



UNIVERSITY OF  
STRATHCLYDE

# **The Evolution of Objective 2 Programmes**

*IQ-Net Thematic Paper 3(1)*

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*IQ-Net  
Improving the Quality of Structural Fund  
Programming through Exchange of  
Experience*

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## Preface

### *IQ-NET: Networking to improve the quality of Objective 2 programmes*

Launched in early 1996 and managed by the *European Policies Research Centre* (EPRC) at the University of Strathclyde in Glasgow, the network *IQ-NET* facilitates exchange of experience in the development, implementation and evaluation of Objective 2 programmes. Funded by a consortium of 13 Objective 2 areas and the European Commission (DG XVI), the network meets twice a year to examine issues of practical relevance to programme-makers and share examples of good, innovative and distinctive practice from across the EU. The first three meetings were held in Glasgow, in association with Strathclyde European Partnership (February 1996), in Cardiff, hosted by the Welsh Office and Welsh Development Agency (September 1996), and in Gelsenkirchen, Nordrhein Westfalen, hosted by the Land Government of Nordrhein Westfalen (April 1997). The most recent conference was hosted by the Swedish Objective 2 secretariat in Fyrstad. Meetings provide the opportunity to discuss the results of a structured programme of applied research and debate, steered by the network's partner regions:

- Steiermark and Niederösterreich, Austria
- Nordjylland, Denmark
- Päijät-Häme and South Karelia, Finland
- Aquitaine and Rhône Alpes, France
- Nordrhein Westfalen and Saarland, Germany
- Ångermanlandskusten and Fyrstad, Sweden
- Industrial South Wales and Western Scotland, UK

### *IQ-NET Thematic Papers*

This document contains the third series of thematic papers produced by EPRC in winter 1997 as part of *IQ-NET*'s applied research programme:

- 3.1: The Evolution of Objective 2 Programmes
- 3.2: Integrating Equal Opportunities into Objective 2 Programmes
- 3.3: Meso-Level Partnerships and Structural Fund Implementation
- 3.4: Objective 2 Programming in Fyrstad, Sweden

It supplements the following previous *IQ-NET* papers:

- 1.1: Managing the Structural Funds, Institutionalising Good Practice
- 1.2: RTD/Innovation policies in Objective 2 programmes
- 1.3: Generating Good Projects
- 1.4: Monitoring and Evaluation
- 2.1: Interim Evaluation
- 2.2: Synergy between the ERDF and ESF
- 2.3: The Environment in Objective 2
- 2.4: The Nordrhein Westfalen Objective 2 Programme

Focusing on topics selected by the network's partner regions, each paper places issues in their international context, raises questions for debate and highlights distinctive and innovative practices. For the convenience of readers, executive summaries are included in French, German and English.

Papers are first drafted on the basis of field research (encompassing interviews with Objective 2 programme managers and partners at regional, Member State and Commission levels) and substantial desk research. They are then modified to reflect the discussions of the *IQ-NET*

meeting and the comments of network sponsors. The papers are distributed to a wide group of people nominated by the sponsors. The EPRC welcomes comment and feedback on them.

Readers are reminded that the content of the papers does not necessarily represent the official position of either the partner regions or the Commission, and that errors of fact or interpretation are the responsibility of the authors alone.

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Translations were carried out by Ingrid Schumacher (German) and Lexus in Glasgow (French).

#### *Further Information*

Additional copies of the papers and further information on *IQ-NET* can be obtained from John Bachtler and Sandra Taylor, managers of the network, at the EPRC. The December 1996, June 1997 and January 1998 editions of '*IQ-NET Bulletin*', a newsletter co-financed by DG XVI and available from EPRC, contain synopses of the papers.

# The Evolution of Objective 2 Programmes

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*Executive Summaries*

*The Evolution of Objective 2 Programmes*

*L'Evolution des Programmes d'Objectif 2*

*Die Evolution der Ziel 2 Programme*



## 1. THE EVOLUTION OF OBJECTIVE 2 PROGRAMMES

### 1.1 Introduction

With re-programming now complete and the mid-term reviews drawing to a close, attention is shifting to the fundamental reform of the Structural Funds initiated with the publication of Agenda 2000. A key issue in the evolution of Objective 2 programmes is the approach to programming. Over the past eight years, most aspects of programming have developed considerably as regions have gained familiarity with the principles and operational requirements of designing and implementing programmes. Reflecting the lessons learned, Agenda 2000 makes commitments to simplified and decentralised programme management, with a clearer division of responsibilities between Commission, national governments and regions, although how this will work in practice is not yet clear.

This paper provides a brief overview of the learning curve experienced by regions with respect to the programming process, and how the future of Objective 2 programming has been tackled within Agenda 2000. It concludes by highlighting the key issues outstanding for the future direction of programming within the Structural Funds. The main paper also describes the 1997-99 reprogramming process (including the negotiations and the changes to the new Objective 2 programmes).

### 1.2 The Long-Term Evolution of Objective 2 Programmes

The progression from the 1994-96 to the 1997-99 programmes has to be seen as part of the longer term continuum of programme evolution. Comparison of the design and implementation of regional development programmes over time across different EU Member States suggests that it is possible to identify a developmental process of 'learning' about how to undertake different elements of programming. The main paper employs matrices to summarise how experience across the EU suggests different aspects of programming are evolving, and thus demonstrating the 'learning curve' of development.

The key message is that the learning process is a continuous and incremental one and that regions progress over time in the quality of the programming process. The 'learning curve' covers all aspects of the programming process: plan preparation; strategic direction; management and administration; partnership; project delivery; and monitoring and evaluation.

During early stages, *plan preparation* was often undertaken by small groups or committees, frequently within an individual government department, and often with limited discussion and consultation. The second phase plans were more carefully prepared and participative, although still dominated by the favoured few. There is now evidence of moves to a more on-going, interactive process of analysis, consultation and feedback among a wide range of partners, with more sophisticated planning techniques.

Early programmes had little or no *strategic direction*, being viewed essentially as mechanisms for drawing down EU funding. Often they were relatively traditional, related to pre-existing priorities and structures. In the next phase,

programmes moved to a more coordinated approach, displaying greater integration and policy innovation. The most recent developments continue the process of innovation and experimentation, and also incorporate a multi-level approach, focusing more on specific issues and regions.

First stage programmes were disjointed in *management and administration*; they were essentially department or agency based, with little cross/inter-departmental communication. Although departmental barriers still exist to a significant extent, implementation systems have matured considerably, with the use of secretariats, advisory groups and local delivery mechanisms.

*Partnership* was often token or non-existent initially and is still limited in many places. Early programmes were characterised by the exclusion of key groups, limited participation of public bodies and limited public awareness. There is an increasing commitment to the value of partnership, and regions have increasingly set up systems which formalise partnership arrangements.

Initial approaches to *project delivery* were opportunistic. Project delivery has increasingly become more pro-active, with a more integrated, developmental approach. The processing of applications has become more professional, and formal and systematic selection procedures have been introduced in many regions.

*Monitoring and evaluation* represented one of the least developed aspects of early programming. Data was poor or non-existent, there was an absence of targets and indicators, and monitoring systems (for physical indicators at least) were rudimentary and unsystematic. A considerable amount of development work has since been undertaken. In the more advanced cases (longest-running programmes), there are ambitions of creating fully integrated physical and financial reporting systems, and comprehensive monitoring and evaluation frameworks.

The value of monitoring and evaluation exercises has been increasingly accepted by regions, with a positive commitment to evaluation and monitoring now evident. Increased regional involvement in overseeing and developing guidelines for evaluation has improved the practical relevance of evaluation results for regions.

### **1.3 Which Way Next?**

#### *1.3.1 Agenda 2000*

The future direction of programming depends on the outcome of the current debate over the reform of the Structural Funds initiated by the *Agenda 2000* communication published by the European Commission on 16 July 1997. This outlines the broad perspectives for the development of the Union and its policies after 1999, the proposals for enlargement and the future financial framework.

Following the publication of *Agenda 2000*, EU and Member State authorities were engaged in an intensive process of informal consultation, and formal negotiation. The Commission is expected to propose the detailed regulations for the reformed Structural Funds during Spring 1998, with a view to gaining approval of the regulations during the remainder of 1998. The forthcoming

regulations should also clarify the eligibility of activities, the articulation of boundaries between Objectives and the relationship between the Funds.

Although the most contentious issue is finance, the broadly positive reactions of Member States to the Commission's proposals reflect the fact that Agenda 2000 is essentially a 'holding document'. With accession unlikely to take place until 2003, and possibly not until 2006, there is no imminent budgetary crisis and the hard decisions concerning the impact of enlargement have been postponed. Instead the Commission has opted to meet financial constraints and efficiency problems by reorganising the current system and with the aim of providing 'something for all'.

