of the population covered to 17.3%. Only Friesland (with 3% of the total population) was designated under Objective 5b for the first period, but four further regions were added for the second period, raising the proportion of the population covered to 5.4%. National Objective 3, 4 and 5a programmes have operated over both periods.

(a) Economic Structure and Macroeconomic Performance

The level of GDP per head was 102% of the EU average in 1988 (index 100) and has remained at a similar level subsequently (103% in 1993). Growth at the start of the first period was strong but fell virtually to zero in 1993 before recovering to a level of around 2.5% pa over the last two years. Currency appreciation and a slowing of growth in neighbouring countries means that growth is again tailing off in 1996. Nevertheless inflation is subdued at less than 2%; short term interest rates have declined and are now below German levels; the budget deficit remains just over 3% of GDP; the trade balance remains in surplus. However, though unemployment declined from an average 7.6% in 1994 to around 7%, it has shown signs of edging upwards as employment growth has slowed.

Some 30% of all employment in the Netherlands is now part-time as a result of the association between part-time job growth in services and growing part-time labour market participation by women.

(b) Cohesion Problems

The cohesion problems of the Netherlands relate to issues of inequality between regions; inequalities between social groups, related to difficulties of social integration and access to the labour market; and the challenge to rural areas of maintaining levels of activity and the incomes of their populations. In contrast, levels of provision of infrastructure are generally high.

Flevoland was granted Objective one status for the second programming period on the basis of its relatively low Gross Regional Product per head. Consisting of land reclaimed in the 1930s and traditionally dominated by agriculture and fisheries, the region has not been able to generate sufficient employment opportunities to meet the needs of a fast growing population, especially in the new urban centres of Lelystad and Almere.

The three regions eligible for Objective 2 in both periods (Groningen/Drenthe, Twente and South-Limburg) and the two new regions for the second period (Arnhem/Nijmegen and South-east Brabant) suffer from a range of employment problems linked to the restructuring of their relatively large industrial sectors.

As elsewhere, a range of social groups face special difficulties in relation to access to employment, including : young people; long term unemployed people, migrants, those with disabilities and women. For example, the unemployment rate for young people amounted to over 17% in 1988; between 46 and 49% of unemployed people were out of work for more

than a year in the first period; unemployment rates amongst people of non-Dutch origin were as high as 37% in 1993.

The agricultural sector faces a range of issues linked to changing social requirements such as environmental protection and animal welfare. The fishing fleet is modern and efficient but has continuing problems of overcapacity.

Friesland, the only Objective 5b area for the first period, suffers both from substantial dependence on agriculture and the lack of diversity of this sector which is heavily dependent on dairy related activities. The four new areas for the second period comprise parts of Groningen/Drenthe, Overijssel, Zeeland and Limburg.

2. Community Effort in financial assistance

(a) Scale of EU Financial Provision

As Table 1 shows, the total public interventions in the first period amounted to MECU 2018, with structural fund transfers totalling MECU 813.3. The second period has seen a dramatic increase in both the scale of the interventions (+373%) and the transfers involved (+322%).

Support under Objectives 3 and 4 comprised almost half of the transfers in the first period, with support under Objective 2 (23%) the other substantial element. This emphasis is reflected in the balance of spending by fund, within which the ESF accounts for no less than 63.4% of the first period transfers.

Spending on the new Objective 1 programme - which represents around 12% of public expenditure in the region - is an element in the growth in spending in the second period but support under all objectives is much higher. The role of the ERDF in particular has expanded but the ESF still accounts for over half of the support committed.

Table 1 : Analysis of interventions by Objectives and Source of Funding

	1989-1993									
	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 2	592	472	165	106	59			307	120	134
Obj. 3 & 4	1096	1065	405		405			659	32	
Obj. 5a agric.	426	215	79			79		136	211	
Obj. 5a fish.	116	76	43				43	34	40	
Objective 5b	122	101	33	13	6	14		68	21	8
Total	2353	1929	724	119	470	93	43	1205	424	142
Community Initiatives	89	89	89	66	23					
GENERAL TOTAL	2441	2018	813	185	493	93	43	1205	424	142
annual average	488	404	163	37	99	19	9	241	85	28
ann.av/aver. GDP (89-93)	0,21%	0,17%	0,07%	0,02%	0,04%	0,01%	0,00%	0,10%	0,04%	0,01%

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB ³
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	959	691	150	80	40	22	9	541	268	80
Objective 2 (1994-1996)	924	769	300	206	94			469	155	
Objective 2 ² (1997-1999)	1078	897	350	240	110			547	181	
Obj. 3 & 4 (apart from Obj. 1)	2863	2842	1079		1079			1763	21	
Obj. 5a agric. (apart from Obj. 1)	756	497	118			118		379	259	
Obj. 5a fish. (apart from Obj. 1)	128	84	47				47	37	44	
Objective 5b	592	511	150	82	18	51		361	81	
Total	7300	6290	2194	608	1340	190	56	4096	1010	
Community Initiatives	1686	1244	422					822	442	
Objective 1	32	24	8					16	8	
Others	1654	1221	414					807	434	
GENERAL TOTAL	8986	7535	2616	608	1340	190	56	4919	1451	
annual average	1498	1256	436	101	223	32	9	820	242	
ann.av./GDP 94	0,53%	0,45%	0,15%	0,04%	0,08%	0,01%	0,00%	0,29%	0,09%	

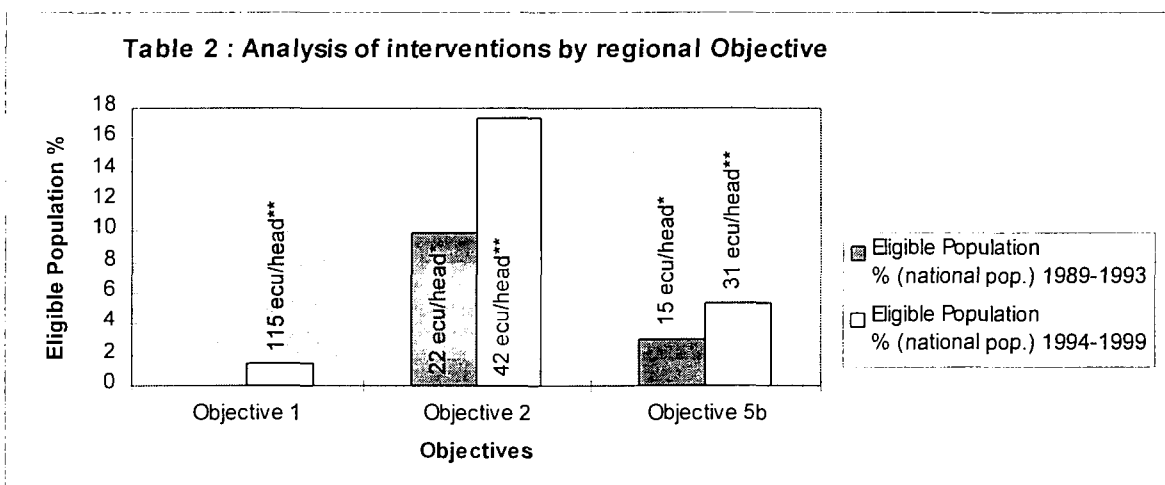
² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.

³ 1993 prices.

The structural Funds intervention aim at Objectives 2, 3, 4, 5a and 5b in both periods and, in addition, Objective 1 in the 1994-1999 period.

The regional Objectives (1, 2 and 5b) cover among themselves 24.3% of the total population, marking a rise from 12.9% in the previous period.

The importance of the Structural Funds not only with regards to eligible population but also in terms of annual average expenditure per head is shown for each programming period by table 2 (detailed information in annex).



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

THE NETHERLANDS

The allocation of the Structural Funds in terms of the broad categories that can be found in all CSFs (infrastructures, productive environment, human resources, environmental and physical regeneration and, finally technical assistance), is indicative of the main direction taken by the community efforts in the pursuit of cohesion. Table 3 below, shows the distribution among these broad categories in each of the two programming periods.

The major foci of support are productive environment - reflecting the importance of job creation objectives in most programmes - and human resources, reflecting the emphasis on assisting particular priority groups.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

1989-1993							
MECU, current prices							
	Objective 1	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	Total
Infrastructure							
Structural Funds		24				2	26
% of total		14,7%				6,7%	3,7%
Productive Environment							
Structural Funds		37		79	43	15	173
% of total		22,4%		100,0%	100,0%	45,4%	23,9%
Human Resources							
Structural Funds		72	405			9	486
% of total		43,6%	100,0%			26,8%	67,1%
Environment and Physical Regeneration							
Structural Funds		28				7	34
% of total		16,9%				19,8%	4,7%
Technical Assistance							
Structural Funds		4				0	4
% of total		2,4%				1,2%	0,6%
Total							
Structural Funds		165	405	79	43	33	724
% of total		100,0%	100,0%	100,0%	100,0%	100,0%	

1994-1999								
MECU, 1994 prices								
	Objective 1	Objective 2 (1994-1999)	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	not divided Obj. 2 97-99	Total ¹
Infrastructure								
Structural Funds	31	31				1		63
% of total	20,7%	10,5%				0,7%		3,2%
Productive Environment								
Structural Funds	56	100		118	47	94		415
% of total	37,3%	33,3%		100,0%	100,0%	62,8%		20,6%
Human Resources								
Structural Funds	40	113	1079			17		1249
% of total	26,7%	37,8%	100,0%			11,5%		62,1%
Environment and Physical Regeneration								
Structural Funds	5	46				36		87
% of total	3,3%	15,4%				23,8%		4,3%
Others / Technical Assistance								
Structural Funds	18	9				1,8		29
% of total	12,0%	3,0%				1,2%		1,4%
Not divided (Obj. 2 97-99)							350	350
Total								
Structural Funds	150	299	1079	118	47	150	181	2193
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	

¹ % of total excluding Obj. 2, 97-99
These percentages are estimations, taken from the measures funded

Finally, detailed information regarding the Community interventions is presented for the Community initiatives and by regions in annex.

European Investment Bank

Not being eligible under Objective 1 and receiving only limited structural fund aid, the Netherlands was not a specific focus of EIB interventions in the first period. Nevertheless, MECU 142 was lent. In the second period, the EIB has planned loans of 80 MECU for the Objective 1 region (Flevoland) and in the first two years it has already lent 11 MECU. Moreover, 42 MECU are to be provided to Objective 2 regions during 1994 and 1995.

3. Results and Impacts

The diversity of the outputs and impacts from the interventions reflects the diversity of the actions which are being supported. The most important results are related to the creation of employment in the Objective 1 and 2 regions and the human resource development associated with the Objective 3 and 4 programmes since, as indicated, this is where the majority of the support has been focused. Table 4 summarises the principal results - actual or projected - which can be identified.

Table 4 : Principal Results of the Interventions 1989-1999

	1989-1993	1994-1999
Objective 1		
Employment created		15,000
Nos. helped via employment subsidies		5,000
Objective 2		
Employment		
- temporary	1,180 (3 regions 1989-91)	6,165 (5 regions)
- created	2,000 (2 regions 1989-91)	4,615 (5 regions)
- preserved		17,660 (5 regions)
HA of land converted	32 developed 13.5 serviced 190 with improved accessibility	total 1,651
Enterprise aided	1,821 (3 regions 1989-91)	3,625 (5 regions)
Objective 3 and 4		
Beneficiaries	61,270 (1992)	167,000 (Obj 3) 100,000 (Obj 4)
Obj 5b		
Employment Created	Friesland 139	Friesland 7,100 - 9,100 (created) Zeeland 150 Overijssel 820 (temporary) 375 (created) 310 (saved) Groningen/Drenthe 1,720 (created) 1,600 (preserved)
Numbers of farmers advised	Friesland 830	

Objective 1

The strategies of the various interventions respond to the issues identified in Section 1. The strategy for the new Flevoland Objective 1 region is based upon stimulating sustainable indigenous development in order to address the present over-dependence on other regions for economic opportunities and the associated problems of underdevelopment. The Regional Plan concentrates on five clusters of economic activities. Ninety-five percent of all expenditure on productive environment in the region is in the context of the Objective 1 programme for Flevoland.

The overall objectives for the current Flevoland programme include : increasing Gross Regional Product per capita from its position of 78.1% of the EU average in 1991 to

85% of the average; generating annual average growth in employment 3% greater than the national figure, increasing to net employment growth by at least 15,000; increasing gross value added per worker at an annual rate 2% greater than the national average; maintaining an overall unemployment rate below the national average and reducing sub-regional unemployment disparities. Monitoring reports suggest that by March 1996 the projects so far approved will create some 10,460 jobs (6,720 of which will be direct employment and 3,740 indirect), representing almost 70% of the overall programme target.

Objective 2

In the second period the Objective 2 regions are pursuing reconversion strategies based upon research and development, transport, SME development, tourism and environmental improvement with a clear goal of job creation. In the case of the three regions which were also eligible under Objective 2 in the first period, the new SPDs involve a significant reinforcement of the measures in relation to SME development, the environment and technology.

Evaluation evidence suggests that the Groningen/Drenthe and South Limburg programmes for the 1989-91 period had substantial direct employment effects. However, the estimates for the latter programme at least are clearly not net effects; conversely, they make no allowance for induced effects. In addition to the tabulated impacts on employment and industrial sites, the Groningen/Drenthe and South Limburg programmes are estimated to have levered in nearly MECU 230 in investment. As indicated, the current Objective 2 programmes are expected to create or save over 22,000 jobs, as well as provide substantial amounts of temporary employment. Over 1,650 ha of land will be serviced, improved or developed and some 3,625 enterprises will be aided. The intermediate evaluation of the 1994-96 SPD for Twente points to a wide variety of expected results from the projects approved, including: 42 ha of industrial land developed, 400 ha of industrial land connected to a new telematics network as a result of the construction of 20 km of new high speed lines, nearly 7,900 workers trained (compared with the 6,000 forecast) and 2,325 unemployed people having followed a training course.

Objective 3 and 4

The actions in relation to human resources in the first period were developed around two priorities : aids for employment and training for long term unemployed and young people to combat inequalities and reduce social exclusion. A similar strategy is continued in the second period.

As shown in Table 4, in 1992, 61,270 unemployed people were trained or benefited from employment aids under schemes co-financed through the Objective 3 and 4 programmes, representing 10% of all unemployed people. Some 54% of the people trained under Objective 3 and 60% of those trained under Objective 4 found employment. In comparison with unemployed people who did not receive such training, the evidence points to a 9% improvement in the probability of finding employment as a result of Objective 3 training and a 3% increase under Objective 4. This probability increases to 15% - 28% for some groups which face particular difficulty in securing employment, such as handicapped people.

This evidence suggests a high degree of durability of the employment benefits from the ESF supported interventions. Some 45% of those receiving training under Objective 3 and 54% of those trained under Objective 4 remained in employment 18-24 months later, whilst 87% and 75% of those benefiting from employment aids under the two objectives respectively were still in the jobs after a similar period.

For Objective 3, in the period 1994-1999 over 167,000 people will benefit from ESF funded actions of whom 110,000 will be trained. It is expected that the vast majority of these will secure employment.

Objective 5a

Assistance under Objective 5a agriculture measures is principally concerned with accelerating the conversion of agricultural structures within the framework of the reforms to the CAP. It involves a variety of actions in relation to support for modernisation and improvement, installation of young farmers, payments to farmers in less favoured areas (a minor element in the case of the Netherlands) and support for marketing and processing activities. Aid for the fisheries sector under Objective 5a is concerned in particular with support for processing and marketing, as well as reductions in the size of the fleet.

The measures have contributed to the production and marketing of higher value added products, diversification, securing product development and improvement, as well as environmental improvements. Aids for the improvement and modernisation of production benefited some 3,400 farms - reducing production costs, particularly within the milk and horticulture sectors. Compensation payments in the less favoured areas were on only a modest scale but benefited the farms concerned and helped to safeguard the landscape. The Objective 5a fisheries measures are seeking to reduce the capacity and power of the fleet by 36% and 15% by 1996 relative to 1993 levels.

Objective 5b

In relation to the Objective 5b programmes Community support aims : to maintain the agriculture and horticulture sectors, stimulate research, boost enterprise creation, develop tourism potential, improve the environment and enhance the skills base.

In the Friesland Objective 5b area, the first period programme is estimated to have involved the improvement of 280 ha of natural and recreational areas, the improvement of 127 ha of forest, advice for 830 farmers and the creation of around 139 jobs. The new period programmes are expected to involve substantial employment creation (Friesland 7,100-9,100; Overijssel +375, Groningen +1,720, Zeeland 1,050), as well as the preservation of further jobs (Overijssel +310, Groningen/Drenthe +1,600), and an increase in farm incomes (Zeeland +5 to +10%) and an increase in tourist visits (Limburg +43,000).

Community initiatives

Community initiatives expenditure in the first period was low (62 MECU from the Structural Funds with the exception of Interreg I (30 MECU). The 1994-1999 period witnessed a considerable increase (229 MECU) with Interreg, Adapt, Employment, Konver, Resider, Urban, SME, Leader, Pesca.

4. Community Contribution to the Development Process

As indicated, Community expenditure has primarily contributed to the development of human resources, especially amongst groups facing particular difficulties in the labour market, as well as the development of the productive environment in the 'objective' regions. These resources have speeded the implementation of the policies concerned and enhanced their overall scale.

The principles of the structural fund reforms have been fully implemented and this has produced significant benefits. *Programming* has from the outset been a cornerstone of the approach to the use of structural fund resources in the Netherlands. The combination of *concentration* and programming has enlarged the alternatives available to tackle regional problems, as well as providing a guarantee of continuity. *Partnership* has also always been

a strong feature of the approach, with the regional authorities having a lead role in the design and implementation of the programmes. This has developed since 1993 with the inclusion of the social partners in the Monitoring Committees and the involvement of a wider range of partners in the formulation of the current programmes.

The principle of *additionality* has generally been carefully observed, although there have been cutbacks in national spending in the area of Objective 3. Monitoring information is presented quarterly and annually and evaluation is assured by a mechanism including the three phases of evaluation (*ex post*, *in itinere* and *ex post*).

XI. PORTUGAL

1. Socio-economic Context and the Challenge of Cohesion

Portugal is one of only three member states wholly covered by objective 1 status over the entire 1989-99 period. This reflects its position as one of the least developed member states, the continuing existence of a range of disparities relative to EU norms and the presence of - often related - barriers to more rapid economic growth. On a range of indicators Portugal's situation has shown a pattern of long term improvement. The EU interventions covered by this report have been playing an important role in maintaining and in many cases accelerating these trends.

(a) *Economic Structure and Macroeconomic Performance*

Prior to the start of the first programming period in 1988, Portugal had a level of GDP per capita only 56.5% of the EU average (pps basis). Strong growth in 1989 and 1990 was followed by a slowdown - brought about by a combination weakening growth in export markets and currency appreciation, with GDP actually showing a decline in real terms in 1993. Even so, significant real convergence was achieved over the first programming period as a whole with GDP per capita reaching 67.9% of the EU average by 1993. Subsequently the economy has recovered, albeit fairly slowly, and GDP growth will be around 2.5% in 1995, 96 and 97.

The price discipline brought about by a stable escudo and the efforts to meet the Maastricht budget deficit criterion have led to a steady decline in inflation (with consumer price inflation down to 4.1% in 1995), falling interest rates and a reduction in public borrowing (the general government deficit was reduced to 5.1% of GDP in 1995). The current account deficit fell to close to balance in 1995. Investment has been growing at some 5% p.a. after falling sharply during the recession.

The labour market situation has however been deteriorating. Recorded unemployment, which has traditionally been relatively low, has been rising - reaching 7.4% in 1996. This has been the result of the combination of relatively rapid growth in the labour force and the difficulties in achieving sufficient growth in other sectors to offset the decline in primary employment.

The primary sector remains particularly important, presently accounting for some 11% of employment in Portugal and for 5% of gross value added. The share of industry in total employment is above 30% but the sector is heavily specialised in traditional, 'low-tech' labour intensive activities such as textiles, clothing and footwear. The tourism sector is particularly important, accounting for around 8% of GDP but market services are strongly underrepresented.

(b) *The Challenge of Cohesion*

The character and underlying causes of Portugal's economic problems are well understood and are discussed in both the first and second CSFs. They can be considered under the three headings of infrastructure, productive environment and human resources.