Nevertheless, the proposals would involve changes in the coverage of designated areas and in the allocation of resources (outlined more fully in the main paper). Although the detail of Objective 2 designation procedures and criteria are still being debated, the Commission has unofficially reassured even the best-placed countries that they are likely to have at least some, potentially self-designated, EU assisted areas.

### 1.3.2 *Agenda 2000 and Objective 2*

The Commission's proposals would reduce the list of seven Objectives to three. The new *Objective 2* would be for regions suffering from structural disadvantages in the form of economic and social restructuring problems, a high rate of unemployment or depopulation. Although put forward as a rationalisation, many issues remain unclear e.g. concern about 'policy overload' and fragmentation of Objective 2 into disparate sub-objectives, achieving a fair balance between deprived urban, rural and industrial areas, and the choice of designation indicators.

### 1.3.3 *Agenda 2000 and Programme Management*

Under the Commission's proposals for improved programme management, single, multi-annual programmes would be prepared for each Objective 2 region. With a clearer division of responsibilities, Commission and national/regional/local authorities would identify priorities and targets, and programmes would be implemented with decentralised management and simpler financial administration. There is universal agreement among Member State authorities at all levels that the management of programmes needs to be overhauled with significant rationalisation of administrative procedures. There is scope for simplification at every stage of programming. However, the Agenda 2000 proposals for simplification are framed in general terms, raising doubts about whether they would have real impact in practice.

## 1.4 **Questions and Issues for Future Programming**

In conclusion, when considering the future of programming under the Structural Funds, it can be argued that there are three key issues to be addressed; simplification, decentralisation and accountability.

- **Simplification:** the Structural Fund regulations need to be rationalised, eliminating the overlaps between the framework, coordination and Fund-specific regulations, potentially in one overall regulation. Priorities and eligibility rules should be clearly stated, and financial management

procedures should be simplified, providing greater flexibility. The Commission's approach to determining the eligibility of expenditure should be consistent across Member States.

- **Decentralisation:** there is pressure from several Member States for a more decentralised mode of implementation of the Structural Funds, stemming primarily from the Commission's attempt to exercise its regulatory responsibilities in a more-or-less standard manner across the Union, regardless of the enormous differences in policy approach and institutional structures. In resolving these problems, the Union needs to find a way of adapting the implementation of Funds to suit different national conditions, potentially with different degrees of decentralisation e.g. by developing a system of 'implementation agreements' determined bilaterally between the Commission and each individual Member State.
- **Accountability:** with greater decentralisation, the challenge of accountability will increase for the Commission. One solution proposed has been the potentially problematic 'performance reserve scheme', whereby the Commission proposes to retain ten percent of programme budgets as a reserve to be allocated at the mid-point of programmes to the better-managed programmes. A better way to promote good performance is to ensure a clearer division of responsibilities and accountability between the Commission services and Member State authorities at national and regional level. Member State audit arrangements should have a greater role in monitoring, control and the use of sanctions such as a national rather than EU level 'performance reserve scheme'. The Commission's role should be to work with and through national institutional arrangements for audits and evaluation to secure the required information flows.

## 2. L'EVOLUTION DES PROGRAMMES D'OBJECTIF 2

### 2.1 Introduction

La reprogrammation étant maintenant achevée et les examens intermédiaires tirant à leur fin, l'attention se porte sur la réforme fondamentale des Fonds Structurels commencée avec la publication d'Agenda 2000. Une question clef dans l'évolution des programmes d'Objective 2 est la manière d'approcher la programmation. Au fil des huit années passées, la majorité des aspects de programmation ont connu un développement considérable à mesure que les régions se sont familiarisées avec les principes et exigences opérationnelles de la conception et de la mise en œuvre des programmes. Reflet des leçons du passé, Agenda 2000 s'engage à assurer une gestion de programme simplifiée et décentralisée, avec une division plus nette des responsabilités entre la Commission, les gouvernements nationaux et les régions, bien qu'on ne sache pas encore clairement comment cela fonctionnera dans la pratique

Cet article donne une brève vue d'ensemble de la période de familiarisation avec le processus de programmation traversée par les régions, et de la manière dont la programmation future d'Objectif 2 a été envisagée au sein d'Agenda 2000. Sa conclusion formule les questions clefs non résolues pour la direction future de la programmation au sein des Fonds structurels. L'article principal décrit aussi le processus de reprogrammation en 1997-99 (y compris les négociations et les changements apportés aux nouveaux programmes d'Objectif 2).

### 2.2 L'Evolution à long terme des Programme d'Objectif 2

La progression entre les programmes de 1994-96 et ceux de 1997-99 doit être envisagée dans un processus continu à plus long terme d'évolution des programmes. Une comparaison de la façon dont les programmes ont été conçus et mis en œuvre dans le temps dans les différents Etats-membres de l'UE indique qu'il est possible d'identifier un processus progressif d'apprentissage de la façon d'entreprendre différents éléments de programmation. L'exposé principal emploie des matrices pour résumer comment l'expérience dans toute l'UE indique que les différents aspects de programmation évoluent, démontrant l'existence d'une période de familiarisation.

Le message clef est que le processus d'apprentissage est continu et progressif et que la qualité du processus de programmation des régions progresse avec le temps. La période de familiarisation couvre tous les aspects du processus de programmation: préparation du plan, direction stratégique, gestion et administration, partenariat, mise en œuvre du projet et suivi et évaluation.

Au début, la *préparation du plan* était souvent effectuée par de petits groupes ou comités, souvent dans un ministère particulier et souvent avec un processus restreint de discussion et de consultation. Les plans de la seconde phase étaient préparés avec plus grand soin et une plus grande participation, mais restaient dominés par quelques privilégiés. Se manifestent maintenant des tendances vers un processus plus interactif d'analyse, de consultation et de feed-back,

parmi une grande diversité de partenaires, avec des techniques de planification plus sophistiquées.

La *direction stratégique* des premiers programmes était limitée, voire inexistante, car ils étaient considérés essentiellement comme des mécanismes servant à obtenir des financements de l'UE. Ils étaient souvent relativement traditionnels, liés à des priorités ou structures pré-existantes. Au cours de la phase suivante, les programmes ont évolué vers une approche plus coordonnée, faisant preuve d'une plus grande intégration et d'une plus grande innovation politique. Les développements les plus récents continuent de s'inscrire dans le processus d'innovation et d'expérimentation, et font aussi intervenir une approche sur plusieurs niveaux, plus centré sur des problèmes et régions spécifiques.

Les programmes de la première phase étaient décousus, tant dans leur *gestion que dans leur administration*; ils étaient surtout basés sur des départements ou des agences, avec peu de communication entre les différents départements. Bien que les barrières départementales subsistent dans une large mesure, les systèmes de mise en œuvre ont beaucoup évolué, avec l'utilisation de secrétariats, groupes consultatifs et mécanismes locaux de mise en œuvre.

*Le partenariat* était, initialement, souvent symbolique, voire inexistant, et reste limité dans de nombreux endroits. Les premiers programmes se caractérisaient par l'exclusion de groupes-clefs, la participation limitée des organismes publics et une prise de conscience limitée de la part du public. On assiste à un engagement croissant quant à l'importance du partenariat, et les régions ont de plus en plus mis en place des systèmes qui officialisent les partenariats.

Initialement, la *mise en œuvre des projets* était opportuniste. Elle devient de plus en plus proactive, et fait l'objet d'une approche plus intégrée et plus axée sur le développement. Le traitement des demandes est devenu plus professionnel et des procédures de sélection officielles et systématiques ont été introduites dans de nombreuses régions.

*Le suivi et l'évaluation* représentaient l'un des aspects les moins développés au début de la programmation. Les informations étaient insuffisantes ou inexistantes, objectifs et indicateurs étaient absents, et les systèmes de suivi (pour les indicateurs concrets au moins) étaient rudimentaires et non systématiques. Un considérable travail de développement a été effectué depuis. Dans les cas les plus avancés (les programmes les plus anciens), on ambitionne de créer des systèmes de compte-rendus portant sur les aspects concrets et financiers entièrement intégrés, et des cadres de suivi et d'évaluation complets.

L'importance du suivi et de l'évaluation est de plus en plus reconnue par les régions, et un engagement positif à l'égard du suivi et de l'évaluation est maintenant manifeste. Une plus grande participation régionale dans la supervision et le développement des directives d'évaluation a accru l'utilité pratique des résultats d'évaluation pour les régions.

## 2.3 Perspectives d'Avenir

### 2.3.1 *Agenda 2000*

La direction future de la programmation dépend de l'issue du débat actuel sur la réforme des Fonds Structurels, lancé par la communication *Agenda 2000* publiée par la Commission européenne le 16 juillet 1997. Celle-ci ébauche les perspectives du développement de l'Union et de ses politiques après 1999, les propositions d'élargissement et le cadre financier futur.