(i) *Infrastructure*

Portugal is naturally disadvantaged by its peripheral location within Europe and this makes its transport and communications infrastructure an issue of particular significance. However, the strategic road network is poor, with levels of motorway provision only a third of the EU average. The road safety record is much the worst in the EU. The substantial and increasing concentration of economic activity within the western and southern coastal belts and rising car ownership mean that there are significant problems of congestion in some

areas, particularly the main cities of Lisbon and Porto. The sparsity of population in the interior helps account, along with problems of topography, for the underdeveloped internal road network in this area which, in turn, contributes to the difficulty of generating economic activities outside agriculture.

The rail network is comparatively extensive but the lack of investment in the past has meant that its quality is relatively poor. External links are a particular issue for the islands making up the autonomous regions of the Azores and Maderia but some of their airports require significant investment.

A considerable investment is going into the development of the telecommunications system but Portugal still has the lowest density of telephone lines in the EU and the penetration rate remains low in some regions. Despite the growth in digitalisation the number of faults remains relatively high.

Portugal has a high dependence on imported energy in general and on oil in particular. Energy prices are high which clearly has implications for competitiveness and the effects of this are exacerbated by the relatively high energy intensity of industrial production. Connections to the public water supply system are well below the EU average and the quality of the supply is an issue in some areas. Although the situation is improving, the proportion of the population connected to a waste water treatment is low and other aspects of the waste management system are deficient. As a result water pollution is a significant issue, with a substantial proportion of beaches not meeting the standards set by EU directives.

(ii) Productive Environment

As noted, in sectoral terms industrial activity is excessively focused on low-tech patterns of specialisation. The dominant sectors are overwhelmingly composed of SME's and have only limited growth prospects. In spatial terms the concentration of industrial activity in the coastal areas is an important source of regional imbalances.

Industrial productivity remains low but has been rising and there have been some successes in developing more advanced sectors. However, the competitiveness of the industrial sector as a whole has been declining because of rising unit labour costs, whilst potential competition from lower cost centres of production elsewhere represents an important threat to the continuing viability of the more labour intensive activities. A range of factors, as well as the infrastructure and human resource problems (discussed below), are limiting industrial growth. These include : the weaknesses of the technological base which, inter alia, reflects the continuing very low levels of investment in R&D; issues of quality, marketing and product design; and, the weaknesses of the available support services. Underlying many of these problems is the limited size and spending power of the domestic market which constrains the scope to develop sectors which can compete successfully in export markets.

Despite the importance of tourism, the sector exhibits a range of problems as is indicated by the declines in number of nights stay and expenditure per visitor. The agricultural sector, which still provides the base of the rural economy of Portugal, has a range of problems. Levels of productivity and incomes are low, partly reflecting problems of underemployment. Difficulties within this sector arise from natural disadvantages, as well as factors such as : the structure of land holdings, the age and lack of training of farmers; lack of investment; weaknesses of the distribution system; and, the lack of support services.

The forestry sector has been severely affected by fires in recent years. The fisheries sector is crucial to a number of disadvantaged regions where alternative economic opportunities are limited but, like much of the rest of the economy, it presents a range of competitiveness problems.

(iii) *Human Resources*

Portugal's labour force presents a range of educational and training weaknesses which are linked to wider problems, such as the lack of entrepreneurial skills and industrial performance problems more generally. Although improvements were being made, prior to the first programming period in 1988, some 13.5% of the population was illiterate, 89% of the 25-64 year old economically active population had no more than a first level education (EU average 17%); only 6% had received a second-level education (EU average 67%); and, only 5% had received higher education (EU average 15%). Participation rates in post-compulsory (15-17) secondary education and in higher education at 24% and 7% remained, and still remain, well below the levels of the northern countries.

Addressing these problems has had to involve confronting a range of constraints associated with limitations on numbers of places, particularly in secondary and higher education, weaknesses in aspects of the education system and the underdeveloped nature of both the initial and continuing training systems - which in turn derives partly from the dependence of the economy on SME's.

The rapid changes which Portugal is undergoing is creating a wider range of social and economic problems. Unemployment is growing, particularly in metropolitan areas (especially Lisbon), as primary sector employment falls and young people migrate to the coastal areas. Young people are disproportionately affected by unemployment (14% compared with the overall average of 5.5% in 1993) and by long term unemployment. Long term unemployment generally has been increasing (amounting to 58% of all unemployment in 1991).

2. Community Effort

(a) *Scale of EU Financial Provision*

Total structural fund transfers to Portugal, including Community Initiatives and Cohesion Fund, amounted to Billion ECU 9.46 over the 1989-93 period with Billion ECU 17.64 allocated for the 1994-1999 period. On an annual basis this is equivalent to ECU 191 per capita per annum and ECU 297 per capita per annum in the two periods respectively. When the national and private sector spending counterparts are included the total scale of the interventions amounts to Billion ECU 18.94 and Billion ECU 31.79 respectively.

To put these figures into context the annual transfers in the second period equate to some 4% of GDP (1994 level), whilst the total value of the interventions is equivalent to 7.2% of GDP on the same basis. In each period expenditure linked to the interventions represented over half of all public expenditure in Portugal on the areas concerned. In the first period EU transfers amounted on average to 32% of all public expenditure on these areas, rising to 40% in the second period.

In addition EIB loans over the period 1989-93 amounted to Billion ECU 5.1. The total value of loans projected for the second period amounts to Billion ECU 6.1; some Billion ECU 2.4 was loaned in 1994 and 1995.

Tables 1 and 2 provide an analysis of the intervention by funding source for each CSF period, highlighting the overall growth in support in each case. All three main funds - and in the second period the Cohesion Fund are heavily involved, reflecting the importance of labour market issues and agriculture, as well as infrastructure and industry. (Detail information, in annex).

Table 1 : Analysis of interventions by Objective and Source of Funding

1989-1993

	MECU, current price									
	Total CSF	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	17399	13426	8451	4441	2209	1341	460	4976	3973	512
Cohesion Fund ¹	335	335	285				285	50		
Total	17734	13761	8736	4441	2209	1341	745	5026	3973	512
Community Initiatives	1212	1114	725	619	78	27		389	98	
GENERAL TOTAL	18945	14875	9460	5060	2286	1369	745	5415	4071	512
annual average	3789	2975	1892	1012	457	274	149	1083	814	102
ann.av/aver.GDP (89-93)	6.15%	4.83%	3.07%	1.64%	0.74%	0.44%	0.24%	1.76%	1.32%	1,66 ^c

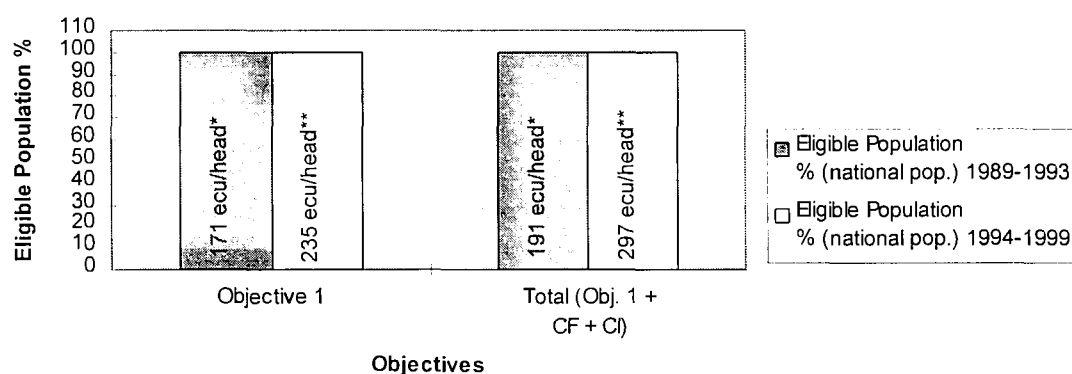
¹ Year 1993

1994-1999

	MECU, 1994 price									
	Total CSF	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG/ Cohesion Fund	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	26678	20037	13980	8724	3149	1894	213	6057	6642	6100
Cohesion Fund	3061	3061	2601				2601	460		
Total	29739	23098	16581	8724	3149	1894	2814	6517	6642	
Community Initiatives	1791	1536	1048	852	88	90	18	488	255	
GENERAL TOTAL	31530	24633	17629	9576	3237	1984	2832	7005	6897	
annual average	5255	4106	2938	1596	539	331	472	1167	1149	
ann.av/GDP 1994	7.11%	5.56%	3.98%	2.16%	0.73%	0.45%	0.64%	1.58%	1.56%	

² 1993 prices

Table 2 : Analysis of interventions by regional Objective



* Annual average Community public expend per head ECU, current prices (1989-1993)

** Annual average Community public expend per head ECU, 1994 prices (1994-1999)

CF: Cohesion Funds - CI: Community Initiatives

(b) Channels of EU funding

The CSF for the first programming period was structured around a framework of six priorities : creation of economic infrastructures with a direct impact on balanced economic growth; support for productive activity and directly related infrastructures; development of human resources, improving the competitiveness of agricultural and rural development;

industrial conversion and restructuring; and, exploiting the growth potential of regions and local development.

The CSF for the second period sets as overall long term objectives : the need for self-sustained growth to be founded on changes in the structure of the economy and employment compatible with developments on the international markets; and, the need to emphasise measures intended to improve the quality of life at the same time as bringing about changes to ensure economic competitiveness. The intention is to reduce regional disparities within Portugal, to improve productivity and to boost employment. The four priorities are: developing human resources and employment; improving economic competitiveness; improving the quality of life and social cohesion; and, strengthening the regional economic base.

The strategy involves a substantial degree of continuity with the first CSF. Particular stress has been placed on maintaining funding for education and the environment in the face of national budgetary constraints. A new integrated approach to urban renewal is introduced. Infrastructure investment places particular stress on the development of trans-European networks. The industrial strategy places particular stress on increasing competitiveness.

The interventions in the first period were delivered through a framework of more than 60 operational programmes though this was rationalised to 16 programmes for the second period. In the first period most (75%) of the budget was allocated to sectoral programmes with the remaining quarter allocated to specific programmes covering the five mainland and two island regions.

Table 3 provides an analysis of structural fund interventions in each period by category of intervention. This suggests substantial continuity between periods, although there is some fall in spending related to the productive environment in the second period with a sharp increase in spending on environment and physical regeneration, no doubt reflecting the growth in Cohesion Fund spending on environmental projects.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

1989-1993			MECU, current prices
	Objective 1	Cohesion Fund	Total
Infrastructure			
Structural Funds	2154	161	2315
% of total	25.5%	56.7%	26.5%
Productive Environment			
Structural Funds	3188		3188
% of total	37.7%		36.5%
Human Resources			
Structural Funds	2204		2204
% of total	26.1%		25.2%
Environment and Physical Regeneration			
Structural Funds	316	123	438
% of total	3.7%	43.3%	5.0%
Technical Assistance			
Structural Funds	589		589
% of total	7.0%		6.7%
Total			
Structural Funds	8450	284	8734
% of total	100.0%	100.0%	

		1994-1999		MECU, 1994 prices
		Objective 1	Cohesion Fund	Total
Infrastructure				
	Structural Funds	3090	1380	4470
	% of total	22.1%	53.0%	27.0%
Productive Environment				
	Structural Funds	4992		4992
	% of total	35.7%		30.1%
Human Resources				
	Structural Funds	4110		4110
	% of total	29.4%		24.8%
Environment and Physical Regeneration				
	Structural Funds	1056	1221	2277
	% of total	7.6%	47.0%	13.7%
Others / Technical Assistance				
	Structural Funds	732		732
	% of total	5.2%		4.4%
Total				
	Structural Funds	13980	2601	16581
	% of total	100.0%	100.0%	

¹ DG XVI estimate of % spending on transport & the environment for the period 1994-1999. This estimate was based on the actual commitments for 1994 & 1995.

These percentages are estimations, taken from the measures funded

(c) *Direction of the Interventions*

Some key aspects of the interventions are considered briefly below.

(i) *Infrastructure*

The development of the roads network, in particular through the PRODAP roads programme, has been an important focus. Most of the investment has been going into improvements in the national road network including the improvement of major international communication axis such as Porto - Valença and Faro-Huelva, as well as support for multi-mode urban systems. The Cohesion Fund is now playing an increasingly important role in financing the development of the highway network - including major trans-European links, such as Lisbon - Spain - and other aspects of the transport infrastructure, including electrification of the Lisbon - Porto and Beira Alta rail lines.

The development of external links to address Portugal's problems of peripherality is also being given significant priority. The first period has, for example, seen investment to increase harbour capacity at Lisbon and Leixões. Major investment has also been directed to increasing the capacity of Lisbon, Porto and Faro airports.

A range of other actions relating to the telecommunications system, the energy sector (in particular the development of a natural gas distribution network), the water and sewerage networks and healthcare infrastructure are also being supported.

EIB loans to date have largely related to industry (37%), transport (29%), telecommunications (16%) and energy (16%).

(ii) *Productive Environment*

The first CSF allocated MECU 930.9 to the six PEDIP programmes, the largest of which concern : incentives for productive investment, basic infrastructure, technological infrastructures and training. The new CSF includes total support of MECU 1,426 and MECU

235 of ERDF and ESF support for industry - mainly for risk capital, innovation and internationalisation of firms, as well as strategic projects.

Support, for the primary sector under both CSFs is mainly oriented to the productive system, with the main lines of support within the PEDAP and PEF programme relating to irrigation, the livestock sector and forestry. Aids given in the framework of the Council Regulations (EEC)2328/91 on improving the efficiency of agricultural structures are also important sources of support whilst other programmes - including the Envireg (environment) and Interreg (border areas) Community Initiatives, the POERCCA programme and the various regional programmes, also have an impact on agriculture.

The primary objectives being the achievement of the fleet capacity reduction targets set out in the Portuguese Multi-Annual Guidance Programme (MAGP) and the restructuring and modernisation of the fleet together with the processing and marketing mechanisms for fisheries products.

(iii) Human Resources

The first CSF has seen an important and consistent programme to develop education (PRODEP), several operational programmes to promote training and the CIENCIA programme focused on the development of the R&D sector. The proportions of resources devoted to initial education in the two programming periods are 30% and 32% respectively; 14% and 9% are devoted to R&D; and, 56% and 59% are devoted to continuing training and employment support. Three disadvantaged groups - handicapped people, women and emigrants - have received particular support.

Over the first period the proportion of the GDP allocated to education and training has increased from 4.2% to 5.4%, reflecting the increased priority it has been receiving.

3. Results and Impacts

(a) Macroeconomic Impacts

A number of studies of the actual impact of the interventions in this first programming period and the prospective impacts of those being undertaken in the second period have been undertaken. One study based upon input-output modelling techniques - and by implication considering only demand side effects - suggests that the first period interventions added some 0.5-1% to the growth rate of GDP, added about 2% to the growth in gross fixed capital formation and created around 80,000 jobs. Efforts to model supply side effects suggests rather smaller short run impacts but point to a more powerful continuing stimulus to long run growth.

Based again on input-output modelling techniques, the second CSF suggests that the impact of the second period interventions will be to raise GDP growth by 0.7% pa and to create some 100,000 new jobs.

Current estimations suggest that by 2000 Portugal could have a level of GDP per head of some 74% of the EU average. This would imply convergence of over 17 percentage points over the two programming periods together, with approaching 40% of the real convergence achieved in each period attributed to the structural funds.

(b) Infrastructure

The primary road and motorway networks developed considerably over the first programming period, increasing by 22% and more than doubling in extent respectively. Some 40% of these improvements were the result of Community co-financing. Over the second period the continuing priority accorded to improvements in the road network should

lead to a further increase of more than a quarter in the primary road network and to almost a doubling of the extent of the motorway system.

Over the first period journey times by road between Lisbon, Porto and the other major urban centres were reduced by around 30%. Over the second period an overall index of accessibility - representing a weighted average of journey speeds from a reference point to the district capitals, ports and frontiers - should be improved by nearly 10%.

Some 15% of the rail network in existence in 1989 was improved over the first period as a result of the interventions. The second CSF is more ambitious with the density of the network expected to increase by around 50% and the extent of the electrification of the system increasing from just under 15% to over 40%. Journey times from Lisbon to Porto, Vilar-Formoso and the Algarve will be reduced by 25%, 30% and 45% respectively.

Substantial progress has been made in developing the telecommunications network. Over the first programming period the number of telephone lines per 100 inhabitants increased from 18.8 to 33.1, with 10% of the increase attributable to the interventions. A further increase to 43.1 lines per inhabitant is forecast by 1999. The extent of digitalisation increased from only 2% in 1988 to 59% in 1993 and the system is expected to be fully digitised by the end of the current period. One impact of modernisation has been a reduction in average waiting times for new connections from 315 days to 60 days over the first period, with wait times projected to fall to only 2 days by 1999.

In the energy sector the construction of new central generating capacity (thermoélectrique) during the first period represented 43% of the increase in capacity between 1988 and 1993. In the second period 600km of gas main will be installed, contributing both to the development of the trans-European network and to the diversification of sources of supply in Portugal. By the end of the Millennium natural gas will be contributing 7.5% of the country's energy consumption. In overall terms dependence on oil will be reduced from an estimated 76.8% in 1991 to between 60% and 65% in 1999.

The efforts to enhance the water supply and sewerage systems are also having a significant impact. The proportion of the population connected to a potable water supply has increased from 61% in 1988 to 82.6% in 1993 and is expected to reach 95% in 1999. In the three years to 1993 the rate of connection to the sewerage system increased from 55.3% to 64.5% and should reach 90% by 1999.

In the health sector significant investment went into the construction (3 units), modernisation (2 units) and equipment (243) of hospitals in the first period. In the second period 11 new hospitals will be constructed and 8 others modernised. This investment, which will increase bed capacity by nearly 8% compared with 1989, is being complemented in the second period by an ambitious training programme for medical personnel. The improvement in hospital conditions which is being achieved will have been a factor in the reduction in the infant mortality rate which has been achieved - from 13.1 per 1,000 births in 1988 to 9.6 in 1993.

(c) Productive Environment

Community co-financing of the system of investment aids permitted the creation of some 1,560 new enterprises in the industrial (820 plus) and tourism (335 plus) sectors between 1989 and 1992, representing 3.3% of the creation of new enterprises in Portugal over this period. In addition, over 5,500 enterprises - representing 5% of the stock of firms in existence in 1988 - were helped to modernise or expand by the interventions.

The PEDIP programme has encouraged over 7,020 projects representing an investment of some Billion ECU 3.8. The enterprises benefiting under the programme are estimated to have seen productivity growth of around 5% a year, with accompanying increases in employment of some 2.4%. The overrepresentation of modern sectors - such as metal and electrical based activities - amongst the beneficiaries and the underrepresentation of traditional activities - such as textiles and wood products - suggests that the programme is making a positive contribution to changing the pattern of specialisation of Portuguese industry. The actions which are envisaged in the second period in relation to modernisation, innovation, development of co-operation between enterprises and improvement of qualifications should contribute to reducing the disparities of Portuguese industry in these areas and in terms of productivity.

Autoeuropa is a particularly important project. It is the result of the largest productive investment in the history of Portugal (Billion ECU 2.2) and the largest Community subsidy (MECU 320). It will begin to exert a structural effect on Portuguese industry, facilitating the creation of a high technology technopole and strengthening the automobile components sector. To date 3,000 jobs have been created directly and at full capacity a further 1,500 are forecast.

The interventions have contributed strongly to the modernisation of agricultural structures, the improvement of production techniques and the commercial development of the sector. Significant investment has been made in professional training, mechanisation (the number of tractors increased by 30% between 1987 and 1993) and the modernisation of key sub-sectors. In the wine sector, for example, the investment is bringing about an improvement in production quality (nearly 13,360 ha of vineyards benefited from restructuring), with notable accompanying modernisation of winemaking systems, bottling facilities and effluent treatment.

During the first period over 10,530 projects put forward by young farmers were approved, representing a third of all project approvals and demonstrating the important role of such farmers in the modernisation of Portuguese agriculture.

During the same period about 18,000 improvement plans of agricultural holdings have been cofinanced.

Compensation payments amounting to MECU 158.4 in the first period benefited an average of 110,000 farms a year in less favoured and mountainous regions - helping to stabilise population, prevent desertification and maintain rural environments.

The participation of EAGGF for the processing and marketing of agricultural and forestry products has reached 192,1 MECU. Priority has been given to the sectors of wine (28%), fruits and vegetables (26%), milk and milk products (16%) and meat (13%).

During the first period agricultural productivity increased by an average of 7.4% a year, with the proportion of the country's economically active population engaged in agriculture falling from 20% to only 11%. The objective of modernising Portuguese agriculture, as well as adaptation to the reforms of the CAP, are carried forward into the second period. The principal goals are to strengthen the competitiveness of the sector and to increase self-sufficiency in terms of imports / exports, from importing 30% in 1990 to 20% by the end of the second programming period.

(d) *Human Resources*

Structural fund interventions are making an essential contribution to strengthening educational structures (through the training of teachers and investment in infrastructure and equipment), increasing the availability of techno-professional education and stimulating the scientific and technological complex.

The development of the secondary school system is reflected in the training of 20,000 teachers and headteachers, the creation of new classroom capacity (amounting to 20% of the capacity at the start of the first programming period) and the modernisation of 40% of existing schools. These actions are making a significant contribution to improving access to secondary education by overcoming capacity constraints, as well as helping to improve the quality of the education system.

The importance of ESF interventions is evidenced by its contribution of 56% to public spending on professional training and its 75% co-financing of active labour market measures. The interventions are resulting in the progressive establishment of a new tertiary professional training sector and an employment placement system. The first CSF permitted the training of an average of 250,000 people a year, equivalent to a quarter of the entire economically active population over four years. This will increase to 350,000 people trained each year under the second CSF. The expectation is that more than 280,000 people will also be able to benefit from other actions to support employment.

Such estimates need to be treated with some caution. Nevertheless, it is clear that the coverage of the target groups has been increased considerably. In the first programming period the rates of coverage of young and long term unemployed people were raised to 70% and 30% respectively. The evaluation study of the first CSF estimates an overall rate of placement of participants into employment of 55%.

In higher education an effort at decentralisation has been made with the development of new universities and polytechnic institutes in the interior of the country. This underlines the effort to transfer research and development activities from Lisbon, bringing them into proximity with enterprises in the regions. In total 46,600 new places in universities and polytechnics have been created, mainly in the areas of science, technology and management. Development of advanced training in science and technology under the CIENCIA programme has permitted 2,900 people to obtain a masters degree (56%) or doctorate (44%), either in Portugal (74%) or elsewhere (26%). Community efforts in the area of R&D and their national counterparts have encouraged a significant increase in the proportion of GDP devoted to R&D expenditure, from 0.5% at the beginning of the first period to 0.8% at its end.

The measures being implemented under the new CSF follow the same education, training, employment and R&D objectives. In relation to R&D the aim is to raise the proportion of GDP devoted to R&D further to 1.5% in 1999 and to increase the proportion of R&D support going to business from 24.6% in 1993 to 40% by the end of the second programming period.

Table 4 : The 1989-93 and 1994-99 CSFs - Some key outputs

Outputs	1989-93 actual data	1994-1999 planned outputs	Relative impact
Motorways constructed (km)	144	500	40 % of Motorways constructed in Portugal during the period 89-93
Primary roads constructed (km)	195	670	43% of primary roads constructed in Portugal during the period 89-93
Primary and complementary roads constructed and improved (km)	990	1320	22% of the existing network in 1988
Constructed and improved railroad (km)	640	-	15% of the existing network in 1989
Telephone lines installed (n°)	180000	989000	10% of telephone lines installed during the period 1989-93
Digitalisation of the network (%) (2% in 1988)	59% in 1993	100% in 1999	5.8% et 6.7% respectively of the increase due to the CSF
Extension and construction of thermoelectrical centres	5	-	43% of the increase in capacity between 1988 and 1993
Gas pipelines constructed (km)	-	600	7.5% of the country's energy consumption
Construction and modernisation of hospitals	5	19	Increase of 8% of hospital capacity
Creation of new enterprises (n°)	1560	-	3,3% of the net creation of new enterprises over this period
Modernised enterprises (n°)	5515		5% of the stock in existence in 1988
Compensatory payments (n° per year)	110000		
N° of young grant-aided farmers	10500		33.3% of those aided
N° of people trained per year	250000	350000	25% of the active population over a period of four years
N° of beneficiaries of employment subsidies		280000	

4. Community Contribution to the Development Process

The major transfers of resources under the two CSFs and through the Cohesion Fund are making a substantial contribution to the improvement which is taking place in the macro-economic performance of Portugal, as well as to the reductions in specific disparities. The key socio-economic indicators are now significantly closer to the Community average than in 1988 and important further progress will be made by 1999.

The introduction of medium term *programming* of the EU supported intervention represents a remarkable effort on the part of the national authorities. It has assisted in the clarification and consideration of the key strategic choices. It has helped in particular to promote a rethinking of the interrelationships between the different components of the interventions - infrastructure, industry, services, education etc. - promoting in the process an enhanced degree of integration between the key actions.

The *partnership* between the member state authorities and the Commission has developed strongly, producing a range of positive results. The associated process of negotiating the two CSFs has introduced a number of new directions - in the form of regional programmes, the environment, research, innovation, employment creation in zones in the interior, etc. - which enabled the original proposals by the member state to be developed in positive directions.

The scale of the transfers to Portugal is a practical expression of the *concentration* principle.

The new approach has also helped to improve the overall effectiveness of EU support. In particular new management systems have been put in place and administration improved. Particular benefits have come from the processes of monitoring and evaluation of the interventions in conjunction with the project managers.

XII. UNITED KINGDOM

1. Socio-Economic Context and the Challenge of Cohesion

The UK is one of the member states which has been covered by all of the structural fund objectives bar Objective 6 under both programming periods, although it has so far chosen not to bring forward a programme under the new objective 4. More than 40% of the population reside within areas which have been covered by objectives 1, 2 or 5b in each of the programming periods, with objective 2 dominating in both cases.

(a) *Economic Structure and Macroeconomic Performance*

The post-war growth rates and inflation performance of the UK have lagged behind those of other Western European countries. In addition, it has suffered the upward trend in unemployment of its European partners. The underlying causes of these performance problems are a matter of some debate but it is clear that a number of structural problems had to be addressed.

Since 1979, Government economic policy has been based on the control of inflation, the balance of the budget in the medium term, and improving the supply-side of the economy by, amongst other things, deregulation, privatisation, reducing direct taxation. In recent years, there is evidence of an improved inflation performance, and the UK's growth rate has been at the European average.

The first programming period coincided with a sharp recession. Unemployment rose from an average of 6.3% in 1989 to an average of 10.3% in 1993. The recovery of output began in late 1992 and improvements in the labour market have seen unemployment fall to around 7.5% by mid 1996

The share of industry in total employment - under a quarter - is lower than that of its main European partners. Manufacturing employment which has been in decline since the mid-1960s, fell rapidly in the recession of the early 1980s. Recently some manufacturing sectors have seen employment rise because of the UK's success in attracting foreign direct investment, particularly from the US, Japan and, more recently, parts of the Far East. The service sector - at almost three-quarters of total employment is relatively large and in places highly competitive. Agricultural employment declined much earlier than in other parts of Europe and accounts for barely 2% of employment.

(b) *Cohesion Problems*

The UK's regional problems are of two main types :

Declining industrial regions, typically focused around the major urban areas. These are characterised by high levels of unemployment associated with the rapid decline of manufacturing and other traditional activities, such as steel-making and coal mining, as well as by population loss. The industries in these regions have typically not only been in sectors of low employment growth but have performed poorly in any case. The extent to which such regions have succeeded in developing a dynamic service industry base has been variable. The stock of premises is often of poor quality and the infrastructure, Victorian. The history of manufacturing decline has left a legacy of environmental problems - most notably in the form of derelict and contaminated land. The high unemployment in these areas has also exacerbated social problems and divisions.

All of the UK Objective 2 programmes - with the possible exception of Gibraltar - are concerned with such regions. These problems are seen in particularly acute form in Merseyside which was upgraded from objective 2 to objective 1 status for the period 1994-

99. Within Northern Ireland, problems of this type are particularly acute in the Belfast and Londonderry areas, where they are compounded by peripherality and intercommunal strife.

Lagging Rural Regions are typically remote from the major urban centres and with poor transport links. Such regions are characterised by relatively low incomes and limited economic opportunities, although unemployment rates are often not especially high. Agriculture and related activities remain important but are not necessarily dominant. Many, but by no means all, are upland areas where climate and topography limit agricultural regimes. Manufacturing activity is often focused on a small number of traditional and potentially vulnerable firms, with the service industry base - at least outside tourism - largely oriented towards local demand. Shortage of opportunities leads to outmigration of young people but, in contrast to many other parts of rural Europe, overall population is often growing because of immigration of the retired.

These regions include the objective 5b areas in both programming periods, as well as most of the Northern Ireland objective 1 region away from Belfast where peripherality is again an important exacerbating factor. Parts of the Highlands and Islands - which was upgraded from 5b to objective 1 for the second period - exhibit the problems of inaccessibility/remoteness, low incomes and agricultural dependence in particularly acute form.

Turning to the issues addressed by objectives 3 and 4, long term unemployment is a major problem in the UK, as elsewhere in Europe. At the start of the first programming period in 1989 long term unemployment accounted for 37.7% of all UK unemployed. The long term unemployed, who are at major risk of social exclusion, are concentrated, within deprived urban areas and are strongly associated with educational underperformance, health problems and social stress.

Youth unemployment has also tended to reflect wider labour market trends. In 1989, at the start of the first programming period, 30.2% of under 25 year olds in the workforce were unemployed. This was lower than the EU average, 34.9% but almost five times the overall UK unemployment rate. Demographic factors in the 1980s were a significant cause. The collapse of the traditional apprenticeship system under the pressures of the decline of manufacturing employment in the 1970s and 1980s which closed a major route to training for young people without higher education was also influential. Youth unemployment has tended to be concentrated in the cities and, to some degree, amongst specific ethnic groups.

The UK is one of only two member states in which female unemployment rates are below male rates. However, female earnings are still well below male levels and a high proportion of the jobs occupied by women are part-time, although the significance of this is a matter of some debate.

Turning to the issues addressed by objective 5a, most of the UK agricultural sector is relatively efficient, although in some parts of the country incomes are clearly low. UK agriculture has enjoyed something of a boom in recent years, benefiting from a combination of high world prices, the compensation payments introduced as part of the CAP reform package and favourable exchange rates. However the fisheries sector presents substantial problems with a combination of substantial overcapacity and declining stocks.

2. Community Effort - Financial Assistance

(a) Scale of EU Financial Provision

Total structural fund transfers to the UK amounted to MECU 5329 over the period 1989-93 and will amount to MECU 12981 over the period 1994-99. The total scale of the interventions involved - including national, local and private sector counterparts - amounted

to MECU 13295 for the first programming period and to MECU 28673 for the second period. To put these figures into perspective, Community interventions over the period 1989-93 were equivalent to around 0.3% of GDP.

Table 1 : Analysis of interventions by Objective and Source of Funding

1989-1993										
MECU, current prices										
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	1764	1365	793	348	315	94	36	572	399	157
Objective 2	5973	4805	2015	1516	499			2790	1168	3697
Obj. 3 & 4 (apart from Obj. 1)	3294	3278	1502		1502			1776	16	
Obj. 5a agric. (apart from Obj. 1)	1269	1078	316			316		762	191	
Obj. 5a fish. (apart from Obj. 1)	158	92	58				58	34	65	
Objective 5b²	325	306	132	97	28	8		174	19	218
Total	12782	10924	4816	1961	2344	417	94	6108	1858	4157¹
Community Initiatives	513	513	513	384	119	10				
Objective 1										
Others										
GENERAL TOTAL	13295	11437	5329	2345	2463	428	94	6108	1858	4157¹
annual average	2659	2287	1066	469	493	86	19	1222	372	831
ann.av/aver.GDP(89-93)	0,34%	0,29%	0,13%	0,06%	0,06%	0,01%	0,00%	0,15%	0,05%	0,10%

¹ Including an additional 86 MECUs for Obj. 2 and Obj. 5b regions combined.

² The total Objective 5b allocation for the 1989-93 period include 67.582 MECU which were available for new actions. The total of 132 MECU in the table includes transfers of unused resources within the CSF allocations from the pre-1989 programmes to Objective 5b programmes approved in 1992-93. The Structural Fund allocation given in the table excludes programmes approved before 1.1.1989.

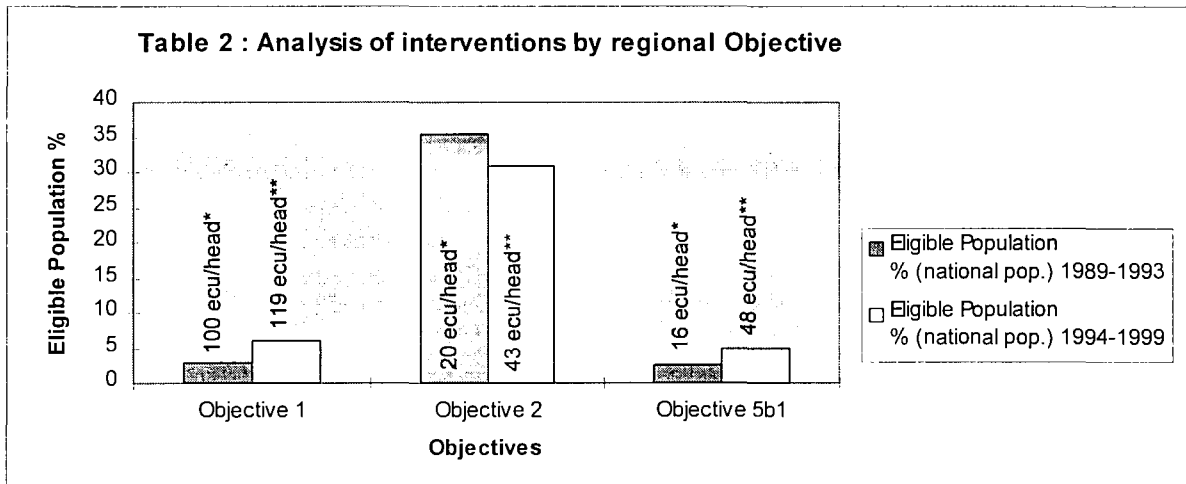
1994-1999

MECU, 1994 prices										
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	5671	4093	2360	1 332	747	246	35	1 733	1 578	550 ⁴
Objective 2 (1994-1996)	5388	4745	2142	1607	535			2603	643	
Objective 2 (1997-1999)³	6133	5401	2438	1829	609			2963	732	
Obj. 3 & 4 (apart from Obj. 1)	5711	5711	3377		3377			2334	0	
Obj. 5a agric. (apart from Obj. 1)	725	582	186			186		396	143	
Obj. 5a fish. (apart from Obj. 1)	241	141	89				89	52	100	
Objective 5b	2004	1796	817	533	134	151		979	208	
Total	25872	22468	11409	5300	5402	583	124	11060	3404	
Community Initiatives	2801	2544	1572					972	258	
Objective 1	796	723	447					276	73	
Others	2006	1822	1126					696	185	
GENERAL TOTAL	28673	25012	12981	5300	5402	583	124	12031	3661	
annual average	4779	4169	2163	883	900	97	21	2005	610	
ann.av/GDP 94	0,56%	0,49%	0,25%	0,10%	0,11%	0,01%	0,00%	0,23%	0,07%	

³ Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.

⁴ In 1993 prices, forecast only available for Objective 1 regions.

Of course, these are only overall figures and the relative importance of the interventions is clearly greater for the 'objective regions', both because of the specific programmes designed to benefit such areas and because of the tendency for spending under other interventions to be spatially concentrated. Lack of public expenditure data at regional level and the problems of securing information on the regional spread of expenditure under a number of interventions preclude precise calculations, although average Community spending in the objective 1 regions amounted to ECU 100 per capita per annum in the first programming period and will amount to ECU 119 in the second.



* Annual average Community public expend per head ECU, current prices (1989-1993)
 ** Annual average Community public expend per head ECU, 1994 prices (1994-1999)
 1 Objective 5b : The Objective 5b population in 1989-1993 included the Highlands and Islands of Scotland which transferred to Objective 1 in 1994 and Plymouth which transferred to Objective 2 in 1994.

(b) Channels of EU Financing

Table 1 provides an analysis of the interventions by objective and source of funding for each programming period. The overall growth in the scale of the interventions and the importance in both periods of objective 2 and objectives 3 and 4 needs to be noted, as does the growth in importance of objectives 1 and 5b for the second period. These changes need to be seen though in the context of the designation of two large new objective 1 areas and the expansion in the number of objective 2 - and particularly 5b - areas. (Regional data in annex).

Total offers of EIB loans in Objective 1 areas amounted to MECU 4157 in the first period. Some MECU 550 is earmarked for loans in the objective 1 regions in the second period.

Some problems have been experienced in absorbing the resources allocated, particularly in the early part of the first programming period. These have primarily been due to the privatisation programme which limited the eligibility of significant amounts of infrastructure investment and public expenditure constraints which limited the capacity of partners to provide matching funding. These problems seem to have been at least partially resolved through a widening of the local partnerships.

(c) Direction of the Interventions

Table 3 provides a breakdown of the proportion of the interventions allocated to infrastructure, productive environment, human resources and environment and physical regeneration by objective and in total for each programming period. In the objective 1 regions the broad allocation of resources between these areas has been reasonably stable despite the major changes in the regions covered, although there is a shift in emphasis from

human resources to productive environment. In the case of objective 2 there has been a notable shift towards human resource spending.

Table 3 : Analysis of Total Community Spending by Objective and Category of Intervention (MECU / %)

1989-1993							MECU, current prices	
	Objective 1	Objective 2	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	Total	
Infrastructure								
Structural Funds	186	444				45	675	
% of total	23,5%	22,0%				33,9%	14,0%	
Productive Environment								
Structural Funds	178	917		316	58	46	1516	
% of total	22,5%	45,5%		100,0%	100,0%	35,0%	31,5%	
Human Resources								
Structural Funds	365	384	1502			28	2279	
% of total	46,0%	19,0%	100,0%			21,3%	47,3%	
Environment and Physical Regeneration								
Structural Funds	48	271				13	331	
% of total	6,0%	13,4%				9,8%	6,9%	
Technical Assistance								
Structural Funds	16					0	16	
% of total	2,0%					0,1%	0,3%	
Total								
Structural Funds	793	2016	1502	316	58	132	4817	
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%		

1994-1999							MECU, 1994 prices	
	Objective 1	Objective 2 (1994- 1996)	Objectives 3 and 4	Objective 5a Agric	Objective 5a Fish	Objective 5b	not divided Obj. 2 97-99	Total ²
Infrastructure								
Structural Funds	525	218				69		812
% of total	22,2%	10,2%				8,4%		9,1%
Productive Environment								
Structural Funds	713	831		186	89	543		2361
% of total	30,2%	38,8%		100,0%	100,0%	66,5%		26,3%
Human Resources								
Structural Funds	895	733	3377			132		5137
% of total	37,9%	34,2%	100,0%			16,1%		57,3%
Environment and Physical Regeneration								
Structural Funds	146	338				64		548
% of total	6,2%	15,8%				7,8%		6,1%
Others / Technical Assistance								
Structural Funds	81	22				10		113
% of total	3,4%	1,0%				1,2%		1,3%
not divided(Obj.2 97-99)							2438	2438
Total								
Structural Funds	2360	2142	3377	186	89	817	2438	11409
% of total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%		

² % of total excluding Obj. 2, 97-99

These percentages are estimations, taken from the measures funded

Infrastructure investment in all cases except Northern Ireland relates to a large extent to the development of sites and premises, including access improvements. Productive environment related spend includes aid schemes - primarily implemented by Central Government - as well as tourism; RTD related schemes have tended to be of more limited importance than was hoped. In the objective 5b programmes measures to support agricultural diversification and development and community development are distinctive elements.

There tend to be strong similarities between the underlying objectives of all UK programmes and the types of action which are funded, even where the presentation is very different. The second period has however seen some significant rethinking with an emphasis in some cases on focusing interventions on identified 'drivers of change'. In some cases too there is now a focus on the new themes of mobilising the community's own resources in support of economic development and pathways to integration for people who are socially excluded or at risk of exclusion.

3. Results and Impacts

Table 4 sets out the key outputs for all Objectives in summary form. Table 5 presents the employment impacts: estimated gross employment impacts of the infrastructure and productive interventions under each objective, the estimated placements achieved by the human resources interventions in each case; the extent to which these placements are likely to represent the substitution of people from target groups into jobs at the expense of other labour market participants; and estimates of the overall net employment impacts of each category of intervention. These net estimates take into account factors such as displacement at the local level but make no allowance for interregional displacement or 'crowding out' type effects.

Estimates of outputs and impacts are extremely difficult to make, and the figures in these two tables should be considered as broad orders of magnitude. Other evaluation work suggests that they are at the top end of the range.