Suite à la publication d'Agenda 2000, l'UE et les administrations des Etats-membres étaient engagées dans un processus intensif de consultation informelle et de négociations formelles. On s'attend à ce que la Commission propose les réglementations détaillées pour les Fonds Structurels réformés au cours du printemps 1998, en vue d'obtenir l'approbation des réglementations d'ici la fin de 1998. Les réglementations à venir devraient aussi éclaircir la question des activités remplissant les critères, la fixation des limites entre les objectifs et la relation entre les Fonds..

Bien que la question la plus délicate soit celle des finances, les réactions en grande partie positives des Etats-membres aux propositions de la Commission reflètent le fait qu'Agenda 2000 est surtout un 'document intérimaire'. L'accession étant peu probable avant 2003, voire peut-être 2006, aucune crise budgétaire n'est imminente et les décisions difficiles concernant l'impact de l'élargissement ont été repoussées. La Commission a préféré faire face aux contraintes financières et aux problèmes d'efficacité en réorganisant le système actuel dans le but de fournir "quelque chose pour tout le monde".

Cependant, les propositions feraient intervenir des changements dans l'étendue des zones désignées et dans l'allocation des ressources (expliqué de façon plus complète dans l'exposé principal). Bien que le détail des procédures et critères de désignation de l'Objectif 2 fassent encore l'objet de débats, la Commission a déclaré officieusement que même dans les pays les plus favorisés il y aurait au moins quelques zones, potentiellement autodésignées, assistées par l'UE.

### 2.3.2 *L'Agenda 2000 et l'Objectif 2*

Les propositions de la Commission réduiraient la liste des Objectifs de sept à trois. Le nouvel *Objectif 2* s'adresserait aux régions structurellement défavorisées, qu'il s'agisse de problèmes économiques et de restructuration sociale, de taux élevés de chômage ou de dépeuplement. Bien que présenté comme une rationalisation, de nombreuses questions restent confuses; des inquiétudes sont par exemples suscitées par le risque de "surcharge politique" et la fragmentation de l'Objectif 2 en sous-objectifs disparates, la nécessité de trouver un équilibre juste entre les zones défavorisées urbaines, rurales et industrielles, et le choix d'indicateurs de désignation.

### 2.3.3 *L'Agenda 2000 et la gestion des programmes*

Aux fins d'une meilleure gestion des programmes, la Commission a proposé, entre autres, la préparation de programmes uniques pluriannuels pour chaque région d'Objectif 2. La division des responsabilités étant plus claire, la Commission et les administrations nationales/régionales/locales isoleraient des

priorités et des objectifs et les programmes seraient mis en œuvre avec une gestion décentralisée et une administration financière plus simple. Toutes les administrations des Etats-membres à tous les niveaux s'accordent pour dire que la gestion des programmes doit être revue et qu'une rationalisation significative des procédures administratives s'impose. Chaque stade de programmation peut être simplifié. Cependant les propositions de simplification contenues dans l'Agenda 2000 sont formulées en termes généraux, ce qui conduit à douter de leur impact réel dans la pratique.

#### 2.4 Questions et Thèmes pour la Programmation Future

Pour conclure, lorsque l'on considère le futur de la programmation dans le cadre des Fonds Structurels, on peut dire que trois points clefs doivent être abordés: la simplification, la décentralisation et la responsabilité.

- **La simplification:** les réglementations des Fonds Structurels doivent être rationalisées, peut-être sous forme d'une réglementation globale, afin d'éviter que les réglementations-cadres, les réglementations de coordination et les réglementations spécifiques aux Fonds se recouvrent. Les priorités et les règles concernant les critères à remplir doivent être clairement énoncées, et les procédures de gestion financière doivent être simplifiées pour assurer une plus grande souplesse. La démarche de la Commission pour déterminer si les dépenses correspondent aux critères doit être la même dans tous les Etats-membres.
- **La décentralisation:** Plusieurs Etats-membres réclament un mode de mise en œuvre des Fonds Structurels plus décentralisé. Ceci découle des tentatives de la Commission de standardiser la manière dont elle exerce ses responsabilités de réglementation, ce dans toute l'Union, sans tenir compte des différences énormes d'approche politique et de structures institutionnelles. Pour résoudre ces problèmes, l'Union doit trouver une façon d'adapter la mise en œuvre des Fonds en fonction des différentes conditions nationales, potentiellement avec différents degrés de décentralisation, par exemple en développant un système d'accords de mise en œuvre déterminés entre la Commission et chaque Etat-membre.
- **Responsabilité:** Le défi que représente la responsabilité pour la Commission s'intensifiera à mesure que la décentralisation ira croissant. La solution consistant en un système - potentiellement problématique - de "retenue de performances" a été proposée. Dans le cadre de ce système, la Commission se propose de retenir dix pour cent des budgets des programmes, et de les allouer aux programmes les mieux gérés à mi-durée des programmes. Une meilleure façon d'encourager de bonnes performances serait d'assurer une division plus claire des rôles et de la responsabilité entre les services de la Commission et les administrations des Etats-membres au niveau national et régional. Les dispositifs d'audit des Etats-membres devraient jouer un plus grand rôle dans le suivi, le contrôle et l'utilisation des sanctions, par exemple dans le cadre d'un système de retenue de performances au niveau national plutôt qu'au niveau de l'UE. La Commission devrait œuvrer avec les dispositifs institutionnels nationaux et au travers de ceux-ci pour que les audits et l'évaluation fournissent les informations nécessaires.

### **3. DIE EVOLUTION DER ZIEL 2 PROGRAMME**

#### **3.1 Einführung**

Nach Abschluß der Umprogrammierungen und nahezu auch der Zwischenrevisionen richtet sich die Aufmerksamkeit nun auf die fundamentale Reform der Strukturfonds, die mit der Veröffentlichung der Agenda 2000 initiiert wurde. Ein Hauptthema bei der Evolution der Ziel 2 Programme ist der Programmansatz. Während der letzten acht Jahre haben sich die meisten Aspekte der Programmgestaltung erheblich entwickelt, während die Regionen mit den Prinzipien und Anwendungserfordernissen der Planung und Umsetzung der Programme vertrauter wurden. Als Reflexion der daraus gezogenen Lehren verpflichtet Agenda 2000 zu vereinfachter dezentralisierter Programmleitung, mit einer klareren Aufteilung der Zuständigkeiten zwischen Kommission, nationalen Regierungen und Regionen; wie dies in der Praxis funktionieren wird, ist allerdings noch nicht klar.

Die vorliegende Arbeit gibt einen kurzen Überblick über die Lernkurve der Regionen in bezug auf den Programmierungsprozeß und wie die Zukunft der Ziel 2 Programme innerhalb Agenda 2000 gehandhabt wird. Sie schließt mit einer Herausstellung der Hauptthemen, die für die zukünftige Richtung der Programme innerhalb der Strukturfonds noch zu klären sind. Die Hauptarbeit beschreibt auch den Umprogrammierungsprozeß von 1997-99 (einschließlich der Verhandlungen und Änderungen an den neuen Ziel 2 Programmen).

#### **3.2 Die langfristige Evolution der Ziel 2 Programme**

Die Entwicklung von den 1994-96 zu den 1997-99 Programmen muß als Teil des längerfristigen Kontinuums einer Programmevolution gesehen werden. Ein Vergleich der Planung und Umsetzung regionaler Wirtschaftsförderungsprogramme über einen gewissen Zeitraum und in verschiedenen EU-Mitgliedstaaten läßt vermuten, daß es möglich ist, einen allmählichen 'Lernprozeß' zu identifizieren, was die Art der Behandlung verschiedener Programmelemente anbelangt. Die Hauptarbeit faßt mit Hilfe von Matrizen zusammen, wie Erfahrungen in der gesamten EU darauf hindeuten, daß verschiedene Programmaspekte sich herausbilden und somit die 'Lernkurve' der Entwicklung beweisen.

Der Hauptpunkt ist, daß es sich um einen steten, fortschreitenden Lernprozeß handelt, und daß die Regionen im Laufe der Zeit die Qualität des Programmierungsprozesses verbessern. Die 'Lernkurve' erfaßt alle Aspekte des Programmierungsprozesses: Vorbereitung des Plans; strategische Richtung; Management und Administration; Partnerschaft; Programmumsetzung; sowie Begleitung und Evaluierung.

Während der Anfangsstufen geschah die *Vorbereitung des Plans* oft durch kleine Gruppen oder Ausschüsse, oft innerhalb einer einzelnen Regierungsabteilung und oft mit begrenzter Diskussion und Konsultation. Die Pläne der zweiten Phase waren sorgfältiger vorbereitet und bewiesen eine größere Beteiligung anderer Parteien, obwohl sie auch weiterhin von einigen wenigen dominiert wurden. Nunmehr gibt es mehr Beweise für Schritte in Richtung eines ständigen interaktiven Prozesses der Analyse, Konsultation

und des Feedback zwischen einer ganzen Reihe verschiedener Partner, mit anspruchsvolleren Planungstechniken.