In relation to individual objectives a series of points can be made :

Objective 1

Only Northern Ireland had objective one status during the first period. The interventions contributed to the reclamation and regeneration of heavily polluted land on the banks of the River Lagan in central Belfast. They also contributed to improvements in road, air and rail infrastructure, tourism facilities and to rural development initiatives. The CSF spending led to the training of over 14,000 employees and managers in the industry programme, and contributed significantly to training for tourism, and Government training schemes for workers threatened with exclusion. The Physical and Social Environment Programme, whose final allocation of EU aid, at some 54 million ECU, was some 40% higher than the original allocation, made considerable inroads into the problems of deep community division in Northern Ireland. Attitude surveys have confirmed the initial positive findings in relation to the programme. The CSF also contributed to improvements in the road, air and rail infrastructure, and to rural development initiatives.

After a slow start good use was made of the Operational Programme for Agricultural Development and funds were fully committed and used for a range of supports for on-farm investment. Close to 20,000 farms received aid for investment in modernisation, diversification or improvement. There was an estimated impact on employment of 2300 gross jobs. 64 projects were approved for investment in the food processing and marketing industry with a Community contribution of 29.3 MECU.

In terms of impacts, the first period interventions are estimated to have created 34,000 jobs in Northern Ireland and placed into jobs 24,000 people from priority groups who would not otherwise have secured employment.

In the second period, the UK had two more Objective 1 regions. There is a corresponding jump in the expected outputs, particularly in the productive environment measures. In both periods, there is a wide variety of physical outputs in Objective 1 programmes, reflecting the relatively under-developed nature of these regions and the extensive nature of the programmes. Structural Funds have helped to upgrade infrastructure, modernise agriculture, build up the skills of the workforce and promote innovation and industrial development and tourism. The estimated number of jobs created rises from 22,000 to 173,000.

Table 4 : Estimated Outputs by Objective 1989 - 1999

	1989-93 (Estimated Actual)					
	Obj 1	Obj 2	Objs 3 & 4	Obj 5a	Obj 5b	TOTAL
Productive Environment						
• No. of SMEs supported	4,890	161,084	--	57,380	37,200	260,554
• Floorspace (000m ²) constructed/upgraded	153	3,407	--	--	128	3,688
• No. of innovation and research centres supported	n.a.	130	--	--	--	130
• No. of farms modernised, diversified or improved	19,600	--	--	4,855	731	25,186
• No. of tourism facilities provided/ upgraded	79	334	--	--	n.a.	413
Economic Infrastructure						
• Km of primary roads constructed/upgraded	22	72	--	--	--	94
• Km of heavy and light rail line constructed/upgraded	n.a.	65	--	--	--	65
• Electricity cable installed (km)	11	53	--	--	--	64
• Water main installed / upgaded (km)	n.a.	243	--	--	--	243
• Land cleared, reclaimed or conserved (ha)	377	3,556	--	--	5,548	9,481
Human Resources						
• No. of education and training places	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
• No. trained in/for business	56,530	n.a.	--	171	23,600	80,301
• No. other trainees	225,750	266,407	1,059,365	--	35,550	1,587,072
1994-99 (Planned/Projected)						
	Obj 1	Obj 2 1994-96	Objs 3 & 4	Obj 5a	Obj 5b	TOTAL
Productive Environment						
• No. of SMEs supported	150,460	151,541	--	60,900	42,872	405,773
• Floorspace (000m ²) constructed/upgraded	4,615	1,332	--	--	160	6,107
• No. of innovation and research centres supported	28	185	--	--	--	214
• No. of farms modernised, diversified or improved	14,570	--	--	5,100	8,100	27,770
• No. of tourism facilities provided/ upgraded	834	215	--	--	559	1,049
Economic Infrastructure						
• Km of primary roads constructed/upgraded	146	69	--	--	--	215
• Km of heavy and light rail line constructed/upgraded	187	73	--	--	--	260
• Electricity cable installed (km)	70	n.a.	--	--	--	70
• Water main installed / upgaded (km)	n.a.	n.a.	--	--	--	n.a.
• Land cleared, reclaimed or conserved (ha)	622	2,079	--	--	12,194	14,895
Human Resources						
• No. of education and training places	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
• No. trained in/for business	33,390	n.a.	--	198	51,110	84,698
• No. other trainees	366,410	261,270	1,500,000	--	75,826	2,288,000

Objective 2

Community interventions are making a substantial contribution to business development, floorspace provision and the development of the RTD base, as well as to addressing the problems associated with the legacy of derelict and contaminated land. Some 151,000 SMEs were aided in the 3 years to 1996. A similar or better performance is expected in the second half of the second programming period.

The second programming period has seen a shift from hard infrastructure towards assistance to SMEs and Human Resources Development. Substantial investment is also going into training related to economic development and the needs of a variety of priority groups. In the second period community based economic development has increased in importance in UK Objective 2 regions.

The estimated employment impacts in objective 2 account for nearly 80% of the total impacts in the first period. The interventions have also had major effects in placing people from priority groups into jobs, as well as environmental improvements.

Objectives 3 and 4

The outputs of over a million people trained with ESF support in the first period and an expected 1.5 million trained in the second period up to 1996 represent a substantial contribution to addressing the problems of those threatened with social exclusion. Key target groups include women returnees, ethnic minorities and disabled people, as well as young and long term unemployed people.

The evidence suggests that these interventions have had very positive effects. Typically, in ESF-funded programmes, about 37% of completers are placed into jobs and 22% go into further education or training, with 35% returning to the unemployment register. Even though much of the effect is one of substituting people from priority groups for other job seekers this 'recycling' effect is valuable in reintegrating those concerned into the mainstream labour force.

Objective 5a

A variety of support is being provided to encourage investment in agricultural holdings, improve processing and marketing and provide compensatory allowances in Less Favoured Areas. As well as the 10,000 farms likely to be modernised over the two programming periods, income support is being provided to 61,000 farms. Support is being provided by the consolidated FIG to assist the adjustment of the fisheries sector and the communities dependent upon it, the principal objectives being the achievement of the fleet capacity reduction targets set out in the Multi-Annual Guidance Programme (MAGP), assistance for improving vessel health and safety standards, aid for aquaculture schemes, improving fish processing and marketing facilities as well as assistance for developing fishing port facilities.

Evidence on impacts suggests that the interventions are playing an important role in developing farm businesses, creating alternative economic opportunities and boosting rural incomes, as well as helping to preserve the environment.

It must be noted that all 5a measures except compensatory allowances have been discontinued or substantially reduced in scope in the United Kingdom.

Objective 5b

Objective 5b increased its coverage during the second phase and is now applied in eleven regions, eight of which are new, while the three regions which were eligible had their boundaries significantly altered. The Highlands and Islands of Scotland eligible under Objective 5b during 1989-1993 is now eligible for Objective 1 funding.

Interventions in the rural areas concentrated in the first phase (1989-1993) on non-agricultural activities reflecting the UK government's desire to invest outside agriculture except in the Highlands and Islands of Scotland where two programmes were implemented (only 7% of total resources on the agricultural sector). This contrasts with the current period where around 18% of resources are allocated to the diversification of agriculture and the investments in the natural environment. Agricultural investments range over diversification into new non-agricultural activities both on and off the farm by farmers, improvement of product quality to development of new agricultural products for which there is clearly identified markets.

The first period 1989-1993 was dominated by programmes approved before 1989 which accounted for 75% of the Objective 5b resources for the United Kingdom.

Substantial efforts have been made to ensure that all of the Structural Fund efforts are applied in an integrated manner so that the key aim of creating employment is maximised. Key priorities include the development of SMEs, investments in the tourism sector, better management of the environment, investments in agriculture, and through investments in rural community development all of which are underpinned by investments in training required by the local economy.

Community Initiatives

It is estimated that Community initiatives in the 1989-1993 period led to 38000 net jobs, and the net redistribution of 5000 jobs. In the second programming period, the 2.8 billion ECU mobilised by the Community initiatives are expected to result in the creation of 95000 net jobs and the redistribution of 13000.

Table 5 : Gross and Net Employment Impacts ('000) of the Interventions 1989 - 1999

1989 - 1993				
	Gross Impacts of Infrastructure and Productive Environment Initiatives	Gross Job Placement by Human Resources Programmes	Jobs Redistributed by Human Resources Programmes	Net Employment Impact
Objective 1	34	49	24	22
Objective 2	496	74	19	238
Objective 3 & 4	--	233	76	17
Objective 5a	15	--	--	6
Objective 5b	10	6	2	5
Community initiatives	78	18	5	38
TOTAL	633	378	126	326¹

1994 - 1999				
	Gross Impacts of Infrastructure and Productive Environment Initiatives	Gross Job Placement by Human Resources Programmes	Jobs Redistributed by Human Resources Programmes	Net Employment Impact
Objective 1	348	94	28	173
Objective 2 ²	518	41	13	245
Objective 3 & 4	--	265	103	13
Objective 5a	12	--	--	5
Objective 5b	168	35	4	82
Community initiatives	195	47	13	95
TOTAL	1,242	482	161	612

¹ This figure contrasts with the estimates made in the 1989-1993 ex-post evaluation of objective 2 regions, which suggests that 217,000 gross jobs had been created, and 197,000 net.

² Objective 2 figures are for 1994-96 in the second programming period.

Overall Input

The estimated net overall impact of the structural funds in creating approaching a million jobs over the two periods together is clearly highly significant. Within the 'objective' areas as a whole the employment impacts equate to around 9% of total employment over the two periods, implying that by 1999 unemployment in these areas will be some 4 percentage points lower than would otherwise be the case.

These estimates are broadly consistent with the evidence of a significant narrowing of UK regional unemployment disparities in recent years. Nevertheless, it is clear that other factors have been involved - most notably the shakeout of employment in the financial services sector and the effects on consumer spending of the combination of high interest rates and housing related indebtedness, both of which have had particularly marked effects on the traditionally prosperous South East.

4. Community Contribution to the Development Process

(a) *An Effective Approach to the Pursuit of Cohesion*

The principles of the 1988 reforms have had important effects on the effectiveness of the structural funds in the UK and they have almost certainly contributed to a wider positive evolution in the approach to the implementation of related national policies.

The principles of *programming* may not have sat well with traditional UK administrative practice, with the result that programmes in the 1989-93 often acted largely as funding mechanisms for projects developed initially outside the programme framework. As other sources of funding for economic development have diminished and competition for structural fund support has increased, the role of the programmes has become more central. Efforts have been made too to improve the quality of the programmes, making them more relevant, innovative and specific. It is also noteworthy in this context that the UK has introduced a variety of integrated economic and social initiatives of its own - such as the Single Regeneration Budget, District Council Area Strategies, and the new Rural Development Commission supported Rural Development Programmes - which appear to have been influenced by the approach of the structural fund programmes.

The evidence in relation to *concentration* is more mixed. The designation of Merseyside and Highlands as Objective 1 regions have tended to increase concentration. A number of the SPDs also introduce elements of spatial targeting, mostly for the first time. Conversely, the designation of a substantial number of new 5b areas is spreading resources more widely - albeit in the process stimulating positive approaches to development in a number of areas with little tradition of interventionist policies.

The new area *partnerships* have developed significantly in recent years. The partnership principle is in line with current thinking, in regional development. Its success in the implementation of Community regeneration policy has influenced the development of other UK initiatives which emphasise partnership, more decentralised policy design and delivery, and a willingness to develop packages and programmes to meet local needs and aspirations.

Additionality has been a difficult issue in the UK and there are still concerns about how far the growth in structural fund support is influencing the decline in national and local spending on economic development. However, the need to provide matching funding has helped to constrain cutbacks in public expenditure in some areas. In addition, the combination of sharpening competition for funds and new approaches to project selection is producing greater project level additionality; at the same time new UK regulations introduced in 1992 have improved the situation in relation to financial additionality.

(b) *Other Implementation Issues*

Evaluation has long been a requirement in the UK in relation to major domestic initiatives. The structural fund reforms have provided an impetus to evaluation activity but the coverage of the evaluations is only patchy; most of the evaluations of the first period programmes 1 were only limited interim assessments. It is important that adequate resources are provided to develop appropriate indicators of baseline, output and impacts, and that evaluation is planned for, and properly integrated into the management of programmes.

The new approaches to project selection with clear criteria linked to programme priorities and the inclusion of a wide range of partners in decision-making should be improving project quality and encouraging a more strategic approach.

XIII. AUSTRIA

1. Socio-economic context and the challenge of cohesion

Even before entry into the Union, the Austrian economy was in many ways closely aligned with the rest of the Union. Historic links to Germany and a central position on Europe's North-South and East-West routes ensured that Austria was not left out of increasing prosperity in the post war years. Indeed, in 1995 the GDP per head, in terms of purchasing power, was 13% above the Union average, putting Austria in equal third place according to this measure. Unemployment, meanwhile, was well below the Community average, meaning that the priority in Austria is not so much to create jobs of any kind but to encourage 'quality' jobs.

As a federal state, Austria has always recognised the regional element in development but a complex system of state aids has recently tended to promote centralisation. To a certain extent the Community interventions have had to take account of these schemes, At the mid-term review of the programmes, the functioning of the aid schemes in the Community context will be re-examined.

2. Community effort in financial assistance

In response to problems of this type, structural interventions have mobilised a global investment of some 7.8 billion ECU¹, excluding possible Community loans. Less than a quarter of the total - 1578 million ECU - is made up of EU aid while private financing accounts for 3468 MECU. Community transfers under Objective 1 are of the order of 120 ECU per head per year.

Table 1 : Analysis of interventions by Objective and Source of Funding

1995-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	814	440	162	105	32	24		278	374	
Objective 2 (1995-1999)	799	283	99	69	30			184	516	
Obj. 3 & 4 (apart from Obj. 1)	936	873	389		389			484	63	
Obj. 5a agric. (apart from Obj. 1)	2066	1395	377			377		1018	671	
Obj. 5a fish. (apart from Obj. 1)	22	7	2				2	5	15	
Objective 5b	2625	1071	403	171	70	161		668	1554	
Total	7262	4069	1432	345	471	562	2	2637	3193	
Community Initiatives	598	324	146					178	275	
Objective 1	70	38	17					21	32	
Others	529	286	129					157	243	
GENERAL TOTAL	7861	4393	1578	345	471	562	2	2814	3468	
annual average	1572	879	316					563	694	
ann.av/GDP 94	0.94%	0.53%	0.19%					0.34%	0.42%	

¹ For reasons of compatibility with the rest of the report, all values are expressed in 1994 prices even though the plans were compiled in 1995 prices.

In the period 1995-99, the potential size of loans from the European Investment Bank (EIB) is difficult to gauge. In 1994 -1995, EIB finance to zones engaged in structural actions amounted to 63 million ECU, none of which was in Objective 1 areas..

3. Expected results and impacts

Objective 1

The Burgenland region of Austria is the only Objective 1 region in the three new Member States. In 1995, the average GDP of this region which borders Slovakia, Hungary and Slovenia, was some 70% of the EU average. Its population of 270 000 inhabitants lives in a predominantly rural area with a surface of 4 000 km². However the northern part of the region, close to Vienna and en route to Budapest, has considerably better prospects than the south which will focus on tourism and cross-border actions. The overall aim of the SPD is to make significant progress towards closing the development gap between the region and the rest of Austria by 1999 and to facilitate the transition of Burgenland towards an economically dynamic and outward-looking economy which will be able to seize the opportunities presented by its location on the cross-roads between East and West.

Table 2: Objective 1 Burgenland: EU contribution by Fund

1994 prices	Total cost ECU million	ERDF ECU million	ESF ECU million	EAGGF ECU million
Trade and Industry	55.6	52.7	2.9	0.0
Research and Development	15.2	12.2	2.9	0.0
Tourism	37.9	37.9	0.0	0.0
Agriculture and Environment	23.7	0.0	0.0	23.7
Promotion of growth and stability in employment	25.8	0.7	25.1	0.0
Technical assistance	4.0	2.0	1.5	0.6
Total	162.2	105.4	32.4	24.3

Themes to be covered include:

- Special attention to increasing job opportunities for women, for poorly qualified and young people in mainly rural areas as an essential contribution to maintaining the population and reducing the need for commuting;
- Actions to train and upgrade of the local workforce aimed at meeting the requirements of the local economy (training for SME entrepreneurs, in technology, and for promoting local economic development);
- Care for the unique environment;
- Internationalisation, co-operation and networking, reflecting Burgenland's geographical situation and co-operation with Hungary and other CEEC countries.

As a result of the measures funded under this programme, 7 300 new jobs will be created of which 6 000 in industry, 1000 in technology related SMEs and another 300 in technological centres.

Objective 2

Four Austrian Objective 2 regions, Steiermark, Niederösterreich, Oberösterreich and Vorarlberg (total population 640 000) were approved by the Commission on 15 November 1995. The programmes cover the period 1995-1999. The total cost of these programmes is some ECU 799 million, of which the Structural Funds will contribute ECU 99 million. All the

programmes are small in Community terms with Oberösterreich and Vorarlberg receiving only 10 MECU each. For all regions private funding is expected to be very important, reaching three times total public expenditure in the Vorarlberg.

Table 3 : Objective 2 Austria: EU, national, public and private contributions

1994 prices	Total cost ECU million	EU contribution ECU million	National & regional contribution ECU million	Private contribution ECU million
Steiermark	453.9	56.8	121.2	275.9
Niederösterreich	195.1	22.0	33.0	140.1
Oberösterreich	65.6	10.5	18.3	36.8
Vorarlberg	84.8	9.7	11.7	63.4
Total	799.3	98.9	184.3	516.1

The SPDs are based on the strategy to modernise and diversify the economy of the four regions concerned which were hit by the rapid decline in the metal and steel sector and in the textile industry. Emphasis is placed on the creation of new enterprises and on the strengthening of existing enterprises (and of SMEs in particular) by developing new technological competence in the regions. About 60% of the resources available will be used for the strengthening of crafts and industry and related technological competence; 30% is allocated to measures to upgrade human resources with a further 7% for the development and promotion of tourism. As a result of the actions financed under the four SPDs, it is estimated that some 11,000 jobs can be created or maintained in the regions concerned.

Objectives 3 and 4

The Objective 3 and 4 SPDs were both adopted in July 1995 . Total ESF assistance amounts to 389 MECU for Objective 3 and 4. The SPDs are implemented under the overall responsibility of the Ministry for Labour and Social Affairs mainly through the Public Employment Service and the Federal Offices for Social Affairs. The programmes will run from 1995 -1999.

Objective 3:

Priorities:

- Support for those hit by structural change (25,3 MECU; 7,7 %)
- Integration of the long term unemployed, older people, and those threatened with exclusion (111,5 MECU; 34 %)
- Integration of the handicapped (93,2 MECU; 28,5 %)
- Facilitation of the vocational integration of young people (22,4 MECU; 6,9%)
- Furthering of equal opportunities between men and women (59.8 MECU; 18,3%)
- Technical assistance (15,0 MECU; 4,6%)

A special priority is accorded to support of those sections of the population which, following accession to the EU and the consequent increase in the speed of economic change, are particularly at a disadvantage. ESF-assistance, as a development and widening of previous Austrian labour market policy, is directed especially at the long-term unemployed, the older, and those threatened with exclusion from the labour market. The young and older handicapped unemployed gain special assistance to return to the labour market. Extra measures are taken in the framework of furthering of equal opportunities between men and women.

Objective 4:

Main target of this SPD is to assist employees to adjust to industrial change and new production methods. Following priority areas are to be implemented:

- Anticipation of labour market trends and up-dating of qualifications (4,4 MECU; 7,3%)
- Vocational training (45.1 MECU; 75,5 %)
- Improvement and development of the training system (8,2 MECU; 13,8%)
- Technical assistance (2,1 MECU; 3,4 %)

To achieve concentration, the employed in small and medium-sized enterprises (SMEs) receives special attention in the implementation of measures. The measures are concentrated to the following groups: older, unqualified or those whose skills are no longer relevant, as well as those who are especially threatened by the opening of the frontiers, workers in key-positions, freight forwarders (limited to three years), short time and seasonal workers. Since this targeting is new in the framework of Austrian labour market policy, the interventions will be considered after two years and, if necessary, might be changed or other measures developed.

Objectives 5a and 5b

The 377 MECU (1994 prices) allocated for the period 1995-1999 to Austria is being applied to the improvement of agricultural structures (317 MECU) and processing and marketing of agricultural products (61 MECU). 57% of the support for structures is allocated to compensatory allowances for less favoured and mountainous areas (which amount to 70% of the agricultural area of the country) 12% is for setting-up assistance to young farmers and 11% will be used as support for investment in modernising agricultural holdings.

With respect to Objective 5a fisheries, the Financial Instrument for Fisheries Guidance (FIFG) provides a total of ECU 2 million for the period 1995-99 which is targeted at the aquaculture and fish processing industries.

Objective 5b covers 50,000 km² or 60% of the total area of the Member State. It includes 2,270,000 inhabitants (29% of the population) and is thus the largest of all the Structural Funds' programmes in Austria.

Table 4 : Objective 5b : Austria: EU, contributions

1995 prices	Total cost ECU million	Public Expenditures ECU million	EU contribution ECU million	EAGGF	ERDF	ESF
Kärnten	404.79	159.26	58.00	20.94	28.89	8.17
Niederösterreich	762.72	296.10	111.60	44.63	46.72	20.25
Oberösterreich	539.29	228.31	98.50	41.32	41.32	15.86
Salzburg	104.31	44.32	16.00	6.40	7.04	2.56
Steiermark	629.15	255.25	85.30	34.13	34.11	17.07
Tirol	181.26	92.43	34.40	13.76	13.76	6.88
Voralberg	58.34	17.26	7.20	3.07	3.12	1.02
Total	2679.86	1092.92	411.00	164.24	174.95	71.81

Separate programmes have been agreed for each Land and the importance of the different axes of intervention vary with the needs of the Länder. Overall, support to the non-agricultural sector will be 43% of the EU contribution, assistance for diversification of the agricultural and forestry sectors 40% and human resources actions 17%. The environment will be a priority throughout.

4. Community contribution to the development process

In many respects, Austria entered the Union in a relatively healthy economic situation with per capita GDP significantly above, and unemployment well below the Community average. The long term policy of pursuing social consensus, along with the federal structure of Austria have lead to the development of an elaborate system of business development support.

In purely financial terms, the overall financial contribution from the Structural Funds remains relatively modest. However, the introduction of the Structural Funds has provided has provided an opportunity for the Austrian authorities:

- To strengthen co-ordination especially between economic development and labour market policies;
- To set up 'regional management' structures designed to stimulate and animate project ideas on the ground, in the assisted areas;
- To initiate multi-annual financial programming in the public sector;
- To develop and diffuse within public administration at both federal and Länder level a 'culture of evaluation'.

Finally, the introduction of EU structural policy in Austria has resulted in an interesting policy debate about regional development, job creation and the role of large companies whereby the Austrian authorities emphasised the need for high quality jobs (rather than the need for large numbers of jobs) and whereby they stressed the contribution which could be made by large companies towards strengthening regional competitiveness.

XIV. FINLAND

1. Socio-economic context and the challenge of cohesion

Finland entered the Union in January 1995 after experiencing one of the deepest depressions in its economic history. A combination of structural change in basic industries, high interest rates leading to an overvalued markka and the effective loss of the trade with the former Soviet Union led to a near collapse in industrial confidence and unemployment rates in excess of 20% - the second highest in the Union. Nonetheless, the country enjoyed top quality infrastructure and educational systems and competitive, world ranking companies in sectors as divergent as high-tech and basic industries. The policy priorities were therefore to promote a competitive private sector to provide worthwhile jobs and, very importantly, to maintain the economic structures in the very sparsely populated regions in the centre and north of the country. These priorities were reflected in the accession negotiations and resulted in the designation of large areas as Objective 2, 5b and especially Objective 6. Moreover the non-regional Objectives 3, and 4, helping the labour force confront a changed world, and 5a to assist farmers faced with falling prices and competition from the whole of the Community, are all very important in Finland.

2. Community effort in financial assistance

In response to problems of this type, structural interventions have mobilised a global investment of some 5.7 billion ECU¹, excluding possible Community loans. Just under a third of the total - 1652 million ECU - is made up of EU aid. Community transfers under Objective 6 are of the order of 107 ECU per head per year

Table 1 : Analysis of interventions by Objective and Source of Funding

1995-1999										
MECUs, 1994 prices										
	Total CSF / SPD 1	Total public expenditure 2	Total Structural Funds 3	ERDF 4	ESF 5	EAGGF 6	FIFG 7	Total national expenditure 8	Private financing 9	Loans EIB
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2	731	457	179	143	36			279	273	
Obj. 3 & 4	1193	894	336		336			558	299	
Obj. 5a agric.	1467	1186	324			324		862	281	
Obj. 5a fish.	81	39	23				23	16	42	
Objective 5b	611	448	190	93	32	65		258	163	
Objective 6	1298	970	450	169	104	174	4	520	328	
Total	5382	3995	1502	405	508	563	27	2492	1387	
Community Initiatives	286	235	150					85	51	
Objective 6	118	97	62					35	21	
Others	168	138	88					50	30	
GENERAL TOTAL	5668	4230	1652	405	508	563	27	2577	1438	
annual average	1134	846	330	81	102	113	5	515	288	
ann.av/GDP 94	1.38%	1.03%	0.40%	0.10%	0.12%	0.14%	0.01%	0.63%	0.35%	

¹ For reasons of compatibility with the rest of the report, all values are expressed in 1994 prices even though the plans were compiled in 1995 prices.

In the period 1995-99, the potential size of loans from the European Investment Bank (EIB) is difficult to gauge. In 1994-1995, EIB finance to zones engaged in structural actions amounted to 21 million ECU but no loans had yet been made to the Objective 6 area.

3. Expected results and impacts

Objective 2

The Objective 2 programme in Finland is directed first and foremost to job creation. Eight industrial areas in the south and centre of the country with a population of 790,000 are included in a single SPD, although allocations are explicit to each area. Support of SMEs is a priority through assistance to start-ups, for investment, research and development and networking approaches. Tourism potential will be exploited and the programme will also build on the 'gateway' position of the area in the reviving trade with Russia and the Baltic states.

Unlike in the other new Member States, Finland decided to present an SPD for the period 1995-1996 only, with a new programme synchronised with the rest of the Union for the period 1997-1999. The financial data and forecasts therefore apply to just two years (or in practice one and a half as it was approved in July 1995) but it is expected that the second SPD will emphasise continuity.

Table 2 : Objective 2 1995-1996 - Finland: EU, national public and private contribution

1994 prices	Total cost ECU million	EU contribution ECU million	National & regional contribution ECU million	Private contribution ECU million
Business development	169.2	35.8	48.4	85.0
Skills and technology	44.7	16.0	19.7	9.0
Environment, infrastructure and tourism	60.5	14.6	36.2	9.7
Technical assistance	2.7	1.4	1.4	0.0
Total	277.2	67.8	105.7	103.7

The Finnish authorities have set the following objectives for the programme :

- A net increase of around 10 000 in the number of jobs in manufacturing and services in the areas;
- A reduction in the local unemployment rate in line with the national average;
- A 3% increase in the number of SMEs;
- A 3% increase in the number of SMEs engaged in exporting.

Objectives 3 and 4

The total cost of the Objective 3 programme is 894 MECU of which the EU contribution is 253.09 MECU (the financial table is annexed). In total some 100,000 persons will benefit from measures under the Objective 3 programme.

The Objective 3 programme provides for three areas of activity:

- Pathways to employment which addresses long-term unemployment and social exclusion
- Employment creation and human resource development in SMEs
- YOUTHSTART which will focus on the employment needs of young people

At the beginning of the year 1995, the Finnish authorities speeded up the launch of the Objective 3 programme by introducing the "top-priority procedure". Planning new working methods, operating models, the administrative culture and creating the necessary technical tools have taken more time and effort than was expected. Practical implementation of the projects focused on the end of autumn. In 1995 altogether 204 projects started. Taking into account the initial problem of the first year, the results for 1995 can be considered as satisfactory.

The total cost of the Objective 4 programme is 293 MECU of which the EU contribution is 82.9 MECU (the financial table is annexed). The measures under Objective 4 programme will benefit 35,000 persons during the programming period. The target of the Objective 4 programme in Finland is to assist employees to adjust industrial change and new production methods and it is based on the principle of life-long learning. There are three priority areas:

- Anticipating changes in working life, the labour market and vocational requirements
- Vocational training and retraining; guidance and counselling
- Promotion of centres of expertise and innovation networks

Under Objective 4 the implementation of the programme started faster than expected. As a matter of fact the SPD has started very well compared to other member states. The implementation started on a broad basis in projects targeted to promote entrepreneurship and employees ability to operate in fields subject to structural change, and in fast developing professions and trades. The basic idea in the centres of expertise is to transfer research and development knowledge into practical applications in SMEs through training and information services. In total 81 projects have started in 1995.

Objectives 5a

324 MECU are allocated to Objective 5a (excluding the Objective 6 zones) of which 87% will support agricultural structures, predominantly through compensatory allowances for mountainous and less-favoured areas (85%) of the country. 75,000 farmers receive these allowances each year. Aid to young farmers accounts for 7% of the budget.

The balance, some 42 MECU, will be used for support for modernisation of the production and marketing of agricultural produce, particularly meat and milk products. This relatively small amount is expected to have a multiplier effect of around 8 times in terms of total investment in this sector.

Objectives 5b

Finland's Objective 5b areas covers a population of 1,1 million, i.e. a fifth of the country's total population, and 221 (50%) of Finland's 445 municipalities.

There are two Objective 5b programmes : one programme covering 14 continental regions and one for the Åland Islands. The total EU contribution is 190 MECU for 1995-1999.

The Objective 5b programmes were approved on 13.11.1995.

Table 3 : Objective 5b : Finland : EU, contributions

1995 prices	Total cost ECU million	Public Expenditures ECU million	EU contribution ECU million	EAGGF	ERDF	ESF
Åland	10.26	6.47	2.60	1.17	1.16	0.28
Manner-Suomi	613.79	450.65	191.40	65.49	93.37	32.54
Total	624.05	457.12	194.00	66.66	94.53	32.82

The Objectives of the programme are to increase, strengthen and diversify the activities of small and medium-sized enterprises and to develop the countryside's services and attractive factors. An important objective is also to promote the adaptation of the agricultural sector into the Common Agricultural Policy and to diversify the farm population's sources of livelihood. The structure of primary sector will be improved by developing new products and production methods, enhancing the quality and value-added level of products, raising the level of know-how and strengthening co-operation between farms. The environmental aspect is taken into account in the implementation of the actions.

Objective 6

The Finnish areas eligible for Objective 6 cover a continuous area consisting of the regions of Lapland, Kainuu, North Karelia and South Savo and parts of the regions of Northern and Central Ostrobothnia, Northern Savo and Central Finland. Altogether some 840 000 people, 16.6% of the Finnish population, live in the area which accounts for 60% of the surface area of Finland. The population density averages four persons per km².

The strategy of the Objective 6 programme is to develop the strengths of the areas, especially in forestry and wood products, specialised branches of agriculture, metals electronics and tourism. A stronger SME base is to be built up through incentives for starting up new small businesses both in local manufacturing and private services and for training and research and development. Maximum use is also to be made of the possibilities offered by new technology, especially in telecommunications, to overcome long distances. Because of the importance of agriculture especially for the more southerly parts of the area, around a quarter of the programme is to be spent on subsidies to farmers under the system of support for agriculture in "less-favoured areas". The programme also includes Social Fund measures to help the unemployed and assist in training. The Social Fund also finances Information Society projects.

The final programme is made up of three parts: business development, funding business start-ups and investment in existing firms, human resources including training and counselling for the unemployed, research and Information Society, and agriculture, forestry, fisheries, rural development and the environment. The EU is contributing ECU 450 million to the programme, which will involve total expenditure of ECU 1298 million. The breakdown by sector and fund is shown in the table below.

Table 4: Objective 6 Finland: EU, national public and private contributions

	Total expenditure ECU million	EU contribution ECU million	National & regional contribution ECU million	Private contribution ECU million
Business development	502.8	150.5	150.5	201.7
Human resources	185.9	86.1	86.1	13.7
Agriculture, forestry, fisheries, rural development and the environment	592.1	204.8	274.7	112.5
Technical assistance	18.0	9.0	9.0	0.0
Total	1298.8	450.4	520.3	328.0

The breakdown of EU funding is as follows:

ERDF	169.0	37.5%
ESF	103.6	23.0%
EAGGF	173.9	38.6%
FIFG	3.9	0.9%

The Finnish authorities have set the following objectives for the programme :

- To reduce unemployment in the area by 2.1% and 8 000 unemployed per year (1994 level 23.8% and 90 600);
- To increase the number of jobs in private services and manufacturing to 135 000 (1994 level 117 500);
- To reduce the gap between local GDP and the national average by 5 percentage points from 20% to 15%.

4. Community contribution to the development process

It is too early to identify specific impacts of the structural funds' interventions in Finland on the economic problems which existed when the country joined the Union, especially the high unemployment. However, the programmes have accentuated existing priorities such as internationalisation of SMEs, information technology and human resources, which lay the foundations for improvement in the employment situation. Also, the preparation and implementation of the programmes have undoubtedly had a beneficial effect on the conduct of regional policy and on the administrative culture generally. Regional policy is now practised and perceived as a "bottom-up" process and an exercise in partnership between the various regional actors and the national authorities. As a result, discussion of policy has increased, and there is more open competition and innovation leading to projects of higher quality. Evaluation has also been tightened up. This more dynamic environment in regional policy is particularly noticeable in the sparsely populated areas where the problems are most severe.

XV. SWEDEN

1. Socio-economic context and the challenge of cohesion

The principal characteristics of the regions aided within the framework of structural policies are as follows:

- In north Sweden, the population (especially women and children) is sparse and distances are long. The maintenance of population in these regions is a major preoccupation. In the north, there is no real agricultural activity. The model for development is a network of high-technology installations whose activities are linked, not to local demand, but rather to the needs of the country as a whole and international competitiveness. Consequently, the development of specialised competences and the application of the information society are the key activities for the maintenance of substantial activity in the region and of a viable population structure.

- Some regions are dependent on traditional industries (forestry, mines, engineering, transport equipment, hydro-electric power), with local labour markets dominated by one or two enterprises. To this socio-economic framework can be added a lack of entrepreneurship, significant out-migration and an ageing population. The major challenge for these regions is the creation of jobs to replace actual losses in traditional industries and threatened losses in the public sector

In 1994-1995, the Swedish government highlighted the need to promote economic growth as a priority for regional development as well as the long-standing Swedish aim to create equal opportunities for all citizens to live and work throughout the entire country. The Operational Programmes approved by the Commission were coherent with this approach aiming for job-creation in the private sector and the development of a better climate for business and potential entrepreneurs by capitalising on the regions natural advantages and boosting their competitiveness.

2. Community effort in financial assistance

In response to problems of this type, structural interventions have mobilised a global investment of some 4 billion ECU, excluding possible Community loans. A third of the total - 1420 million ECU of 1995 prices - is made up of EU aid. Community transfers under Objective 6 is of the order of 121 ECU per head each year on average.

Table 1 : Analysis of interventions by Objective and Source of Funding

1995-1999										
MECU, 1994 prices										
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2	787	502	157	119	38			345	285	
Obj. 3 & 4	1371	1099	512		512			587	272	
Obj. 5a agric.	282	282	88			88		194	0	
Obj. 5a fish.	113	61	39				39	22	52	
Objective 5b	697	429	135	68	29	39		294	268	
Objective 6	622	478	247	120	63	60	4	231	144	
Total	3872	2851	1178	307	642	187	43	1673	1021	
Community Initiatives	366	247	127					120	119	
Objective 6	72	49	25					24	23	
Others	294	199	102					97	96	
GENERAL TOTAL	4238	3098	1305¹	307	642	187	43	1794	1140	
annual average	848	620	261	61	128	37	9	359	228	
ann.av/GDP 94	0,51%	0,37%	0,16%	0,04%	0,08%	0,02%	0,01%	0,22%	0,14%	

¹ 78 MECU, not yet allocated, to be added.

For reasons of compatibility with the rest of the report, all values are expressed in 1994 prices

In the period 1995-99, the potential size of loans from the European Investment Bank (EIB) is difficult to gauge. In 1995, EIB finance to zones engaged in structural actions amounted to 5 million ECU.

3. Expected results and impacts

Objective 2

There are five Objective 2 regions - Angermanlandskusten, Bergslagen, Blekinge, Fyrstad et Norra Norrlandskusten - with a total population of about 970.000 people;

The principal objective of these interventions is to contribute to the modernisation and diversification of local economies and to encourage employment creation in the private sector. The priorities for action are the strengthening of SMEs, the encouragement of entrepreneurship, and the development of tourism activity.

The creation of 21,000 jobs during the period 1995-99 has been fixed as an objective of the structural funds interventions. The attainment of this target will depend to a great extent on the ability of the programmes to mobilise private sector capital - which represents 36% of programme credits - and a good co-ordination with loans, including those of the EIB.

Objectives 3 and 4

At 8.8%, Sweden's unemployment rate in 1995 was below the Community average, and it fell between 1994 and 1995 because of the economic recovery of those two years. Youth unemployment is the real problem. Its rate is over twice, in some regions close to three times, the national average. The weak growth forecast for 1996 and 1997 risks aggravating this situation in the absence of an active employment policy.

512 million ECU of Community aid have been mobilised under Objective 3 and 4. The principal actions cofinanced under Objective 3 are those in favour of people most threatened with exclusion from the labour market. Some 160,000 people are expected to benefit from cofinanced actions in 1995-99.

The employees of SMEs which employ less than 50 people are the principal beneficiaries of interventions cofinanced under Objective 4. The total number of beneficiaries will be in the order of 250,000 during the period 1996-99.

Objectives 5a and 5b (including fisheries)

About 262 million ECU of Community funds are mobilised under these Objectives. Actions under Objective 5b are concentrated on the problems of three mainland forestry zones with a very low population density - 14 inhabitants per km² - and two isolated areas in the archipelago of Skårgården and the island of Gotland. The Objective 5b areas involve 8.6% of Swedish (754,000) inhabitants and 12.8% of the territory.

Table 2 : Objective 5b : Swedish : EU, contributions

1995 prices	Total cost ECU million	Public Expenditures ECU million	EU contribution ECU million	EAGGF	ERDF	ESF
Gotland	50.08	37.26	11.24	3.85	4.60	2.79
Skårgården	30.31	23.64	7.15	2.2	3.75	1.19
Sydostra Sverige	326.99	163.50	49.05	12.26	28.31	8.48
Västerbotten	119.67	132.02	42.92	14.61	15.63	12.67
Gävle/Dala						
Västra Sverige	120.10	91.28	30.66	7.23	18.29	5.13
Total	727.15	447.69	141.02	40.18	70.58	30.26

Action under Objective 5a in terms of commercialisation and transformation give a particular priority for bringing together producers. About 250 young farmers per year will be helped to start-up. Compensatory payments - 67 % of the credits - to agricultural holdings contribute to keeping a considerable part of the population in disadvantaged zones.

Objective 6

Structural interventions under this Objective cover most of the northern part of the land, which is around half of the country and close to 5% of the population: that is 435,000 people. In this area, the Structural Funds, including Community Initiatives and pilot projects, have mobilised 280 million ECU.

The essential objective of these interventions is the creation of employment in the private sector, in order to combat existing unemployment and forecast job losses from the public sector. Women will be particularly hit by the reduction in public sector employment, which risks accelerating the tendency for women to leave the area. The viability of the small communes scattered across this land will depend on the capacity to create new jobs and maintain the attractiveness of the area as a place to live and work.

The objective during the period 1995-99 is the creation of 9,500 jobs through a variety of actions centred around the use of new technologies, the preservation of the exceptional natural hinterland, the exploitation of the area's comparative advantages, and the reinforcement of the qualifications and competences of the population.

Particular attention will be paid to SMEs, and 900 new ones are expected to be created.

Local development initiatives, linked to information technology, will reinforce the strong tradition of self-help among very small communities and offer employment and training possibilities.

4. Community contribution to the development process

In a period of budget stringency, the structural policies have brought a non-negligible volume of credits to the regions concerned, which with the leverage effects on public and private finance have mobilised the sum total of four billion ECU for economic and social cohesion. At the same time, the introduction of the Structural Funds with its indicative programming and the principles - of additionality, concentration etc. - have guaranteed the timely availability of the programmed sums]

At the same time, transparency, dialogue with social and local partners, and strict management by objective of public expenditure have been reinforced in this country. The levels attained is an example to the rest of the EU.

The job creation mentioned above is itself added value, which gains in significance from the fact that it occurs in the framework of equal opportunities for men and women and with full respect for the environment.

In addition, the implementation will take place in a context of partnership and the decisions will be taken by local and regional representatives according to the measures concerned.