Die ersten Programme hatte wenig oder keine *strategische Richtung*, da sie im wesentlichen als Mechanismen zur Sicherung von EU-Mitteln gesehen wurden. Sie waren oft relativ traditionsgebunden und bezogen sich auf bereits bestehende Prioritäten und Strukturen. In der nächsten Phase zeigten die Programme einen mehr koordinierten Ansatz, mit größerer Integration und maßnahmepolitischer Innovation. Die jüngste Entwicklungen setzen diesen Innovations- und Experimentierprozeß fort und enthalten auch einen mehrstufigen Ansatz, der sich eher auf spezifische Themen und Regionen konzentriert.

Programme der ersten Phase zeigten keinen Zusammenhang von *Management und Administration*; sie basierten im wesentlichen auf einzelnen Abteilungen oder Büros, mit wenig Kommunikation zwischen und innerhalb der einzelnen Stellen. Obwohl Abteilungsbarrieren in gewissem Maße weiterhin bestehen, sind die Umsetzungssysteme durch die Verwendung von Sekretariaten, Beratungsgruppen und lokalen Umsetzungsmechanismen erheblich gereift.

*Partnerschaften* bestanden anfangs oft nur dem Namen nach, wenn überhaupt, und sind an vielen Orten immer noch beschränkt. Charakteristisch für die frühen Programme waren der Ausschluß von Schlüsselgruppen, begrenzte Beteiligung öffentlicher Stellen und begrenztes öffentliches Bewußtsein. Nun wird der Wert von Partnerschaften zunehmend mehr anerkannt, und die Regionen führen immer mehr Systeme zur Formalisierung von Partnerschaftsstrukturen ein.

Die anfänglichen Ansätze zur *Programmumsetzung* waren opportunistisch. In der Zwischenzeit ist die Programmumsetzung zunehmend pro-aktiver geworden, mit einem mehr integrierten entwicklungsmaßige Ansatz. Die Bearbeitung der Anträge ist nun professioneller, und in vielen Regionen sind offizielle, systematische Auswahlverfahren eingeführt worden.

*Begleitung und Evaluierung* gehörten zu den am wenigsten entwickelten Aspekten der frühen Programme. Die Daten waren unzulänglich oder gar nicht vorhanden, es fehlte an Zielen und Indikatoren, und die Begleitsysteme waren (zumindest für materielle Indikatoren) rudimentär und systemlos. Seither ist eine beträchtliche Menge von Entwicklungsarbeit geleistet worden. In den fortgeschritteneren Fällen (den am längsten bestehenden Programmen) ist man bestrebt, voll integrierte materielle und finanzielle Berichtssysteme zu schaffen sowie umfassende Begleit- und Evaluierungsrahmen.

Der Wert der Begleit- und Evaluierungsübungen wird immer mehr von den Regionen akzeptiert, wobei eine positive Verpflichtung zu Begleitung und Evaluierung deutlich wird. Ein wachsendes regionales Engagement an der Überwachung und Entwicklung von Richtlinien für die Evaluierung hat die praktische Relevanz der Evaluierungsergebnisse für die Regionen verbessert.

### 3.3 Was nun?

#### 3.3.1 *Agenda 2000*

Die zukünftige Richtung der Programme hängt vom Ergebnis der derzeitigen Debatte über die Reform der Strukturfonds ab, die durch *Agenda 2000* angeregt wurde, eine von der Europäischen Kommission am 16. Juli 1997 veröffentlichte Kommunikation. Sie umreißt die allgemeinen Perspektiven für die Entwicklung der Union und ihrer Politik nach 1999, die Vorschläge für eine Erweiterung und den zukünftigen finanziellen Rahmen.

Nach der Veröffentlichung von *Agenda 2000* engagierten sich die Behörden der EU und der Mitgliedstaaten an einem intensiven Prozeß informeller Konsultation und formeller Verhandlungen. Die Kommission soll im Frühjahr 1998 die detaillierten Richtlinien für die reformierten Strukturfonds vorschlagen, die dann im Laufe des restlichen Jahres gebilligt werden sollen. Die zu erwartenden Vorschriften sollten auch die Förderfähigkeit von Aktivitäten, die Definition von Grenzen zwischen Zielen und die Beziehung zwischen den Fonds klären.

Obwohl die Finanzen der umstrittenste Punkt sind, reflektieren die im allgemeinen positiven Reaktionen der Mitgliedstaaten auf die Vorschläge der Kommission die Tatsache, daß *Agenda 2000* im wesentlichen ein 'Wahrungsdokument' ist. Da der Erweiterung wohl kaum vor 2003 und eventuell nicht vor 2006 stattfindet, droht keine sofortige Etatkrise und die schweren Entscheidungen bezüglich der Wirkung der Erweiterung sind verschoben worden. Die Kommission hat statt dessen beschlossen, finanziellen Beschränkungen und Leistungsproblemen durch eine Neuorganisation des derzeitigen Systems zu begegnen und damit 'für alle etwas' zu schaffen.

Nichtsdestoweniger beinhalten die Vorschläge Änderungen im Umfang der abgegrenzten Gebiete sowie bezüglich der Zuweisung der Ressourcen (was ausführlicher in der Hauptarbeit umrissen ist). Obwohl die Einzelheiten der Abgrenzungsverfahren nach Ziel 2 noch debattiert werden, hat die Kommission selbst den am besten platzierten Ländern inoffiziell versichert, daß sie zumindest einige eventuell selbst abgegrenzte EU-Fördergebiete haben werden.

#### 3.3.2 *Agenda 2000 und Ziel 2*

Die Vorschläge der Kommission würden die Liste der sieben Ziele auf drei reduzieren. Das neue *Ziel 2* gälte für Regionen, die unter struktureller Benachteiligung durch wirtschaftliche und soziale Umstrukturierungsprobleme, eine hohe Arbeitslosenquote oder Entvölkerung leiden. Obwohl dies als Rationalisierung vorgeschlagen wird, sind viele Themen weiterhin unklar, wie z.B. Bedenken über 'politische Überbelastung' und Fragmentierung von Ziel 2 in verschiedene Unterziele, die Erreichung eines gerechten Gleichgewichts von deprivierten städtischen, ländlichen und industriellen Gebieten, sowie die Wahl geeigneter Abgrenzungsindikatoren.

### 3.3.3 *Agenda 2000 und Programleitung*

Nach den Vorschlägen der Kommission für verbesserte Programmleitung würden für jede Ziel 2 Region einzelne mehrjährige Programme vorbereitet. Mit klarerer Aufteilung der Zuständigkeiten würden die Kommission und nationale/regionale/lokale Behörden Prioritäten und Ziele identifizieren und die Programme würden unter dezentralisiertem Management und einfacherer finanzieller Administration umgesetzt. Die Behörden der Mitgliedstaaten sind sich auf allen Ebenen darüber einig, daß das Management der Programme überholt und die Verwaltungsverfahren erheblich rationalisiert werden müssen. Auf jeder Programmstufe besteht die Möglichkeit der Vereinfachung. Doch sind die Vereinfachungsvorschläge der Agenda 2000 allgemein gehalten, was Zweifel daran erhebt, ob sie in der Praxis eine tatsächliche Wirkung haben würden.

### 3.4 **Fragen und Themen für zukünftige Programmierung**

Abschließend kann bei der Betrachtung der Zukunft der Programmierung nach den Strukturfonds angeführt werden, daß drei Hauptthemen anzusprechen sind: Vereinfachung, Dezentralisierung und Verantwortlichkeit.