ANNEXES

**Financial details: 1989-1993 (current prices)
1994-1999 (1994 prices)**

Structural interventions: the data

The expenditure data used in this report cover the EC 12 then 15 member States, including all types of structural interventions. Expenditure for 1989-93 is at current prices, and are extracted from monitoring reports and they correspond to interventions actually financed. As some programmes have not been yet completed at mid-1996, available data tend to underestimate the funds committed during this period. In addition, as regards ESF, data do not include achievements made in 1989 as these belong to a transitory period based on management by projects. For 1994-99, financial data are at 1994 prices and relate to budget allocations in the financial plans for the CSFs and SPDs. Throughout the analysis official data from Commission records have been used, as well as data on GDP to measure the scale of these interventions.

Comprehensive information collected from the different services of the Commission has allowed the building of appropriate data for analysis. Data on Community interventions have been presented systematically with their respective national cofinancing, whether public or private. However, the figures for cofinancing are generally less accurate and indeed not normally available for the Community initiatives. Some underestimation of the national public contribution may therefore lead to a corresponding overestimate of the rate of Community contribution which appears in most of the tables.

A set of tables including a breakdown by region and area of intervention (priorities) for each Objective was also prepared for both periods using financial data extracted from programming documents or monitoring reports. However, the statistics should be used with caution. In particular the sectoral and regional figures extracted from the records are mostly indicative.

EUROPEAN UNION

Analysis of Interventions by Objective and Source of Funding - EUR 12

1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3=4+5+6+7	4	5	6	7	8	9	
Objective 1	96297	75977	43818	24585	11329	6670	1235	32159	20319	25044
Objective 2	18687	14914	6128	4659	1469			8787	3773	9284
Objectives 3 and 4	16259	16158	6670		6670			9489	101	
Objective 5a Agric	14319	11042	3523			3523		7519	3277	
Objective 5a Fish	2017	960	577				577	383	1057	
Objective 5b	8304	5364	2231	829	316	1087		3133	2940	3432
Total 1	155883	124417	62947	30072	19783	11280	1812	61470	31467	41146¹
Cohesion Fund	1752	1752	1568				1568	184		
IMP outside Obj. 1	5095	3607	1562	161	116	196	1089	2045	1488	816
Total 2	162730	129775	66077	30233	19899	11476	4470	63698	32955	41962¹
Community Initiatives	6621	6342	5287	4079	885	323		1055	279	
GENERAL TOTAL	169351	136117	71364	34312	20784	11799	4470	64753	33234	41962¹

¹ Including an additional 3.386 MECU for Obj. 2 and Obj. 5b regions combined.

EUROPEAN UNION

Analysis of Interventions by Objective and Source of Funding - EUR 15

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG/ Cohesion Fund	Total national expenditure	Private financing	Loans EIB ¹
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	220892	148006	93970	56427	22051	13708	1784	54036	72886	27419
Objective 2 (94-96)	20016	16031	6975	5372	1603			9055	3986	
Objective 2 (97-99) ²	28911	19633	8377	6447	1930			11257	9277	
Objectives 3 and 4	35588	33559	15182		15182			18377	2029	
Objective 5a Agric	20139	16139	5252			5252		10887	4000	
Objective 5a Fish	3137	1463	884				884	579	1675	
Objective 5b	26573	15931	6859	2953	1041	2865		9072	10642	
Objective 6	1921	1449	698	289	167	234	8	751	472	
Total 1	357177	252211	138198	71488	41975	22059	2676	114013	104967	27419
Cohesion Fund	16795	16795	14454				14454	2341		
Total 2	373972	269005	152652	71488	41975	22059	17130	116354	104967	27419
Community Initiatives	37695	24842	14021					10822	12852	
GENERAL TOTAL	411666	293848	166672	71488	41975	22059	17130	127176	117819	27419

¹ 1993 prices.

² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-99 breakdown without prejudice to forthcoming decisions.

I. BELGIUM

Analysis of interventions by regional Objective

1989-1993

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend per head ECU, current prices
Objective 2	22.1	2,20	19
Objective 5b	2.7	0,26	26

1994-1999

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend per head ECU, 1994 prices
Objective 1	12.8	1,28	95
Objective 2	14.2	1,41	40
Objective 5b	4.5	0,45	29

Analysis of Interventions by Objective and Source of Funding

1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 2	516	469	214	154	59			255	47	221
<i>Aubange</i>	10	8	4	3	1			4	2	
<i>Charleroi</i>	112	84	46	42	4			38	28	
<i>Limburg</i>	183	170	66	26	40			103	13	
<i>Liège</i>	123	120	53	49	4			67	3	
<i>Turnhout</i>	88	86	44	34	10			43	2	
Objectives 3 and 4	821	813	344	0	344			469	8	
Objective 5a Agric	773	388	134			134		254	385	
Objective 5a Fish	81	28	15				15	13	53	
Objective 5b	110	84	33	13	8	12		51	26	23
<i>Hageland</i>	36	35	12	5	4	4		23	1	
<i>Wallonie</i>	74	48	21	8	4	9		28	26	
TOTAL (excl Com In)	2300	1781	739	167	411	146	15	1042	519	245
Community Initiatives	124	124	124	97	21	6				
ENVIREG			0							
PRISMA			0							
INTERREG			42	42						
REGEN			0							
RECHAR			28	25	3					
RESIDER			19	19						
RENAVAL			7	7						
REGIS			0							
STRIDE			4	4	1					
TELEMATIQUE			0							
LEADER			7	1		6				
EUROFORM			7		7					
NOW			5		5					
HORIZON			5		5					
RETEX			0							
KONVER			1	1						
GENERAL TOTAL	2424	1905	863	265	432	152	15	1042	519	245

BELGIUM

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 1	2412	1477	730	516	167	47		747	935	239¹
Objective 2	497	393	160	130	30			233	104	
<i>Aubange</i>	3	3	1	1				2	0	
<i>Limburg</i>	122	110	47	35	12			63	12	
<i>Liege</i>	314	226	89	75	13			138	88	
<i>Turnhout</i>	58	54	23	19	5			31	4	
Objective 2² (97-99)	563	444	181	147	34			263	118	
Objectives 3 and 4	1211	1188	465	0	465			723	23	
Objective 5a Agric	698	465	170			170		295	233	
Objective 5a Fish	135	47	25				25	22	88	
Objective 5b	263	181	77	41	13	23		104	82	
<i>Meetjesland</i>	34	24	10	5	2	3		14	9	
<i>Wallonie</i>	134	92	41	20	9	12		51	42	
<i>Westoek</i>	95	64	26	15	3	8		38	31	
TOTAL (excl Com In)	5778	4195	1808	834	709	240	25	2387	1583	239
Community Initiatives	754	703	288					415	51	
INTERREG & REGEN			98							
LEADER			10							
REGIS			0							
EMPLOI			45							
ADAPT			38							
RECHAR			17							
RESIDER			28							
RETEX			5							
KONVER			14							
PME			12							
URBAN			19							
PESCA			2							
PEACE			0							
GENERAL TOTAL	6532	4898	2096	834	709	240	25	2802	1634	239

¹ 1993 prices.

² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-99 breakdown without prejudice to forthcoming decisions.

II. DENMARK

Analysis of interventions by regional Objective

1989-1993			
	Eligible Population	Eligible Population	An. average Community public
	% (national pop.)	(million inhab.)	expend per head
			ECU, current prices
Objective 2	4.9	0.25	20
Objective 5b	2.1	0.11	39

1994-1999			
	Eligible Population	Eligible Population	An. average Community public
	% (national pop.)	(million inhab.)	expend. per head
			ECU, 1994 prices
Objective 2	8.5	0.44	45
Objective 5b	6.8	0.36	25

Analysis of Interventions by Objective and Source of Funding

1989-1993										
								MECU, current prices		
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2	99	54	25	19	6			30	45	
<i>Nordjylland</i>	86	46	21	15	5			25	40	
<i>Vestjylland</i>	13	9	4	3	1			5	4	
Objectives 3 and 4	427	419	171	0	171			248	8	
Objective 5a Agric	450	255	91			91		164	195	
Objective 5a Fish	295	145	94				94	51	149	
Objective 5b	69	47	21	11	7	4		26	21	992
TOTAL (excl Com In)	1340	921	402	29	184	95	94	519	419	1120 ¹
Community Initiatives	28	28	28	18	9	1				
ENVIREG			0							
PRISMA			0							
INTERREG			2	2						
REGEN			0							
RECHAR			0							
RESIDER			0							
RENAVAL			12	12						
REGIS			0							
STRIDE			2	2	0					
TELEMATIQUE			0							
LEADER			2	1	1	1				
EUROFORM			3		3					
NOW			1		1					
HORIZON			4		4					
RETEX			0							
KONVER			1	1	0					
GENERAL TOTAL	1368	949	430	48	193	95	94	519	419	1120¹

¹ Including an addition 128 MECU for Obj. 2 and Obj. 5b regions combined.

DENMARK

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 2 (94-96)	215	119	56	44	12			63	95	
Lolland	29	19	10	7	3			10	10	
Nordjylland	185	100	46	37	9			54	85	
Objective 2² (97-99)	241	134	63	50	13			71	107	
Objectives 3 and 4	610	596	301		301			295	15	
Objective 5a Agric	567	391	127			127		264	176	
Objective 5a Fish	439	216	140				140	76	223	
Objective 5b	202	111	54	22	11	22		57	90	
TOTAL (excl Com In)	2274	1568	741	116	337	149	140	827	706	
Community Initiatives	281	204	103					101	77	
INTERREG & REGEN			22							
LEADER			10							
REGIS			0							
EMPLOI			14							
ADAPT			31							
RECHAR			0							
RESIDER			0							
RETEX			0							
KONVER			2							
PME			3							
URBAN			2							
PESCA			19							
PEACE			0							
GENERAL TOTAL	2555	1772	844	116	337	149	140	928	783	

² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-99 breakdown without prejudice to forthcoming decisions.

III. GERMANY

Analysis of interventions by regional Objective 1989-1993

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend per head ECU, current prices
New Länder¹		15,91	62
Objective 2	12.4	7,08	16
Objective 5b	7.4	4,44	23

¹ Special assistance to the New German Länder 1991-1993.

1994-1999

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend per head ECU, 1994 prices
Objective 1	20.6	15,69	145
Objective 2	8.8	7,02	37
Objective 5b	9.7	7,82	26

Analysis of Interventions by Objective and Source of Funding (1989-1993) 1989-1993

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGG F	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
New Länder¹	13835	7280	2955	1500	855	600		4325	6555	2303
<i>Mecklenburg-Vorpom</i>	2015	1085	409	177	80	152		676	930	
<i>Brandenburg</i>	2321	1218	476	240	104	132		742	1103	
<i>Sachsen</i>	3618	1784	733	444	183	106		1051	1834	
<i>Sachsen-Anhalt</i>	2474	1278	505	268	115	122		772	1196	
<i>Thüringen</i>	2128	1077	433	244	102	86		644	1051	
<i>Ost Berlin</i>	819	378	164	116	46	2		214	441	
<i>Non-regional</i>	460	460	235	10	225			225		
Objective 2	1464	1464	581	421	160			883		615
<i>Berlin</i>	445	445	136	89	48			308		
<i>Bremen</i>	122	122	51	32	19			71		
<i>Lower Saxony</i>	35	35	15	9	5			20		
<i>Nordrhein-Westfalen</i>	767	767	338	266	72			429		
<i>Rheinland-Pfalz</i>	14	14	6	3	4			8		
<i>Saarland</i>	81	81	35	22	12			46		
Objective 3 and 4	2460	2451	1054		1054			1397	8	
Objective 5a Agric	3827	3150	878			878		2272	677	
Objective 5a Fish	177	51	36				36	16	125	
Objective 5b	2302	1210	511	226	62	223		699	1092	220
<i>Baden-Württemberg</i>	268	111	33	18	3	13		78	157	
<i>Bayern</i>	1297	527	247	104	32	111		281	769	
<i>Hessen</i>	149	88	39	16	1	22		49	61	
<i>Niedersachsen</i>	257	243	104	43	18	43		139	14	
<i>Nordrhein-Westfalen</i>	85	56	22	15	2	6		34	29	
<i>Rheinland-Pfalz</i>	131	70	28	10	5	13		43	61	
<i>Saarland</i>	11	10	4	1	1	2		6	1	
<i>Schleswig-Holstein</i>	106	105	35	20	1	15		70	1	
TOTAL (exclu Com In)	24064	15607	6014	2146	2131	1701	36	9593	8457	3137
Community Initiatives	416	416	416	297	109	10				
ENVIREG			0							
PRISMA			0							
INTERREG			61	59		2				
RECHAR			86	61	25					
RESIDER			93	93						
RENAVAL			37	37						
REGIS			0							
STRIDE			4	4						
TELEMATIQUE			0							
LEADER			24	16		8				
EUROFORM			22		22					
NOW			11		11					

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGG F	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
1 = 2 + 9		2 = 3 + 8		3 = 4 + 5 + 6 + 7						
HORIZON			39		39					
RETEX			2	2						
KONVER			37	24	13					
GENERAL TOTAL	24481	16023	6431	2443	2241	1711	36	9593	8457	3137

¹ Special assistance to the New German Länder 1991-1993.
Expenditure for the private sector is not available for Objective 2

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
1 = 2 + 9		2 = 3 + 8		3 = 4 + 5 + 6 + 7						
Objective 1	57906	23896	13640	6820	4092	2645	84	10256	34011	5 400²
<i>Mecklenburg-Vorpommern</i>	7718	3086	1829	824	383	622		1257	4632	
<i>Brandenburg</i>	9443	3751	2169	1075	496	598		1582	5692	
<i>Sachsen</i>	11539	5297	3366	2014	875	478		1931	6242	
<i>Sachsen-Anhalt</i>	12516	4424	2368	1264	550	554		2056	8093	
<i>Thüringen</i>	11454	3552	2003	1127	490	386		1549	7902	
<i>Ost Berlin</i>	2669	1363	745	516	221	8		619	1306	
<i>Plurirégional</i>	2566	2423	1160		1077		84	1263	143	
Objective 2 (94-96)	2374	1597	733	514	219			864	776	
<i>Bayern</i>	34	33	15	10	5			18	1	
<i>Bremen</i>	176	96	47	30	16			49	80	
<i>Hessen</i>	61	43	21	18	3			22	18	
<i>Niedersachsen</i>	126	89	43	30	13			47	37	
<i>Nordrhein-Westfalen</i>	1299	792	361	264	98			430	507	
<i>Rheinland-Pfalz</i>	49	49	23	15	8			25	0	
<i>Saarland</i>	212	102	49	34	15			52	110	
<i>Schleswig-Holstein</i>	32	32	15	10	5			17	0	
<i>West-Berlin</i>	384	362	158	102	56			204	22	
Objective 2 (1997-99)³	2698	1815	833	584	249			982	882	
Objectives 3 and 4	5046	4747	1941		1941			2806	299	
Objective 5a Agric	4491	3873	1070			1070		2803	618	
Objective 5a Fish	369	107	75				75	33	262	
Objective 5b	5196	2735	1227	474	231	522		1508	2461	
<i>Baden-Württemberg</i>	445	185	74	27	5	42		111	260	
<i>Bayern</i>	2933	1189	560	207	118	235		629	1745	
<i>Hessen</i>	232	174	81	32	6	42		93	58	
<i>Niedersachsen</i>	707	576	245	98	49	98		331	131	
<i>Nordrhein-Westfalen</i>	116	99	46	23	5	18		52	18	
<i>Rheinland-Pfalz</i>	427	248	111	45	22	45		136	179	
<i>Saarland</i>	106	53	24	7	9	8		29	54	
<i>Schleswig-Holstein</i>	230	213	86	34	17	34		127	17	
TOTAL (exclu Comm In)	78079	38770	19518	8392	6732	4236	158	19252	39310	
Community Initiatives	5647	3866	2212					1654	1781	
INTERREG & REGEN			446							
LEADER			204							
REGIS			0							
EMPLOI			197							
ADAPT			252							
RECHAR			180							
RESIDER			206							
RETEX			75							
KONVER			332							
PME			185							
URBAN			113							
PESCA			23							
GENERAL TOTAL	83727	42636	21729	8392	6732	4236	158	20906	41091	

² 1993 prices

³ Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-99 breakdown without prejudice to forthcoming decisions.

IV. GREECE

Analysis of interventions by regional Objective

1989-1993

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend. per head ECU, current prices
Objective 1	100.0	10,03	150
Total (Obj. 1 + CF + IMP + CI)	100.0	10,03	183

1994-1999

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend. per head ECU, 1994 prices
Objective 1	100.0	10,36	225
Total (Obj. 1 + CF + CI)	100.0	10,36	285

Analysis of Interventions by Objective and Source of Funding

1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 1	12134	11462	7528	4165	1714	1505	144	3934	672	1463
Cohesion Fund	329	329	280				280	49		
IMP	1781	1436	648				648	788	345	
TOTAL (excl Com In)	14244	13227	8456	4165	1714	1505	1072	4771	1017	1463
Community Initiatives	1205	1098	705	568	93	44		393	107	
ENVIREG			84	79	3	2				
PRISMA			18	18						
INTERREG			253	232		21				
REGEN			90	90						
RECHAR			0	0						
RESIDER			0	0						
RENAVAL			0	0						
REGIS			0	0						
STRIDE			59	55	5					
TELEMATIQUE			41	41						
LEADER			53	29	2	21				
EUROFORM			24	2	23					
NOW			14	1	13					
HORIZON			54	8	46					
RETEX			11	11						
KONVER			5	4	1					
GENERAL TOTAL	15449	14325	9161	4734	1807	1549	1072	5164	1124	1463

GREECE

1994-1999

MECU, 1994 prices

	Total CSF / SPD 1 1 = 2 + 9	Total public expenditure 2 2 = 3 + 8	Total Structural Funds 3 3=4+5+6+7	ERDF 4	ESF 5	EAGGF 6	FIFG/ Cohesion Fund 7	Total national expenditure 8	Private financing 9	Loans EIB
Objective 1	29721	21050	13980	9490	2561	1800	130	7070	8671	2368
Cohesion Fund	3061	3061	2602				2602	459		
TOTAL (exclu Com In)	32782	24111	16582	9490	2561	1800	2732	7529	8671	
Community Initiatives	1977	1690	1154					536	287	
INTERREG & REGEN			620							
LEADER			161							
REGIS			0							
EMPLOI			69							
ADAPT			33							
RECHAR			3							
RESIDER			6							
RETEX			78							
KONVER			22							
PME			82							
URBAN			50							
PESCA			30							
PEACE			0							
GENERAL TOTAL	34760	25801	17736	9490	2561	1800	2732	8065	8958	

V. SPAIN

Analysis of interventions by regional Objective

1989-1993			
	Eligible Population	Eligible Population	An. average Community public
	% (national pop.)	(million inhab.)	expend per head
			ECU, current prices
Objective 1	57.7	22,40	91
Objective 2	22.0	8,50	35
Objective 5b	2.5	0,99	53

1994-1999			
	Eligible Population	Eligible Population	An. average Community public
	% (national pop.)	(million inhab.)	expend per head
			ECU, 1994 prices
Objective 1	59.4	23,27	188
Objective 2	20.0	7,94	51
Objective 5b	4.4	1,73	64

SPAIN

Analysis of Interventions by Objective and Source of Funding

1989-1993

MECU, current prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG/ Cohesion Fund	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	21517	17147	10171	6197	2322	1320	333	6976	4369	6425
Objective 2	4363	3951	1505	1167	339			2446	412	1793
Aragón	257	248	98	83	15			150	9	
Cantabria	199	198	78	69	9			120		
Cataluña	1629	1558	558	463	95			1000	71	
Madrid	393	368	135	118	17			233	25	
Navarra	153	133	48	41	7			85	20	
País Vasco	1061	1058	401	342	59			657	3	
La Rioja	189	46	21	18	3			25	143	
Multiregional	482	342	166	33	133			176	140	
Objective 3 and 4	1889	1889	837		837			1052		
Objective 5a Agric	902	620	229			229		391	282	
Objective 5a Fish	292	154	92				92	63	138	
Objective 5b	665	590	265	70	35	160¹		326	74	315
Aragón	284	259	116	29	5	82		143	25	
Baleares	47	43	19	9	2	9		24	4	
Cantabria	66	58	26	11		15		32	8	
Cataluña	74	61	28	6	2	20		34	13	
La Rioja	38	26	12	5		7		14	12	
Navarra	55	51	23	4	1	17		28	4	
País Vasco	24	21	9	3	1	6		12	3	
Pluriregional	1	1	0		0			0		
Cooperativas										
Pluriregional INEM	54	54	24		24			30		
Sierra Norte de Madrid	22	17	8	3		5		9	5	
Cohesion Fund	922	922	859				859	63		
TOTAL (exclu Com Init)	30550	25275	13958	7433	3533	1709	1283	11317	5275	10510²
Community Initiatives	1128	1128	1128	893	152	83				
ENVIREG			139	127	3	10				
PRISMA			32	32						
INTERREG			265	257		8				
RECHAR			25	23	2					
RESIDER			52	52						
RENAVAL			18	18						
REGIS			78	65	3	10				
STRIDE			156	152	4					
TELEMATIQUE			76	75						
LEADER			120	57	8	55				
EUROFORM			66	5	60					
NOW			34	2	33					
HORIZON			41	2	39					
RETEX			17	17	1					
KONVER			8	8						
GENERAL TOTAL	31679	26403	15087	8327	3685	1792	1283	11317	5275	10510²

¹ This amount does not include the measures financed known as "weight of the past"

² Including an additional 1976 MECU for Obj. 2 and Obj. 5b regions combined.

SPAIN

1994-1999

MECU, 1994 prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	48905	39051	26300	15944	6047	3314	995	12751	9853	9000²
<i>Andalucía</i>	4590	3517	2421	1692	325	404		1096	1073	
<i>Asturias</i>	650	526	358	234	31	93		169	123	
<i>Canarias</i>	1052	881	660	390	183	87		221	171	
<i>Cantabria</i>	306	259	175	105	9	62		83	47	
<i>Castilla-La-Mancha</i>	1402	1129	765	416	35	315		363	272	
<i>Castilla-y-León</i>	2144	1723	1164	600	128	436		558	421	
<i>Ceuta</i>	28	27	20	20				7	1	
<i>Valenciana</i>	1905	1529	1040	607	310	123		489	376	
<i>Extremadura</i>	1225	994	731	382	166	184		263	231	
<i>Galicia</i>	2303	1779	1225	727	179	319		554	524	
<i>Melilla</i>	45	26	18	18				8	19	
<i>Murcia</i>	642	435	300	197	45	58		135	207	
<i>Plurirregional</i>	32614	26226	17421	10556	4636	1234	995	8805	6388	
Objective 2 (1994-96)	3487	2440	1130	870	260			1310	1047	
<i>Aragón</i>	131	70	35	20	15			35	61	
<i>Baleares</i>	61	21	10	9	2			10	41	
<i>Cataluña</i>	854	653	309	201	108			344	201	
<i>La Rioja</i>	64	16	8	7	1			8	48	
<i>Madrid</i>	205	160	77	45	31			83	45	
<i>Navarra</i>	56	44	20	15	5			24	12	
<i>País Vasco</i>	749	362	179	121	58			183	388	
<i>Plurirregional</i>	1365	1115	492	452	40			623	250	
Objective 2³ (1997-99)	3966	2775	1285	989	296			1490	1191	
Objectives 3 and 4	4328	4096	1843		1843			2253	232	
Objective 5a Agric	920	662	326			326		336	258	
Objective 5a Fish	382	202	120				120	82	180	
Objective 5b	1799	1327	664	161	89	415		663	472	
<i>Aragón</i>	764	597	299	73	28	198		299	166	
<i>Baleares</i>	147	91	46	12	13	21		45	56	
<i>Cataluña</i>	367	296	148	36	23	89		148	70	
<i>La Rioja</i>	166	78	39	10	3	26		39	89	
<i>Madrid</i>	113	99	49	13	12	24		49	14	
<i>Navarra</i>	161	113	57	12	7	38		57	48	
<i>País Vasco</i>	81	53	27	4	3	19		27	28	
Cohesion Fund	9143	9143	7950				7950	1193	0	
TOTAL (exclu Comm Init)	72929	59695	39618	17965	8534	4054	9065	20078	13233	
Community Initiatives	9552	4209	2782					1427	5343	
INTERREG-			679							
REGEN										
LEADER			397							
REGIS			214							
EMPLOI			441							
ADAPT			287							
RECHAR			34							
RESIDER			73							
RETEX			104							
KONVER			23							
PME			248							
URBAN			237							
PESCA			45							
GENERAL TOTAL	82480	63904	42400	17965	8534	4054	9065	21504	18576	

² 1993 prices

³ Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-99 breakdown without prejudice to forthcoming decisions.

VI. FRANCE

Analysis of interventions by regional Objective

1989-1993			
	Eligible Population	Eligible Population	An. average Community public
	% (national pop.)	(million inhab.)	expend. per head
			ECU, current prices
Objective 1	2.7	1,59	120
Objective 2	18.3	9,89	25
Objective 5b	9.7	5,83	30

1994-1999			
	Eligible Population	Eligible Population	An. average Community public
	% (national pop.)	(million inhab.)	expend. per head
			ECU, 1994 prices
Objective 1	4.4	2,55	143
Objective 2	25.1	14,61	43
Objective 5b	16.7	9,76	38

FRANCE

Analysis of Interventions by Objective and Source of Funding

1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	1782	1651	957	428	306	192	30	694	131	187
<i>Corse</i>	286	267	151	81	17	26	27	116	18	
<i>Guadeloupe</i>	351	337	177	90	61	26	1	160	14	
<i>Guyane</i>	125	117	73	38	21	13	1	44	8	
<i>Martinique</i>	290	261	174	85	65	24	1	87	29	
<i>Réunion</i>	729	667	380	135	143	102	1	286	63	
Objective 2	3616	2718	1225	993	232			1493	898	2219
<i>Aquitaine</i>	37	28	12	9	2			16	9	
<i>Auvergne</i>	69	47	24	19	5			24	21	
<i>Basse-Normandie</i>	70	61	23	18	5			38	9	
<i>Bourgogne</i>	107	67	29	23	6			38	40	
<i>Bretagne</i>	127	84	39	33	7			44	43	
<i>Champagne-Ardenne</i>	81	65	32	25	6			33	17	
<i>Franche-Comté</i>				35	9			81	18	
<i>Haute-Normandie</i>	312	185	68	57	11			117	127	
<i>Languedoc-Rousillon</i>				21	2			36	55	
<i>Lorraine</i>	592	345	211	187	24			134	247	
<i>Midi-Pyrénées</i>				35	6			72	35	
<i>Nord-Pas-de-Calais</i>	936	745	386	292	93			359	191	
<i>Pays de la Loire</i>				71	16			137	13	
<i>Picardie</i>	325	295	87	69	18			208	30	
<i>Poitou-Charentes</i>	99	94	45	38	7			49	5	
<i>Provence-Alpes-Côtes d'Azur</i>	93	85	30	24	6			55	7	
<i>Rhône Alpes</i>	127	97	46	37	9			51	30	
Objectives 3 and 4	4225	4211	1442		1442			2770	14	
Objective 5a Agric	4808	3893	1274			1274		2619	915	
Objective 5a Fish	599	238	135				135	103	361	
Objective 5b	3085	2208	874	253	132	490		1334	878	1656
<i>Ain/Bresse</i>	22	17	5	2		3		12	5	
<i>Alsace</i>	31	26	8	2	1	5		18	6	
<i>Ardèche</i>	95	73	24	8		16		49	21	
<i>Aude-Hérault</i>	66	41	20	6	3	12		20	26	
<i>Auvergne</i>	264	176	79	16	19	44		97	87	
<i>Basse-Normandie</i>	166	132	53	17	11	26		79	34	
<i>Bourgogne</i>	273	158	58	18	4	36		100	115	
<i>Bretagne</i>	110	92	31	9	6	16		61	18	
<i>Centre (Sud-Berry)</i>	91	67	25	10	2	12		43	24	
<i>Champagne-Ardenne</i>	45	36	12	5	1	6		24	10	
<i>Drôme</i>	28	22	9	4		5		13	7	
<i>Filière forêt-bois L.R.</i>	7	4	1	0		1		2	3	
<i>Isère</i>	18	15	6	2		4		9	3	
<i>Jura Bugey</i>	54	39	9	4	1	5		30	15	
<i>Jura Franche-Comté</i>	66	50	21	5	7	9		28	16	
<i>Jussey Franche-Comté</i>	16	12	5	1	1	3		8	3	
<i>Limousin</i>	312	228	86	18	15	53		142	84	
<i>Lorraine</i>	64	47	20	6	5	9		27	17	
<i>Lozère</i>	142	109	43	13	5	25		67	32	
<i>Massif central</i>	21	19	7	4		3		12	2	
<i>Midi-Pyrénées</i>	379	213	103	28	9	66		110	166	
<i>Nord-Aquitaine</i>	176	138	60	11	13	36		78	39	
<i>Pays de la Loire</i>	48	41	20	6	2	11		21	8	
<i>Poitou-Charentes / Arc-Est</i>	112	82	29	10	4	14		53	29	
<i>Poitou-Charentes / Marais</i>	46	42	16	5	3	9		26	4	
<i>Provence-Alpes-Côtes d'Azur</i>	232	189	71	27	7	37		118	44	

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 5b										
<i>Pyrénées-Languedoc-Roussillon</i>	99	62	24	7	4	14		38	37	
<i>Pyrénées-Aquitaine</i>	81	57	21	8	1	12		36	24	
<i>Rhône Alpes</i>	16	16	7		7			9		
<i>Tourisme Aquitaine</i>	7	7	2	2				5		
PIM outside Obj 1	1890	1200	462	130	62	67	203	738	691	
<i>Aquitaine</i>	324	198	64	47	10	7	36	134	126	
<i>Ardeche</i>	65	35	9	5	2	2	8	27	30	
<i>Drôme</i>	84	52	7	0	3	4	17	45	33	
<i>Languedoc-Roussillon</i>	392	297	75	49	16	10	50	222	95	
<i>Midi-Pyrénées</i>	310	203	61	30	14	17	30	141	107	
<i>PACA</i>	512	212	43	0	16	27	62	169	300	
TOTAL (excl. Com In)	20006	16118	6369	1804	2174	2022	368	9750	3887	4424¹
Community Initiatives	573	573	573	378	105	90				
ENVIREG			32	19	2	12				
PRISMA			0	0						
INTERREG			102	96		6				
REGEN			0	0						
RECHAR			52	51	1					
RESIDER			59	59						
RENAVAL			65	65						
REGIS			50			50				
STRIDE			16	15	2					
TELEMATIQUE			2	2						
LEADER			66	39	4	23				
EUROFORM			41		41					
NOW			19	0	19					
HORIZON			32		32					
RETEX			4	4	0					
KONVER			32	28	4					
GENERAL TOTAL	20578	16691	6941	2182	2279	2113	368	9750	3887	4424¹

¹ Including an additional 362 MECU for Obj. 2 and Obj. 5b regions combined.

FRANCE

1994-1999

MECU, 1994 prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	5006	4131	2190	1195	526	431	38	1941	875	150³
<i>Corse</i>	680	558	250	148	31	64	8	308	121	
<i>Guadeloupe</i>	794	697	345	160	104	75	6	352	98	
<i>Guyane</i>	304	287	165	92	36	27	10	122	17	
<i>Martinique</i>	621	540	330	166	89	67	8	210	81	
<i>Réunion</i>	1267	1066	660	321	183	149	8	406	201	
<i>Hainaut fr.</i>	1340	983	440	308	82	49		543	356	
Objective 2 (1994-96)	5001	4191	1763	1453	311			2428	810	
<i>Alsace</i>	46	46	20	16	4			26	0	
<i>Aquitaine</i>	379	246	107	91	16			139	133	
<i>Auvergne</i>	126	126	61	51	10			65	0	
<i>Basse-Normandie</i>	169	169	58	47	11			112	0	
<i>Bourgogne</i>	130	103	49	42	7			54	27	
<i>Bretagne</i>	262	199	90	78	12			109	63	
<i>Centre</i>	108	108	24	21	4			84	0	
<i>Champagne-Ardennes</i>	210	171	78	62	15			93	40	
<i>Franche-Comté</i>	112	112	48	41	7			64	0	
<i>Haute-Normandie</i>	397	368	146	112	34			222	29	
<i>Languedoc-Roussillon</i>	209	123	71	60	11			52	87	
<i>Lorraine</i>	283	269	127	103	24			142	14	
<i>Midi-Pyrénées</i>	151	109	43	35	8			66	42	
<i>Nord-Pas-de-Calais</i>	923	760	318	266	53			442	163	
<i>Pays de la Loire</i>	322	322	136	110	26			186	0	
<i>Picardie</i>	429	344	122	99	24			222	85	
<i>Poitou-Charentes</i>	131	131	53	44	10			77	0	
<i>Provence-Alpes-Côte d'Azur</i>	296	252	113	96	17			139	43	
<i>Rhône-Alpes</i>	317	232	100	82	18			133	84	
Objective 2 (1997-99)²	5690	4768	2006	1653	353			2762	922	
Objectives 3 and 4	8459	7797	3203		3203			4594	662	
Objective 5a Agric	5813	4808	1746			1746		3062	1005	
Objective 5a Fish	843	335	190				190	145	508	
Objective 5b	7847	5065	2236	938	292	1006		2829	2782	
<i>Alsace</i>	167	114	48	24	5	19		65	53	
<i>Aquitaine</i>	762	485	225	82	30	113		260	277	
<i>Auvergne</i>	725	337	165	63	21	80		172	388	
<i>Basse-Normandie</i>	433	332	133	61	25	47		199	101	
<i>Bourgogne</i>	408	225	113	39	12	61		113	182	
<i>Bretagne</i>	511	373	186	91	22	73		186	138	
<i>Centre</i>	260	174	84	36	12	36		90	85	
<i>Champagne-Ardennes</i>	100	77	29	14	3	12		48	23	
<i>Franche-Comté</i>	431	169	77	33	10	34		92	263	
<i>Haute-Normandie</i>	33	22	11	5	1	5		11	10	
<i>Languedon-Roussillon</i>	344	254	120	41	15	63		134	90,26	
<i>Limousin</i>	561	330	128	39,07	20,45	68,48		202,09	230,73	
<i>Lorraine</i>	305	194	97	48,26	12,21	36,33		96,8	110,96	
<i>Massif Central</i>	27	25	13	8,2	1,5	2,8		12,5	2	
<i>Massif de Pyrénées</i>	18	17	9	4	1	4		9	1	
<i>Midi-Pyrénées</i>	850	601	283	131	30	122		318	249	
<i>Pays de la Loire</i>	334	285	122	58	17	47		163	49	
<i>Poitou-Charentes</i>	451	303	130	47	23	59		173	148	
<i>Provence-Alpes-Côtes d'Azur</i>	284	234	94	38	10	45		140	50	
<i>Rhône Alpes</i>	845	514	169	75	19	76		345	330	
TOTAL (excl Com In)	38659	31095	13334	5238	4685	3183	228	17761	7564	

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Community Initiatives	3981	3125	1605					1520	856	
INTERREG & REGEN			264							
LEADER			225							
REGIS			262							
EMPLOI			188							
ADAPT			273							
RECHAR			35							
RESIDER			66							
RETEX			37							
KONVER			85							
PME			58							
URBAN			79							
PESCA			33							
PEACE			0							
GENERAL TOTAL	42640	34221	14939	5238	4685	3183	228	19282	8420	

² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-96 breakdown without prejudice to forthcoming decisions.

³ 1993 prices.

VII. IRELAND

Analysis of interventions by regional objective

1989-1993

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend per head ECU, current prices
Objective 1	100.0	3,52	253
Total (Obj. 1 + CF + CI)	100.0	3,52	278

1994-1999

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend per head ECU, 1994 prices
Objective 1	100.0	3,57	262
Total (Obj. 1 + CF + CI)	100.0	3,57	346

Analysis of Interventions by Objective and Source of Funding

1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 1	10252	7382	4460	2046	1500	863	51	2922	2870	1333
Cohesion Fund	166	166	144				144	22		
TOTAL (excl Com In)	10418	7548	4604	2046	1500	863	195	2944	2870	1333
Community Initiatives	643	569	297	242	41	13		273	74	
ENVIREG			30	30						
PRISMA			9	9						
INTERREG			42	37		5				
REGEN			118	118						
RECHAR			0							
RESIDER			0	0						
RENAVAL			0	0						
REGIS			0	0						
STRIDE			13	13						
TELEMATIQUE			11	11						
LEADER			27	17	2	8				
EUROFORM			14		14					
NOW			7	0	7					
HORIZON			20	1	18					
RETEX			2	2						
KONVER			0	0						
GENERAL TOTAL	11061	8117	4901	2208	1722	775	195	3216	2944	1333

IRELAND

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG/ Cohesion Fund	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 1	10383	7955	5620	2562	1953	1058	47	2335	2428	1800¹
Cohesion Fund	1530	1530	1301				1301	229		
TOTAL (excl Com In)	11913	9485	6921	2562	1953	1058	1348	2564	2428	
Community Initiatives	1164	1019	482					537	145	
INTERREG & REGEN			162							
LEADER			82							
REGIS			0							
EMPLOI			87							
ADAPT			27							
RECHAR			0							
RESIDER			0							
RETEX			9							
KONVER			0							
PME			28							
URBAN			20							
PESCA			8							
PEACE			59							
GENERAL TOTAL	13077	10504	7403	2562	1953	1058	1348	3101	2573	

¹ 1993 prices

VIII. ITALY

Analysis of interventions by regional Objective

1989-1993

	Eligible Population	Eligible Population	An. average Community public
	% (national pop.)	(million inhab.)	expend. per head
			ECU, current prices
Objective 1	36.4	20,64	82
Objective 2	6.6	3,74	21
Objective 5b	5.0	2,90	25

1994-1999

	Eligible Population	Eligible Population	An. average Community public
	% (national pop.)	(million inhab.)	expend. per head
			ECU, 1994 prices
Objective 1	36.7	21,10	117
Objective 2	11.0	6,32	39
Objective 5b	8.3	4,83	31

ITALY

Analysis of Interventions by Objective and Source of Funding 1989-1993

MECU, current prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	17615	16265	8504	5539	1926	857	182	7760	1350	8053
<i>Abruzzo</i>	575	498	261	136	57	52	16	237	77	
<i>Basilicata</i>	783	656	366	160	122	65	20	290	126	
<i>Calabria</i>	1121	962	507	307	89	74	38	455	159	
<i>Campania</i>	1595	1517	745	552	75	104	14	772	78	
<i>Molise</i>	343	325	176	84	38	39	14	149	18	
<i>Puglia</i>	1024	952	532	264	144	102	22	420	72	
<i>Sardegna</i>	1179	1140	624	347	166	91	20	515	40	
<i>Sicilia</i>	1687	1615	909	503	259	110	37	706	72	
<i>Plurirégional</i>	9307	8600	4384	3187	978	219	0	4216	707	
Objective 2	2027	949	387	272	115			562	1079	605
<i>Lazio</i>	103	48	20	14	6			29	55	
<i>Liguria</i>	326	153	62	44	18			90	173	
<i>Lombardia</i>	78	37	15	11	4			22	42	
<i>Marche</i>	104	49	20	14	6			29	55	
<i>Piemonte</i>	640	299	122	86	36			177	340	
<i>Toscana</i>	413	193	79	55	23			115	220	
<i>Umbria</i>	181	85	35	24	10			50	96	
<i>Valle d'Aosta</i>	42	20	8	6	2			12	22	
<i>Veneto</i>	139	65	27	19	8			39	74	
Objectives 3 & 4	2021	2006	903		903			1103	15	
Objective 5a Agri	1756	1340	493			493		847	416	
Objective 5a Fish	300	175	106				106	70	125	
Objective 5b	1615	809	360	146	38	175		449	806	
<i>Bolzano</i>	366	149	60	31	3	26		89	218	
<i>Lazio</i>	185	112	48	14	8	27		64	73	
<i>Marche</i>	234	100	39	17	7	15		62	134	
<i>Piemonte</i>	47	22	9	3	1	5		13	26	
<i>Toscana</i>	234	113	48	20	6	22		65	121	
<i>Trento</i>	61	54	20	7	3	10		34	7	
<i>Umbria</i>	131	92	46	19	4	22		46	40	
<i>Veneto</i>	356	168	91	35	8	48		77	188	
PIM outside Obj 1	1424	971	452	31	54	129	238	519	453	816
<i>Emilia Romagna</i>	239	152	73	0	10	28	35	79	87	
<i>Lazio</i>	154	129	57	20	6	11	20	72	25	
<i>Liguria</i>	137	102	48	0	6	14	29	53	35	
<i>Marche</i>	212	164	83	3	10	23	46	81	48	
<i>Toscana</i>	460	255	114	7	13	28	65	141	205	
<i>Umbria</i>	222	169	77	1	9	24	43	92	53	
TOTAL (excl Com Init)	26758	22515	11205	5989	3036	1654	526	11310	4243	10283¹
Community	667	667	667	495	134	39				
Initiatives										
ENVIREG			171	169		3				
PRISMA			23	23						
INTERREG			43	40		3				
REGEN			2	2						
RECHAR			0	0						
RESIDER			23	23						
RENAVAL			21	21						
REGIS			0							
STRIDE			95	89	6					
TELEMATIQUE			65	65						
LEADER			81	38	10	33				
EUROFORM			55		55					
NOW			31	3	29					
HORIZON			28	1	28					
RETEX			12	12						
KONVER			18	12	6					
GENERAL TOTAL	27425	23182	11872	6484	3170	1692	526	11310	4243	10283¹

¹ Including an additional 810 MECU for Obj. 2 and Obj. 5b regions combined.