- **Vereinfachung:** die Vorschriften der Strukturfonds müssen rationalisiert werden, und Überschneidungen von Rahmen-, Koordinierungs- und fondsspezifischen Vorschriften gegebenenfalls durch eine Gesamtvorschrift vermieden werden. Prioritäten und Zulassungsrichtlinien sollten klar dargelegt und finanzielle Managementverfahren vereinfacht werden, um größere Flexibilität zu gewähren. Der Ansatz der Kommission zur Bestimmung der Förderfähigkeit von Ausgaben sollte in allen Mitgliedstaaten einheitlich sein.
- **Dezentralisierung:** mehrere Mitgliedstaaten drängen auf eine mehr dezentralisierte Art der Umsetzung der Strukturfonds, hauptsächlich aufgrund des Versuchs der Kommission, ihre vorschriftsmäßige Verantwortung mehr oder weniger als Norm in der ganzen Union auszuüben, ungeachtet der enormen Unterschiede im politischen Ansatz oder der institutionellen Strukturen. Zur Lösung dieser Probleme muß die Union einen Weg finden, um die Umsetzung der Fonds den verschiedenen nationalen Bedingungen anzupassen, eventuell mit verschiedenen Graden der Dezentralisierung, z.B. durch Entwicklung eines Systems bilateraler 'Umsetzungsvereinbarungen' zwischen der Kommission und den einzelnen Mitgliedstaaten.
- **Verantwortlichkeit:** mit größerer Dezentralisierung wächst auch das Problem der Verantwortlichkeit für die Kommission. Ein Lösungsvorschlag ist das eventuell problematische 'leistungsbezogene Reserveprogramm', wobei die Kommission vorschlägt, zehn Prozent der Programmetats einzubehalten, um sie nach der Hälfte der Programmzeit den besser geleiteten Programmen zuzuweisen. Eine bessere Förderung guter Leistung geschieht durch eine klarere Teilung der Zuständigkeiten und Verantwortlichkeit zwischen den Dienststellen der Kommission und den Behörden der Mitgliedstaaten auf nationaler und regionaler Ebene. Die Prüfungsvereinbarungen der Mitgliedstaaten sollten eine größere Rolle bei der Begleitung, Kontrolle und beim Gebrauch von Sanktionen spielen, wie

einem 'leistungsbezogenen Reserveprogramm' auf nationaler statt auf EU-Ebene. Die Rolle der Kommission sollte darin bestehen, mit und durch nationale institutionelle Vereinbarungen für Prüfungen und Evaluierungen zur Sicherung des erforderlichen Informationsflusses zu sorgen.



## Thematic Paper

### *The Evolution of Objective 2 Programmes*



# The Evolution of Objective 2 Programmes

## 1. INTRODUCTION

With re-programming now complete and the mid-term reviews drawing to a close even in the new Member States, attention is shifting to the fundamental reforms to the Structural Funds initiated by the publication of Agenda 2000. Fundamental to the future of Objective 2 are the eligibility and allocation criteria and the respective roles of the European Commission and Member States in designating new areas. The new regulations expected during spring 1998 should also clarify the eligibility of activities, the articulation of boundaries between Objectives 2 and 3 and the relationship between the Funds.

A further key issue is the approach to programming. Over the past eight years, most aspects of programming - strategy development, partnership, programme management, project delivery, monitoring and evaluation - have developed considerably as regions gain familiarity with the principles and operational requirements of designing and implementing programmes. Reflecting the lessons learned, Agenda 2000 makes commitments to simplified and decentralised management of programmes, with a clearer division of responsibilities between Commission, national governments and regions, although how this will work in practice is not yet clear.

The following paper examines these issues in more detail. It begins with a summary of the reprogramming of Objective 2 programmes that has taken place over the past year with the transition from the 1994-96 to 1997-99 programmes in the 'old' Member States. The paper then reviews the longer term evolution of programming, highlighting the lessons learned in both the old and new Member States with respect to the different stages of programming. The paper concludes with an assessment of the Agenda 2000 debate, identifying whether and how the reforms of the Structural Funds will respond to the concerns and experiences of Member State authorities, programme managers and other partners. Several questions are listed that could provide a starting point for discussion at the IQ-NET meeting.

The paper is based on a survey of Commission services, Member State authorities and regional programme managers and partners undertaken during recent months.

## 2. REPROGRAMMING OBJECTIVE 2 FOR 1997-99

When the Objective 2 programming periods were approved in 1993 it was thought that the speed of transition in industrial regions might require (or allow for) changes to the areas of the programmes after three years. In actual fact, the changes to the areas were very limited, involving marginal adjustments to partially eligible urban areas of Spain (Zaragoza, Barcelona, Baleares, Madrid), Italy (Pisa, Milan, Varese, Reggio Emilia, Modena, Rome, Trieste, Florence and Venice) and the Netherlands (Overig Groningen).

During 1996 the Commission circulated guidelines relating to 'horizontal themes' which, it recommended, should receive emphasis in the 1997-99 programmes. Member State authorities and Programme Monitoring Committees were encouraged to promote greater thematic concentration on the objectives of employment creation; research and technological development (RTD); environmental concerns; equal opportunities; and entrepreneurship.

This thematic focus stems, in part, from a series of European Council decisions on the role of EU policies in fostering Community competitiveness. The Essen Council in 1994 announced that combating unemployment and promoting equal opportunities is the priority task of the Community and its Member States, a principle reaffirmed at subsequent Summits. In the context of the 1993 White Paper, the relationship between economic growth and employment was also explicitly addressed at Council level, highlighting the role played by SMEs as a source of jobs, growth and competitiveness, especially through better access to information, training and RTD, the promotion of internationalisation and better access to capital markets. Lastly, sustainability in economic development has been increasingly emphasised since the mid-1980s, partly through global initiatives such as the 1992 UN Conference and the successive EU Environmental Action Plans, progressively promoting environmental integration in all EU policies.

## **2.1 Negotiation of Programmes**

The new Objective 2 programmes were prepared during 1996 and generally submitted to the Commission between early September and December 1996. Timescales for negotiation and approval varied significantly between countries, but most programmes were approved between March and August 1997.

The experience of negotiation was again highly variable. For many regions, the negotiations seem to have run relatively smoothly, focusing more on technical than substantive issues with limited change involved in the majority of programmes. In several Member States (eg. France) this represented a major contrast to the 1994 programme negotiations which were extremely difficult - once memorably described as a 'dialogue between the deaf'. This may be attributable to the fact that reprogramming frequently involved a rollover of existing programmes as well as sensitivity among Commission services to the intense criticism they received during the previous negotiations.

This relatively positive experience was not universal. A frequent criticism concerns the erratic schedule of the negotiations, characterised by poor timetabling and communication, and intermittent bursts of frenetic activity. Commission services again appear to have been overloaded, unable to deal with the workload associated with the volume of programmes in a short space of time. The insistence on including additional commitments to equal opportunities and the environment was not always welcome. The Commission's agenda was sometimes unclear: in some cases (eg. North Jutland), the Commission would not allow the region to change its basic structure of priorities and measures, even to facilitate inclusion of horizontal themes such as equal opportunities and the environment. By contrast, in Western Scotland, the Commission advocated a strategic reorientation of

infrastructure development to improve the integration of the poorest areas within the regions; the question of 'strategic sites' evolved into a major dispute with the Commission requiring the designation of five growth poles on which development was to be targeted, but which was considered politically unacceptable and economically risky locally (and subsequently rejected).

## **2.2 The new Objective 2 Programmes**

A comparison of programming documentation for c. one-third of Objective 2 regions for the 1994-96 and 1997-99 periods, supplemented by interviews with programme managers in IQ-NET regions, yields two overall impressions. First, the new Objective 2 programmes are of higher quality, on paper at least, than their predecessors, a view shared by Member State authorities and Commission services. Several programmes undertook extensive preparatory work, or timetabled interim evaluation studies early enough to feed into the new programmes. Second, although the structure and organisation of programmes may have been modified, the strategies appear to have remained substantively the same. There is considerable continuity in the strategic orientation between the 1994-96 and 1997-99 periods. The limited change reflects the fact that strategies were felt to be working well, and the Commission's main focus was on future reforms, preferring a quick revision in most cases. Specifically, the following issues are evident.

1. The presentation of programme documents has improved, with more systematic and in-depth socio-economic analyses (including SWOT analysis), clearer presentation of strategies with focused objectives, fuller quantification, and demonstrable synergies between programme elements. Programme managers and partners evidently have a better understanding of the 'rules of the game'.
2. The core strategic aims and objectives and expenditure allocations have not changed markedly. Reflecting the trend since 1989, the emphasis on employment creation has continued to increase. Regional and corporate competitiveness is also mentioned more frequently. Major changes tend to be attributable to significant shifts in national policy, as in France where there is a greater focus on defence-related and urban problems.
3. Many regions have taken the opportunity to simplify or rationalise the layout and structure of the 1997-99 programmes. There are numerous cases of priorities being merged, reduced or restructured. The trend, already evident in 1994, of moving away from generic priorities (eg. support for small business), towards more sophisticated thematic priorities, combining targets such as RTD, SMEs and human resources under one heading, is continuing. The link between programme components - objectives, priorities, measures - has become more explicit; the relationship of individual measures to overall programme goals is being demonstrated more clearly. ESF measures are better defined, enhancing the management and coordination of training actions.
4. The quantification of indicators, specification of targets and impacts, and use of benchmarking has improved. Investment in monitoring and evaluation systems appears to be increasing.

5. Reflecting Commission pressure, the environment and equal opportunities are more prevalent within programming documentation. Commitment to equal opportunities ranges from assessment of female employment issues within the socio-economic analysis, to inclusion of equal opportunities within programme objectives, to specific measures or actions targeted at women. The approach to environmental issues is similar, although there appear to be more examples of genuine good practice such as detailed prior appraisals of environmental impact and the involvement of environmental authorities (and criteria) in project-level decision-making and monitoring. Among other 'horizontal themes', almost one quarter of Objective 2 regions appear to be using RIS/RITTS strategies to improve the strategic approach to RTD promotion, although there is wide variation in the degree of integration with mainline programmes.
6. Many aspects of implementation arrangements were reviewed in the course of reprogramming. New administrative structures have been introduced in several cases with a better division of responsibilities (including the introduction of a new Welsh Executive). More sophisticated mechanisms are being used to involve local partners through specialist advisory groups (for RTD, labour market, environment, equal opportunities issues etc), the communication and dissemination of information, and the involvement of elected members. The methodology for programme preparation seems to have been more 'bottom up' than ever before in many regions. Project selection criteria have been defined more precisely. While ERDF/ESF coordination is still patchy - much of ESF spending being project-based rather than programme driven - greater efforts appear to be underway to 'package' ERDF and ESF resources together in programme management.

### **3. THE LONG-TERM EVOLUTION OF OBJECTIVE 2 PROGRAMMES**

The progression from the 1994-96 to the 1997-99 programmes has to be seen as part of the longer term continuum of programme evolution. Many Objective 2 regions in the older Member States have almost a decade of experience of operating EU multiannual, integrated regional development programmes. In the new Member States, the programmes are starting to 'settle down'. This section reviews the longer term evolution of programming under the Structural Funds, identifying some of the key lessons learned over the previous programming periods in both the old and new Member States. As regions have gained experience with respect to the different stages of programming, they have experienced a 'learning curve' of development. The learning curve covers all aspects of the programming process:

- plan preparation
- strategic direction
- management and administration
- partnership
- project delivery
- monitoring and evaluation.

The following section begins with a short discussion of the programming learning curve, highlighting through an explanatory matrix how different aspects of programming appear to be evolving on the basis of experience across the EU. It is based on a comparison of programme documentation, interim and *ex post* evaluation studies as well as IQ-Net research.

### 3.1 The Programming Learning Curve

A comparison of the design and implementation of regional development programmes over time across different EU Member States suggests that it is possible to identify a developmental process of 'learning' about how to undertake different elements of programming. This is represented schematically in the following table:

PROCESS	PHASE 1 (1989-93)	PHASE 2 (1994-96)	PHASE 3 (1997 +)
Plan Preparation	Exclusive	Responsive	Interactive?
Strategic Direction	Passive	Active	Intensive?
Management/ Administration	Disjointed	Consultative	Integrated?
Partnership	Exclusive	Semi-exclusive	Inclusive?
Project Delivery	Opportunistic	Pro-Active	Strategic?
Monitoring and Evaluation	Unsystematic	Systematic	Comprehensive?

Source: EPRC research.

The dates allocated to the 'phases' represent the different programming periods but are essentially arbitrary boundaries which define the points at which programmes are revised and evaluation material on the programmes is required. The key message is that the learning process is a continuous and incremental one and that regions progress over time in the quality of the programming process. The following sections explain what the above labels allocated to different programme elements at various stages actually mean in practice.

### 3.2 Plan Preparation

PHASE 1 (1989-93)	PHASE 2 (1994-96)	PHASE 3 (1997 +)
Internal Exclusive	Responsive Participative	Interactive?

Early plans were drafted by small groups or committees, frequently within an individual government department, and often in a hasty manner with limited discussion and consultation. The second-phase plans were more participative, responding both to analysis and wider viewpoints among key economic and social actors. They embodied much more careful preparation and a more open approach. Nevertheless, plan preparation still tended to be dominated by the favoured few.

There is now evidence of moves to a more on-going, interactive process of analysis, consultation and feedback among a wide range of partners (especially

local partnerships), with more sophisticated planning techniques. As management information systems and monitoring techniques improve, reliable and systematic data is increasingly available, allowing more informed decisions to feed into plan preparation and strategy development, based on a more sophisticated approach to analysing regional needs.

**3.3 Strategic Direction**

<b>PHASE 1 (1989-93)</b>	<b>PHASE 2 (1994-96)</b>	<b>PHASE 3 (1997 +)</b>
Passive	Active Primitive	Intensive?

Early programmes had little or no strategic coherence or direction, being viewed essentially as mechanisms for drawing down EU funding. Often they were relatively traditional, related to pre-existing priorities and structures. They exerted no strategic power over the programme. Single projects were assessed on a project-by-project basis with little overall strategic orientation.

In the next phase, programmes moved from this ‘list of projects’ approach to a more systematic and coordinated approach. Programmes displayed greater integration and policy innovation, in the best cases exerting strong, active strategic influence on the operational agenda of the programmes and bringing a coherence to regional strategies in many Objective 2 regions that had been previously lacking.

The most recent developments continue the process of innovation and experimentation. They also incorporate a multi-level approach, focusing more on specific issues and regions: sub-regional strategies, area priorities and action plans are becoming more common. In addition, the strategic approach to regional planning has spread beyond the Structural Fund programmes into national and regional policy measures (e.g. in Sweden, CAB activities in the field of regional development now incorporate the concept of partnership).

**3.4 Management/Administration**

<b>PHASE 1 (1989-93)</b>	<b>PHASE 2 (1994-96)</b>	<b>PHASE 3 (1997 +)</b>
Disjointed	Consultative	Integrated?

First stage programmes were disjointed in management and administration; they were essentially department or agency based, each administering department operating programme measures through established structures and with little cross/inter-departmental liaison or communication. This still applies to a significant extent: departmental barriers are being broken down with more integrated departmental relationships but the measure or sub-programme remains a rather exclusive unit with barriers to information and consultation (often related to marginality of the Funds in relation to national/regional/local policy expenditure).

Implementation systems have matured significantly. Recent years have seen the use of mechanisms such as secretariats, advisory groups and local delivery

mechanisms in an attempt to promote synergies and create integrated management structures (e.g. the establishment of the Regional Management Offices in Austria, the Regional Steering Committee in Nordjylland, the use of Programme Executives in Scotland, Wales and Fyrstad, the Coherence Fund promoting ERDF/ESF integration in Bremen, and the increasing use of Advisory Groups to support programme management in several regions).

However, efficient management and delivery of programmes is still often hampered by the existence of too many small programme elements, limiting effectiveness and causing enormous administrative demands.

### 3.5 Partnership

<b>PHASE 1 (1989-93)</b>	<b>PHASE 2 (1994-96)</b>	<b>PHASE 3 (1997 +)</b>
Exclusive	Semi-exclusive	Inclusive?

In addition to the issues raised above in the context of management/administration, partnership was often token or non-existent initially and is still limited or inadequate in many places. Early programmes were characterised by the exclusion of key groups, limited participation of public bodies and limited public awareness.

There is an increasing commitment to the value of partnership: for many regions, working in partnership has been one of the most important contributions of Structural Fund programmes. Regions have increasingly set up systems which formalise these partnership arrangements. There can, however, be a conflict between partnership and management efficiency, and regions have learned from experience the best practicable size of the partnership to achieve an effective balance of participation.

Partnership has become multi-layer. Special thematic groups and local sub-partnerships are playing a more active role in drafting and implementing strategies<sup>1</sup>. The number and involvement of partners has increased over time but the role of social and environmental partners as well as voluntary bodies is highly variable - likewise the nature of the partnership, which varies greatly in terms of involvement in information dissemination, consultation and decision-making. The use of external experts to assist or advise on aspects of programme development and delivery is increasingly being seen as a positive development.

### 3.6 Project Delivery

<b>PHASE 1 (1989-93)</b>	<b>PHASE 2 (1994-96)</b>	<b>PHASE 3 (1997 +)</b>
Opportunistic	Pro-active	Strategic?

Initial approaches to project delivery were opportunistic, reflecting the approach to programme management. The perception among partners of the

<sup>1</sup> Taylor, S and Downes, R, (1998) Meso-Level Partnerships and Structural Fund Implementation, IQ-NET Thematic Paper, Series 3, No 3, EPRC, Glasgow, February 1998.

programme as a vehicle for drawing down funding was shared among beneficiaries who saw the programme in terms of ‘grant opportunities’. Progressively project delivery has become more pro-active, attempting to take a more integrated, developmental approach in the selection and delivery of projects. In the best cases it is moving towards an holistic, strategic approach along the lines of the ‘virtuous circle of programme project delivery’ presented in previous IQ-NET research<sup>2</sup>.

The processing of applications has become more professional: formal and systematic selection procedures have been introduced in many regions with some regions developing sophisticated methods for scoring, weighting and ranking projects (especially in the UK and the Netherlands). A more rigorous approach to project appraisal has been adopted by most regions. Effective computerised management information systems have been introduced (Scotland, England and Wales, the Netherlands, Bremen, Aquitaine) although such systems have on occasion caused problems and hindered programme implementation (Sweden).

As mentioned above, the use of external experts has been one solution to problems experienced by regions with ensuring take-up under specific programme measures e.g. by assisting with increasing the participation of SMEs in the programme, as in Finland. In addition, more sophisticated financial management techniques have been developed (e.g. the ‘paiment alternatif’ approach used in some French regions) to simplify programme management and speed up payment.