ITALY

1994-1999

MECU, 1994 prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	32439	25187	14860	9660	2739	2228	233	10327	7252	1732^c
<i>Abruzzo</i>	465	394	234	107	44	84		159	72	
<i>Basilicata</i>	1206	979	599	243	141	215		380	227	
<i>Calabria</i>	1852	1515	871	456	174	241		644	337	
<i>Campania</i>	3393	2656	1542	890	328	324		1115	736	
<i>Molise</i>	520	482	292	124	48	120		190	39	
<i>Puglia</i>	2519	2063	1223	612	285	326		840	456	
<i>Sardegna</i>	2097	1605	967	415	220	333		638	492	
<i>Sicilia</i>	3051	2675	1557	778	427	352		1117	377	
<i>Plurirégional</i>	17334	12818	7574	6035	1072	234	233	5245	4516	
Objective 2 (1994-96)	2109	1759	684	542	142			1075	351	
<i>Emilia-Romagna</i>	39	35	12	10	2			23	4	
<i>Friuli-Venezia Giulia</i>	105	96	24	18	6			72	9	
<i>Lazio</i>	193	155	64	52	12			91	38	
<i>Liguria</i>	275	247	96	67	29			151	28	
<i>Lombardia</i>	76	65	23	19	4			42	11	
<i>Marche</i>	57	51	21	18	3			30	6	
<i>Piemonte</i>	696	540	205	164	41			335	155	
<i>Toscana</i>	485	390	127	103	24			263	95	
<i>Umbria</i>	80	77	35	28	8			42	3	
<i>Valle d'Aosta</i>	15	15	6	6	0			9	0	
<i>Veneto</i>	87	86	71	58	13			15	1	
Objective 2³ (1997-99)	6202	2137	778	617	161			1359	4065	
Objectives 3 & 4	3811	3669	1715		1715			1954	142	
Objective 5a Agric	2211	1861	681			681		1180	350	
Objective 5a Fish	381	223	134				134	88	158	
Objective 5b	4714	2238	901	369	122	410		1337	2475	
<i>Bolzano</i>	157	105	43	18	5	20		62	52	
<i>Emilia Romagna</i>	312	129	57	21	7	29		72	182	
<i>Friuli-Venezia Giulia</i>	273	176	44	18	6	21		132	98	
<i>Lazio</i>	515	357	146	52	24	70		212	158	
<i>Liguria</i>	187	79	35	18	4	13		44	108	
<i>Lombardia</i>	214	111	40	18	4	18		71	103	
<i>Marche</i>	424	167	75	30	8	37		92	257	
<i>Piemonte</i>	432	183	82	39	10	34		101	249	
<i>Toscana</i>	745	336	133	56	18	58		203	409	
<i>Trento</i>	66	48	20	8	3	9		28	18	
<i>Umbria</i>	342	163	75	33	10	33		88	179	
<i>Valle d'Aosta</i>	14	11	4	2	0	2		7	3	
<i>Veneto</i>	1033	372	146	57	23	66		227	661	
TOTAL (excl Com In)	51866	37073	19753	11188	4879	3319	367	17320	14793	

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Community Initiatives	6466	3817	1898					1920	2649	
INTERREG & REGEN			380							
LEADER			322							
REGIS			0							
EMPLOI			393							
ADAPT			215							
RECHAR			2							
RESIDER			90							
RETEX			74							
KONVER			63							
PME			188							
URBAN			133							
PESCA			37							
PEACE			0							
GENERAL TOTAL	58333	40891	21651	11188	4879	3319	367	19240	17442	

² 1993 prices

³ Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-99 breakdown without prejudice to forthcoming decisions.

IX. LUXEMBOURG

Analysis of interventions by regional Objective

1989-1993

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend per head ECU, current prices
Objective 2	38.0	0,15	16
Objective 5b	0.8	0,00	187

1994-1999

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend per head ECU, 1994 prices
Objective 2	34.6	0,13	19
Objective 5b	7.9	0,03	33

Analysis of Interventions by Objective and Source of Funding

1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditur e	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9 2 = 3 + 8 3 = 4 + 5 + 6 + 7									
Objective 2	37	32	12	11	1			21	5	
Objectives 3 and 4	25	25	11		11			14		
Objective 5a Agric	108	103	29			29		74	5	
Objective 5a Fish	0	0	0				0			
Objective 5b	12	10	3	1	0	2		7	3	
TOTAL (excl Com In)	183	170	55	12	12	31		116	12	24 ¹
Community Initiatives	22	22	22	21	1	0				
ENVIREG			0							
PRISMA			0							
INTERREG			9	9						
REGEN			0							
RECHAR			0							
RESIDER			9	9						
RENAVAL			0							
REGIS			0							
STRIDE			2	2						
TELEMATIQUE			0							
LEADER			1			1				
EUROFORM			0							
NOW			0		0					
HORIZON			1		1					
RETEX			0							
KONVER			0							
GENERAL TOTAL	205	193	77	33	14	31	0	116	12	24¹

¹ Obj. 2 and Obj. 5b regions combined

LUXEMBOURG

1994-1999

MECU, 1994 prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2 (94-96)	21	17	7	6	1			10	4	
Objective 2 ² (97-99)	24	19	8	7	1			11	5	
Objectives 3 and 4	49	48	22		22			26	1	
Objective 5a Agric	143	137	39			39		98	6	
Objective 5a Fish	4	1	1				1	0	2	
Objective 5b	26	20	6	3	1	2		14	5	
TOTAL (excl Com In)	266	243	83	16	24	41	1	160	23	
Community Initiatives	76	57	20					37	19	
INTERREG & REGEN			4							
LEADER			1							
REGIS			0							
EMPLOI			0							
ADAPT			0							
RECHAR			0							
RESIDER			13							
RETEX			0							
KONVER			0							
PME			0							
URBAN			1							
PESCA			0							
PEACE			0							
GENERAL TOTAL	341	300	102	16	24	41	1	198	41	

² Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-99 breakdown without prejudice to forthcoming decisions.

X. THE NETHERLANDS

Analysis of interventions by regional Objective

1989-1993

	Eligible Population % (national pop.)	Eligible Population Population (million inhab.)	An. average Community public expend. per head ECU, current prices
Objective 2	9.9	1,47	22
Objective 5b	3.0	0,44	15

1994-1999

	Eligible Population % (national pop.)	Eligible Population Population (million inhab.)	An. average Community public expend. per head ECU, 1994 prices
Objective 1	1.5	0,22	115
Objective 2	17.4	2,60	42
Objective 5b	5.4	0,80	31

Analysis of Interventions by Objective and Source of Funding

1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 2	592	472	165	106	59			307	120	134
<i>Groningen Drenthe</i>	318	256	82	48	34			174	62	
<i>Twente</i>	127	105	41	26	15			65	21	
<i>Zuid-Limburg</i>	147	111	42	32	10			69	37	
Objectives 3 and 4	1096	1065	405	0	405			659	32	
Objective 5a Agric	426	215	79				79	136	211	
Objective 5a Fish	116	76	43				43	34	40	
Objective 5b (Freisland)	122	101	33	13	6	14		68	21	8
TOTAL (excl Com In)	2353	1929	724	119	470	93	43	1205	424	142
Community Initiatives	89	89	89	66	23					
ENVIREG	0	0	0							
PRISMA	0	0	0							
INTERREG	30	30	30	30						
REGEN	0	0	0							
RECHAR	0	0	0							
RESIDER	0	0	0	0						
RENAVAL	28	28	28	28						
REGIS	0	0	0							
STRIDE	5	5	5	5						
TELEMATIQUE	0	0	0							
LEADER	1	1	1	1	0	0				
EUROFORM	9	9	9		9					
NOW	5	5	5		5					
HORIZON	8	8	8		8					
RETEX	0	0	0							
KONVER	4	4	4	2	1					
GENERAL TOTAL	2441	2018	813	185	493	93	43	1205	424	142

THE NETHERLANDS

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	959	691	150	80	40	22	9	541	268	80
Objective 2 (94-96)	924	769	300	206	94			469	155	
<i>Arnhem-Nijmegen</i>	172	149	56	39	17			93	23	
<i>Groningen Drenthe</i>	253	209	76	49	27			133	44	
<i>Twente-overijssel</i>	197	157	58	39	19			99	41	
<i>Zuid Limburg</i>	130	108	43	32	11			65	22	
<i>Zuid-oost Brabant</i>	172	147	67	47	20			80	26	
Objective 2 * (97-99)	1078	897	350	240	110			547	181	
Objectives 3 and 4	2863	2842	1079		1079			1763	21	
Objective 5a Agric	756	497	118			118		379	259	
Objective 5a Fish	128	84	47				47	37	44	
Objective 5b	592	511	150	82	18	51		361	81	
<i>Friesland</i>	267	267	69	44	5	21		198	0	
<i>Groningen / Drenthe</i>	157	116	35	17	7	11		81	41	
<i>Limburg</i>	48	37	19	8	3	8		18	12	
<i>Overijssel</i>	70	58	15	9	2	5		43	12	
<i>Zeeland</i>	49	33	12	5	2	6		21	16	
TOTAL (excl Com In)	7300	6290	2194	608	1340	190	56	4096	1010	
Community Initiatives	1686	1244	422					822	442	
INTERREG & REGEN	185	185	185							
LEADER	11	11	11							
REGIS	0	0	0							
EMPLOI	61	61	61							
ADAPT	68	68	68							
RECHAR	0	0	0							
RESIDER	23	23	23							
RETEX	1	1	1							
KONVER	27	27	27							
PME	10	10	10							
URBAN	22	22	22							
PESCA	13	13	13							
PEACE	0	0	0							
GENERAL TOTAL	8986	7535	2616	608	1340	190	56	4919	1451	

XI. PORTUGAL

Analysis of interventions by regional Objective

1989-1993

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend per head ECU, current prices
Objective 1	100.0	9.89	171
Total (Obj. 1 + CF + CI)	100.0	9.89	191

1994-1999

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend. per head ECU, 1994 prices
Objective 1	100.0	9.91	235
Total (Obj. 1 + CF + CI)	100.0	9.91	297

Analysis of Interventions by Objective and Source of Funding

1989-1993

	MECU, current prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	Others	Total national expenditure	Private financing	Loans EIB
	1 1 = 2 + 9	2 2 = 3 + 8	3 3 = 4 + 5 + 6 + 7	4	5	6	7	8	9	
Objective 1	17399	13426	8451	4441	2209	1341	460	4976	3973	5123
<i>Norte</i>	4872	3759	2366	1243	618	376	129	1393	1112	
<i>Centro</i>	3306	2551	1606	844	420	255	87	945	755	
<i>LVT</i>	6264	4833	3042	1599	795	483	166	1791	1430	
<i>Alentejo</i>	1218	940	592	311	155	94	32	348	278	
<i>Algarve</i>	522	403	254	133	66	40	14	149	119	
<i>Acores</i>	696	537	338	178	88	54	18	199	159	
<i>Madeira</i>	522	403	254	133	66	40	14	149	119	
Cohesion Fund	335	335	285				285	50		
TOTAL (excl Com In)	17734	13761	8736	4441	2209	1341	745	5026	3973	5123
Community Initiatives	1212	1114	725	619	78	27		389	98	
ENVIREG			102	102	0					
PRISMA			18	18						
INTERREG			180	175		5				
REGEN			82	82						
RECHAR			3	3						
RESIDER			5	5						
RENAVAL			24	24						
REGIS			53	53						
STRIDE			54	54						
TELEMATIQUE			36	36						
LEADER			52	28	2	22				
EUROFORM			33	2	31					
NOW			17	4	13					
HORIZON			34	2	32					
RETEX			30	30						
KONVER			2	2						
GENERAL TOTAL	18945	14875	9460	5060	2286	1369	745	5415	4071	5123

PORTUGAL

1994-1999

	MECU, 1994 prices									
	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG/ Cohesion Fund	Total national expenditure	Private financing	Loans EIB
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	26678	20037	13980	8724	3149	1894	213	6057	6642	6100¹
<i>Norte</i>	7737	5811	4054	2530	913	549	62	1756	1926	1769
<i>Centro</i>	4802	3607	2516	1570	567	341	38	1090	1196	1098
<i>LVT</i>	7470	5610	3914	2443	882	530	60	1696	1860	1708
<i>Alentejo</i>	2401	1803	1258	785	283	170	19	545	598	549
<i>Algarve</i>	1334	1002	699	436	157	95	11	303	332	305
<i>Acores</i>	1067	801	559	349	126	76	9	242	266	244
<i>Madeira</i>	800	601	419	262	94	57	6	182	199	183
<i>Multiregional</i>	1067	801	559	349	126	76	9	242	266	244
Cohesion Fund	3061	3061	2601				2601	460	0	
TOTAL (excl Com In)	29739	23098	16581	8724	3149	1894	2814	6517	6642	
Community Initiatives	1791	1536	1048	852	88	90	18	488	255	
INTERREG & REGEN			339							
LEADER			118							
REGIS			124							
EMPLOI			21							
ADAPT			21							
RECHAR			2							
RESIDER			7							
RETEX			195							
KONVER			8							
PME			124							
URBAN			45							
PESCA			26							
PEACE			0							
GENERAL TOTAL	31530	24633	17629	9576	3237	1984	2832	7005	6897	

¹ 1993 prices

XII. UNITED KINGDOM

Analysis of interventions by regional Objective 1989-1993

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend. per head ECU, current prices
Objective 1	2.8	1,58	100
Objective 2	35.5	20,09	20
Objective 5b ¹	2.6	1,63	16

1994-1999

	Eligible Population % (national pop.)	Eligible Population (million inhab.)	An. average Community public expend. per head ECU, 1994 prices
Objective 1	5.9	3,31	119
Objective 2	30.9	17,73	43
Objective 5b ¹	4.9	2,84	48

¹ The Objective 5b population in 1989-1993 included the Highlands and Islands of Scotland which transferred to Objective 1 in 1994 and Plymouth which transferred to Objective 2 in 1994.

Analysis of Interventions by Objective and Source of Funding

1989 - 1993

	Total CSF / SPD 1	Total public expenditure 2	Total Structural Funds 3	ERDF 4	ESF 5	EAGGF 6	Others 7	Total national expenditure 8	Private financing 9	Loans EIB	MECU, current prices
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7								
Objective 1 <i>Nothern Ireland</i>	1764	1365	793	348	315	94	36	572	399	157	
Objective 2	5973	4805	2015	1516	499			2790	1168	3697	
<i>Clwyd</i>	60	48	20	15	5			28	12		
<i>Eastern Scotland</i>	538	432	181	136	45			251	105		
<i>Fife and Central Scotland</i>	60	48	20	15	5			28	12		
<i>Industrial South Wales</i>	299	240	101	76	25			140	58		
<i>Merseyside</i>	418	336	141	106	35			195	82		
<i>North East England</i>	2270	1826	766	576	190			1060	444		
<i>South West/Plymouth</i>	179	144	60	45	15			84	35		
<i>West Midlands</i>	717	577	242	182	60			335	140		
<i>Western Scotland</i>	1075	865	363	273	90			502	210		
<i>Yorkshire</i>	358	288	121	91	30			167	70		
Objectives 3 and 4	3294	3278	1502		1502			1776	16		
Objective 5a Agric	1269	1078	316			316		762	191		
Objective 5a Fish	158	92	58				58	34	65		
Objective 5b	325	306	132	97	28	8		174	19	218	
<i>Devon and Cornwall</i>	98	98	40	30	10			58			
<i>Dumfries and Galloway</i>	31	30	15	14	1			15	1		
<i>Dyfed Gwynedd Powys</i>	94	94	39	34	6			55			
<i>Highlands and Islands</i>	101	83	38	19	11	8		46	18		
TOTAL (excl Com Init)	12782	10294	4816	1961	2344	417	94	6108	1858	4157¹	
Community Initiatives	513	513	513	384	119	10					
ENVIREG			18	18							
PRISMA			6	6							
INTERREG			54	48		6					
REGEN			0								
RECHAR			184	157	27						
RESIDER			5	5							
RENAVAL			87	87							
REGIS			0								
STRIDE			30	30	1						
TELEMATIQUE			5	5							
LEADER			15	9	2	4					
EUROFORM			39		39						
NOW			10	0	10						
HORIZON			30		30						
RETEX			8	6	2						
KONVER			20	13	7						
GENERAL TOTAL	13295	11437	5329	2345	2463	428	94	6108	1858	4157¹	

¹ Including an additional 86 MECU for Obj. 2 and Obj. 5b regions combined.

UNITED KINGDOM

1994-1999

MECU, 1994 prices

	Total CSF / SPD	Total public expenditure	Total Structural Funds	ERDF	ESF	EAGGF	FIFG	Total national expenditure	Private financing	Loans EIB ²
	1	2	3	4	5	6	7	8	9	
	1 = 2 + 9	2 = 3 + 8	3 = 4 + 5 + 6 + 7							
Objective 1	5671	4093	2360	1332	747	246	35	1733	1578	550
<i>Highlands and Islands</i>	1012	717	311	180	55	56	20	406	295	50
<i>Merseyside</i>	2000	1632	816	475	338	3	0	816	368	250
<i>Northern Ireland</i>	2658	1744	1233	677	354	187	15	511	915	250
Objective 2 (1994-96)	5388	4745	2142	1607	535			2603	643	
<i>Eastern Scotland</i>	292	292	121	97	24			171	0	
<i>East Midlands</i>	218	178	79	59	20			99	40	
<i>Gibraltar</i>	12	11	5	4	1			6	0	
<i>Greater London (East London and the Lee Valley)</i>	191	165	74	56	19			91	26	
<i>Industrial South Wales</i>	526	485	188	141	47			297	41	
<i>North East England</i>	724	651	308	231	77			343	73	
<i>North West England (Greater Manchester, Lancashire and Cheshire)</i>	815	680	329	230	99			351	135	
<i>Plymouth</i>	69	63	29	23	6			34	6	
<i>Thanet</i>	63	57	14	12	2			43	6	
<i>West Cumbria and Furness</i>	65	52	25	19	6			27	14	
<i>West Midlands</i>	938	742	371	278	93			371	196	
<i>Western Scotland</i>	660	660	286	223	63			374	0	
<i>Yorkshire and Humberside</i>	814	708	313	234	79			395	106	
Objective 2¹ (1997-99)	6133	5401	2438	1829	609			2963	732	
Objectives 3 and 4	5711	5711	3377		3377			2334		
Objective 5a Agric	725	582	186			186		396	143	
Objective 5a Fish	241	141	89				89	52	100	
Objective 5b	2004	1795	817	533	134	151		978	208	
<i>Borders Region</i>	76	68	30	20	6	4		38	7	
<i>Central Scotland / Tayside</i>	63	59	25	17	5	3		34	5	
<i>Dumfries and Galloway</i>	124	107	47	34	7	6		60	17	
<i>East Anglia</i>	132	126	60	41	9	11		66	7	
<i>English Midland Uplands</i>	33	28	12	8	2	2		16	5	
<i>English Northern Uplands</i>	262	230	108	65	16	27		122	32	
<i>Grampian</i>	95	86	39	28	6	5		47	9	
<i>Lincolnshire</i>	132	124	53	36	8	9		71	8	
<i>South West England</i>	514	445	219	145	33	41		226	69	
<i>The Marches</i>	90	80	40	24	9	7		40	10	
<i>Wales</i>	483	443	184	115	33	36		259	40	
TOTAL (excl Com Init)	25872	22468	11409	5300	5402	583	124	11060	3403	
Community Initiatives	2801	2544	1572					972	258	
INTERREG & REGEN			121							
LEADER			77							
REGIS			0							
EMPLOI			189							
ADAPT			310							
RECHAR			179							
RESIDER			49							
RETEX			40							
KONVER			139							
PME			67							
URBAN			122							
PESCA			43							
PEACE			236							
GENERAL TOTAL	28683	25165	12981	5300	5402	583	124	12184	3518	

¹ Data in 1994 prices, the breakdown by fund is calculated on the basis of the 94-99 breakdown without prejudice to forthcoming decisions.

² 1993 prices.

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