### 3.7 Monitoring and Evaluation

PHASE 1 (1989-93)	PHASE 2 (1994-96)	PHASE 3 (1997 +)
Unsystematic	Systematic	Comprehensive?

Monitoring and evaluation represented one of the least developed aspects of early programming. Data was poor or non-existent, there was an absence of targets and indicators, and monitoring systems (for physical indicators at least) were rudimentary and unsystematic with major variations between regions.

In the interim, a considerable amount of development work has been undertaken - associated with (a) clearer, quantified targets (b) monitoring and evaluation indicators at all levels of the programme, distinguishing between outputs and impacts; and (c) more efficient monitoring and evaluation organisational arrangements eg. management information systems. In the more advanced cases (longest-running programmes), there are ambitions of creating fully integrated physical and financial reporting systems, and comprehensive monitoring and evaluation frameworks.

The value of monitoring and evaluation exercises has been increasingly accepted by regions. Despite continued misgivings about the frequency and timescale of evaluations, especially given the short programming periods, positive commitment to evaluation and monitoring are now evident. As with

<sup>2</sup> Fitzgerald, R and Promé, C (1996) Generating Good Projects, ‘IQ-NET’ Thematic Paper, *Series 1.3*, EPRC, Glasgow, November 1996.

the programming approach extending into other national and regional policy areas, the evaluation culture is also filtering through into non-Structural Fund activities in some regions.

Increased regional involvement has improved the practical relevance of evaluation results for regions. As regions have gained more experience, they have adopted a less passive role in the evaluation cycle, learning to make better use of the process and the results through greater 'ownership' of the evaluation process. Where the ownership is local/regional, reports appear to be more intensively exploited. More care is being taken in the selection of evaluators, and attention is being paid to ensuring that the results will be practical and relevant for the region's needs. A more active role in overseeing the work of the evaluators as it progresses is being taken, and many regions set up steering groups for this purpose.

Rather than simply complying with Regulations, regions have in many cases developed more specific guidelines for evaluation (e.g. the DATAR *Vade Mecum for the Structural Funds* which terms interim evaluations as 'évaluations globales' to distinguish them from the thematic studies promoted as a secondary stage. The usefulness of thematic evaluations has also been recognised by regions in Denmark and Austria).

One of the major benefits arising from the regular evaluation exercises has been the improved credibility of programmes within the wider regional partnerships. The participation of partners in the evaluations exercises themselves has had a positive impact, improving information channels and heightening awareness about the programmes within the regions.

Although significant improvements have been made, there is still room for improvement. The availability of suitable data, although improving, still causes problems. Consideration should be given to the formulation of a coordinated/standardised approach to collecting data at regional, national and European level. In Aquitaine, a management information system has been put in place which enhances the region's ability to monitor programme progress. As the benefits have been demonstrated, and the technology is increasingly mature, DATAR have launched an initiative to have nationally compatible monitoring systems across the whole country.

Looking forward, the question is where and how programming will evolve, particularly as EU funding for the current Objective 2 begins to be withdrawn. The following sections examine the implications of reform proposals for programming in Objective 2 areas.

## **4. WHICH WAY NEXT?**

### **4.1 Agenda 2000**

The future direction of programming - and EU regional policy support for areas of industrial restructuring more generally - depends on the outcome of the current debate over the reform of the Structural Funds initiated by the *Agenda 2000* communication published by the European Commission on 16 July 1997. This outlines the broad perspectives for the development of the Union and its policies after 1999, the proposals for enlargement and the future financial framework. The communication states that economic and social

cohesion must remain a political priority, but proposes a ceiling on structural policy spending of 0.46 percent of Union GDP for 2000-2006, projecting resources of ECU 275 billion for both Structural and Cohesion Funds of which ECU 45 billion would be allocated to the new Member States. The objectives are to be reduced from seven to three, and the population coverage of the designated areas from 51 percent to 35-40 percent. The Community Initiatives would be restricted to three fields. The Cohesion Fund would be retained in its present form. Structural Fund aid to present or new Member States would be limited to four percent of national GDP. Increased cost-effectiveness is to come from the simplification of management procedures, greater flexibility and decentralised implementation. The use of other forms of assistance than grants is advocated.

Following the publication of Agenda 2000, EU and Member State authorities have been engaged in an intensive process of informal consultation, and formal negotiation in advance of the Luxembourg summit which will guide the Commission's subsequent formulation of detailed regulations. Thereafter, the Commission is expected to propose the detailed regulations for the reformed Structural Funds during Spring 1998, with a view to gaining approval of the regulations during the remainder of 1998. Ideally this would allow more than one year for the process of area designation and programme preparation and the timely launch of the new programmes at the start of 2000. On the basis of past experience, this timetable is likely to be optimistic.

The most contentious issue is finance. Many of the net payers (Germany, the Netherlands, UK, Sweden, Austria, Finland) have insisted that they are unwilling to make an increased contribution to the EU budget beyond the current ceiling of 1.27 percent of EU GNP for the 2000-2006 period. Further, Germany, the Netherlands and the UK have insisted that net payment levels should take greater account of relative national GNP. Of particular concern to those countries that currently benefit through structural policy transfers, there is clearly some alarm at the perceived lessening of commitment to economic and social cohesion. At a time when the challenges to cohesion are increasing, southern cohesion countries perceive the cap on the EU budget as unrealistic and are resisting attempts to cut the contributions of the northern countries to the EU budget.

Despite the financial arguments, the broadly positive reactions of Member States to the Commission's proposals reflect the fact that Agenda 2000 is essentially a 'holding document'. With accession unlikely to take place until 2003, and possibly not until 2006, there is no imminent budgetary crisis and the hard decisions concerning the impact of enlargement have been postponed. Instead the Commission has opted to reorganise the current system to meet financial constraints and efficiency problems by reorganising it with the aim of providing 'something for all'.

Nevertheless, the proposals would involve changes in the coverage of designated areas and in the allocation of resources. Among the cohesion countries, the whole of Greece should continue to qualify for Objective 1 - most Greek regions changed little in terms of relative GDP per capita over the 1988-94 period. Most of Portugal should also qualify, although the status of Lisbon is in doubt with a 1994 GDP per capita level of 87 percent of the EU

average, and the relatively low levels of unemployment may reduce its financial allocation significantly. Much of provincial Spain, apart from Cantabria and possibly Valencia, should also continue as Objective 1, and, given the currently high levels of unemployment in Spain, there is an expectation of receiving a similar flow of Community aid as in 1994-99. Ireland faces the progressive withdrawal of major EU support; strong economic convergence in recent years has moved the country well above the 75 percent threshold, although the Irish government is arguing for generous transition provisions over the next programming period. Outside the cohesion countries, Objective 1 should apply to the eastern German *Länder*, eastern Finland and southern Italy (giving all three countries a significant stake in the reformed Funds); the northern parts of Sweden and Finland should also benefit from the 'special arrangements' of lower aid intensity support under Objective 1 proposed in Agenda 2000. Elsewhere, the outcome is difficult to predict. The UK, Benelux countries, Denmark and France are likely to lose their current Objective 1 regions, and will rely largely on Objective 2 for any region-specific Structural Fund support. Although the detail of Objective 2 designation procedures and criteria are still being debated, the Commission has unofficially reassured even the best-placed countries that they are likely to have at least some, potentially self-designated, EU assisted areas.

#### **4.2 Agenda 2000 and Objective 2**

Under the Commission's proposals, rationalisation of the formerly complex list of seven Objectives would reduce them to three. *Objective 1*, for regions lagging behind in development, would continue to be the most important focus of the Structural Funds with a continued allocation of two-thirds of the EU15 budget allocation. The new *Objective 2* would be for regions suffering from structural problems in the form of economic and social restructuring problems, a high rate of unemployment or depopulation. These are defined as areas undergoing economic change (in industry or services), declining rural areas, crisis-hit areas dependent on the fishing industry and urban areas in difficulty. New programmes would favour diversification with increased support for SMEs, innovation, vocational training, local development potential, environmental protection and combating social exclusion. In rural areas, better urban/rural links would be promoted to facilitate diversification. Particular attention is to be given to education and training and access to new technologies to ensure appropriate skill availability. A new *Objective 3* is proposed for the adaptation and modernisation of education, training and employment systems in regions not covered by Objectives 1 and 2.

The main question is whether this really represents rationalisation. Objective 1 will comprise a 'core group' of strictly defined low-income regions as well as a secondary category of former Objective 6 regions enjoying 'special arrangements'. Objective 2 has 4-5 sub-elements and it is unclear how they will be judged. If the criteria are stipulated at EU level, then Objective 2 could effectively become 4-5 new objectives; on the other hand, Objective 2 allocations could be determined on the basis of GDP or unemployment and Member States would make detailed allocations within countries. Clearly the choice of indicators will be a critical issue in this objective. The old Objectives 3 and 4 also 'survive' potentially separately in the new Objective 3.

There is widespread support for a geographical objective addressing restructuring problems in areas of high unemployment. The different elements within the proposed new objective provide the potential for greater flexibility and adaptation to the specific restructuring problems of individual Member States, but there are widespread concerns about ‘policy overload’ within this category and its fragmentation into wide and disparate sub-objectives. Not all Member States agree with the proposed focus on urban problems and social exclusion, arguing that the Union should not be adding new categories of problems to the tasks of the Funds and that social exclusion is a highly local issue best suited to Member State action. Among other issues discussed by Member States is the need for a ‘fair balance’ between the deprived urban, rural and industrial areas in this category. Considerable importance is placed on Member State authorities having a major role in determining the areas eligible under this Objective, especially in view of its diversity.

Agenda 2000 proposes that the percentage of the EU 15 population covered by the new Objectives 1 and 2 should be reduced to between 35 and 40 percent, although it is tacitly accepted that spatial coverage is more likely to be at the upper end of the range. (Indeed, even 40 percent appears to be unacceptable to some countries.) Under Objective 2 the Commission proposes geographical concentration on “the areas most affected at EU level”, aiming to identify a limited number of significant areas in order to facilitate an integrated strategy for economic diversification and for zoning to be less scattered. It foresees simpler, transparent and specific eligibility criteria with account taken of relevant socio-economic criteria such as unemployment rates, levels of industrial employment, agricultural/fishing activity, and degree of social exclusion. EU criteria are to be used in conjunction with the Member States, and areas are to be as consistent as possible with areas designated by Member States under Article 92(3)(c). De-designated areas under the current Objectives 2 and 5b would enjoy limited financial support for a transitional period.

There is general agreement with the Commission proposal to give the Member States more responsibility for designation but it is not clear how it would work in practice. There appears to be a contradiction between the proposals for simple and transparent eligibility criteria and the range of indicators proposed for use, especially complex criteria such as “degree of social exclusion”. Among several options under consideration by Commission services, one serious proposal is for half of the Objective 2 regions to be designated by the Commission on the basis of the old criteria (a), (b) and (c)<sup>3</sup>, and the other half to be designated by the Member States on the basis of their own criteria. Under this system, the Commission would allocate a population quota figure for the Member States to designate their own areas, but the practical operation of this system is unclear. In principle, this approach would be acceptable to several of the countries currently with Objective 2 areas, some of which have argued the case for a higher weighting to be attached to national criteria. The dual approach could ensure the Commission’s objective of each country

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<sup>3</sup> Under Article 9 of the amended Council Regulation No 2091/93, Objective 2 areas were designated on the basis of three main criteria (a) the average rate of unemployment recorded over the last three years; (b) the percentage share of industrial employment in total employment; and (c) trends in industrial employment.

getting designated areas, even those with (currently) low unemployment levels such as the Netherlands.

A further issue concerns the coincidence of national and EU designated areas. The coherence of EU and national assisted areas has been debated for many years with contrasting positions taken by different Commission services and Member States. Agenda 2000 does not indicate how coherence would be achieved and which criteria would be used. There is a logic in having a close relationship between the two maps, but several countries would have practical difficulties with map coherence, arguing that the objectives of EU regional and EU competition policy are different, as are the objectives and priorities of EU regional policy and some national regional policies. Whereas some countries (eg. Germany, Austria) use the Structural Funds extensively for co-financing national regional aid, others (eg. the UK, Sweden) use EU regional support to a limited extent or not at all to co-fund their regional policy schemes.

### **4.3 Agenda 2000 and Programme Management**

Under the Commission's proposals for improving programme management, single, multi-annual programmes would be prepared for each Objective 1 and Objective 2 region and a national programme or set of regional programmes for Objective 3. With a clearer division of responsibilities, Commission and national/regional/local authorities would identify priorities and targets, and programmes would be implemented with decentralised management and simpler financial administration. Member States and regions would need to account directly for Structural Fund usage, and the Commission would ensure that adequate systems for management, evaluation and auditing exist. A performance reserve scheme would be introduced. Greater use of other forms of assistance would be encouraged.

There is universal agreement among Member State authorities at all levels that the management of programmes needs to be overhauled with significant rationalisation of administrative procedures. There is scope for simplification at every stage of programming. However, the proposals for simplification are framed in general terms, raising doubts about whether they would have real impact in practice. There is a need for an extensive reduction in the number of programmes and committees, with simple, clear and consistent management guidelines, and administrative costs to be related to the scale of funding. The greater use of established institutional structures and delivery systems has been advocated.

A priority is for co-operation within the Commission to be improved, harmonising or co-ordinating the different regulatory approaches and procedures used by various Directorates-General and improving the efficiency of working relationships between them. Proposals to use alternative forms of assistance will have to avoid the problems that have bedevilled their usage in the past, notably resistance from DGIV over the transparency of non-grant instruments for state aid control purposes and DGXX concerns about the use of capital from a budget control perspective. A further issue is the role of the Commission within programmes, which requires a clear division of responsibilities, adapting the involvement of Commission services to the scale of EU funding, and perhaps concentrating Commission activity on the small

number of major Objective 1 programmes. Also required are improvements in the training of Commission personnel and the quality and consistency of advice given to Member States.

## **5. QUESTIONS AND ISSUES FOR FUTURE PROGRAMMING**

On the basis of experience among Objective 2 programmes across the EU, and the proposals for change put forward in Agenda 2000, it can be argued that there are three key issues to be addressed; simplification, decentralisation and accountability.

### **5.1 Simplification**

From top to bottom the Structural Funds are complex instruments to understand, administer and deliver. The regulations need to be rationalised, eliminating the overlaps between the framework, coordination and Fund-specific regulations, potentially in one overall main regulation. The Union's priorities and eligibility rules for the Funds should be clearly stated in short, supplementary regulations. Financial management procedures need to be radically simplified, providing greater flexibility for adaptation without reference to, or approval from, the Commission. The Commission's approach to determining the eligibility of expenditure should be consistent across Member States.

### **5.2 Decentralisation**

At strategic and operational levels, the implementation of the Structural Funds has been the principal cause of tension between the Commission and Member State authorities. This tension has many facets. They include the Commission's interpretation of the principles and regulations governing the implementation of Funds through multiannual programmes, the conflict between EC and Member State policy priorities and delivery systems and the bureaucratic and inefficient procedures associated with many aspects of programming. In part, these difficulties can be attributed to the long and steep learning curve required by all parties at European, national and local levels in delivering the Structural Funds. However, the fundamental problem is the Commission's attempt to exercise its regulatory responsibilities (to ensure the legitimate and cost-effective disbursement of funds) in a more-or-less standard manner across the Union regardless of the enormous differences in policy approach, institutional structures and systems among Member States. This explains some of the pressure from several Member States for a more decentralised mode of implementation.

In resolving these problems, the Union needs to find a way of adapting the implementation of Funds to suit different national conditions, potentially with different degrees of decentralisation. Among the options being considered, one possibility might be to develop a system of 'implementation agreements' determined bilaterally between the Commission and each individual Member State. The nature of the agreement could be determined in the light of factors such as the type of regional problems, scale of EU funding, institutional management capabilities and track record of performance in programme management. Factors such as these could be used to determine the most appropriate institutional arrangement between the Commission and each

Member State, with a variable role for the Commission services in each case and not necessarily on a standard basis across all regions within a country. Negotiated at the start of a programming period, covering all types of programme, and reviewed at the mid-point, such 'implementation agreements' would establish the 'ground rules' for a division of responsibilities between the Commission, Member State government and sub-national authorities.

### **5.3 Accountability**

A key concern for the next programming period will be further improvements in control of the use of the Funds, especially in the light of recent Court of Auditors reports. With greater decentralisation the challenge of accountability increases for the Commission. Under the 'performance reserve scheme', the Commission proposes to retain ten percent of programme budgets as a reserve to be allocated at the mid-point of implementation to the better-managed programmes. Although conceived as a way of improving efficiency, it can be seen politically as a way of maintaining significant Commission influence on programmes. It also suffers from a range of potential technical problems associated with comparability of programmes between regions and countries, the availability of data and the differential implementation of programmes and projects, as well as the political drawbacks of making judgements on 'best performing' programmes and reallocating programme resources. While there is a general commitment to improving efficiency, the potential bureaucracy, subjectivity and Commission role associated with the proposal has led many Member States to question or oppose the reserve scheme.

A better way to promote good performance is to ensure a clearer division of responsibilities and accountability between the Commission services and Member State authorities at national and regional level. Member State audit arrangements should have a greater role in monitoring, control and the use of sanctions such as the 'performance reserve scheme' but at national rather than EU level. The Commission's role should be to work with and through national institutional arrangements for audits and evaluation to secure the required information flows.