



UNIVERSITY OF
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New Structural Fund Programming: Laying the Foundations

–
English Executive Summary

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Improving the Quality of Objective 2
Programmes through Exchange of
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PREFACE

The following paper was written for the first meeting of Phase II of the Objective 2 exchange of experience network *IQ-Net*, which took place in New Lanark in Western Scotland, United Kingdom, on 28-30 November 1999. The paper focuses on the central theme of preparations for the new programming period 2000-06, addressing the following four main issues:

- the context for the new programmes,
- processes of plan preparation,
- emerging programme content, and
- new programme management.

The papers are the product of desk research and fieldwork visits among national and regional authorities in Member States (notably in member regions of the *IQ-Net* Consortium) as well as Commission services during Autumn 1999. Field research was undertaken by:

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1. EXECUTIVE SUMMARY

1.1 Introduction

As the EU moves into a new programming period for the Structural Funds, Objective 2 regions across the EU are accelerating the preparation of new regional development plans and reviewing management arrangements. This paper provides a detailed overview of the progress of preparations and highlights common issues and trends.

1.2 Context for the new programmes

1.2.1 *Reactions to Agenda 2000 and the new Structural Fund Regulations*

The Berlin European Council in March 1999 agreed fundamental changes to EU regional policy. National and programme-level feedback indicates general support for the Council decisions and the new Regulations (summer 1999). There are positive perceptions of the decentralisation of Structural Fund programming, in return for more stringent monitoring, evaluation and control obligations, as well as the proposed simplification and the increased flexibility in designating areas.

Nevertheless, Structural Fund programming still presents formidable challenges. Plan preparation has become a more pivotal and demanding stage, requiring more detailed programme documentation and rigorous *ex ante* evaluation and indicator obligations. Other concerns include the de-commitment rule which may be a disincentive to innovation, the administrative bureaucracy of 'transitional areas', and continuing unease at the performance reserve.

1.2.2 *Spatial coverage - reduced through varying methodologies*

The future population coverage of Objective 2 will be 18 percent of the EU population, compared to 25.3 percent in the 1994-99 Objective 2 and 5b regions. The reductions are proportionally greatest in Austria, the UK, Luxembourg and France, and the safety net has been used in all Objective 2 Member States except Spain, Finland and France.

Approaches to designating Objective 2 areas vary. Some countries have spread the population loss between regions or modulated coverage by need; some maps are highly fragmented; and coherence between State aid and Structural Fund maps is variable. Statistical analysis, planned policy orientation and political factors all influenced the process, often with tough internal negotiations. The maps do not always comply with the 'spirit' of the new Regulations, and it remains to be seen to what extent objective of concentration has been fulfilled.

1.2.3 *Structural Fund allocations*

€195 billion has been allocated for Structural Fund expenditure in 2000-06, with a declining allocation from 2002 onwards. Of this total, 11.5 percent is allocated to Objective 2 areas (a considerable fall), with annual averages of €2,819 million for designated areas and €389 million for transitional areas. While 1994-99 allocations were adjusted for unemployment levels, the new ones are based only on eligible population.

1.2.4 *Timetable - cumulative delays pushing back programme start dates*

The timetable for plan submission and approval is compressed due to the late approval of the Regulations and delays in area designation. Map submission began with Germany and Sweden (June, July 1999), followed by Austria and Finland (August) and Spain, Denmark, Italy, Belgium and the Netherlands (September). The UK (October) and France (November 1999) were the last to submit.

In November 1999, the Commission approved the first 'wave' of maps for Belgium, Denmark, Germany, the Netherlands and Finland. The UK and Spanish maps were approved in December and those of France, Sweden, Austria and Luxembourg in January 2000. The Italian Objective 2 map is the only one with approval outstanding.

Most SPDs are expected to be submitted between January and the cut-off date of 30 April 2000, although submission will vary within and between countries. Expected launch dates of the new Objective 2 programmes depend on the individual timetables of map agreement and SPD negotiation. Few regions are expecting to spend any money in 2000. Most programme complements are likely to be drafted in parallel with the SPDs, but the timing of submission differs between countries.

1.3 **Improved programmes in preparation**

1.3.1 *New requirements make SPD preparation more demanding*

The parallel tasks of assimilating the new Regulations, preparing new programmes and completing current ones are formidable, especially as the programme preparation stage has to lay the foundation for more decentralised programme delivery over the next seven years. The new programmes will contain less policy detail (now transferred to the programme complements), but they must incorporate new or extended components such as improved baselines and indicators (with more quantification and gender-disaggregated statistics) and an explicit outline of programme implementation and partnership arrangements. Another key requirement is the incorporation of the *ex ante* evaluation. Two main approaches to this task are evident: an integrated process using external evaluators to provide continuous review and feedback; or the more traditional separate evaluation, once a draft of the SPD is complete.

1.3.2 *Stage of the preparations – from groundwork to draft SPDs*

Programme preparation has begun virtually everywhere, although progress varies from preliminary actions to the completion of a first draft of the SPD.

Some regions started preparations independently of map approval, initiating consultation, debate and evaluation work as early as mid-1998. Even where formal preparations started late, groundwork was often undertaken, for example through the elaboration of parallel strategic development initiatives (eg. in France and Sweden).

1.3.3 *Organisation of programme planning*

Detailed plan preparation is led by the regions virtually everywhere. A certain 'activation' of regional players is evident, with regions initiating and driving the planning and consultation processes. The central steering role is variously exercised by regional offices of the State, regional government authorities, a mix of actors in 'plan teams' and other regional groupings. The overall process is interactive and complex, involving discussion and co-operation with numerous actors and the use of a variety of information sources.

The extent of national influence varies. In most cases, national authorities have provided some directive or informal written guidance, interpreting the Regulations. The central government role appears to be greatest in Spain, France and the UK and least in the federal countries; in some cases, the influence of the centre has been deliberately downgraded (Italy, Sweden). The involvement of the European Commission also varies widely. EC guidance on a range of topics is available universally and supplemented by *ad hoc* contact with Member State and programme level authorities.

1.3.4 *The consultation process – widened and deepened*

The general picture is one of more consultation and partner involvement than before. While some regions continue to restrict plan preparation to a tight group of key partners, there is evidence of a broadening trend of partner participation. In certain cases, this is targeted involvement, inviting input from particular partners at specific stages with the aim of keeping the consultation process within manageable boundaries, given wider time and resource constraints. There are also examples of extensive, highly inclusive consultation processes, incorporating a wide range of partners from an early stage. This has required advance planning and sufficient time to integrate the results into successive drafts, but it can encourage wide local 'ownership' of the programme and the introduction of new insights. Equally, there are examples of 'consultation fatigue'.

Other inputs into plan preparation include experience from past and current programmes (Objectives 2 and 5b), regional strategies, research and evaluation studies. A widespread trend is the attempt to ensure coherence with wider national and regional economic development strategies.

1.3.5 *Assessment of the process*

In response to detailed and rigorous expectations, it appears that regions are applying more time and effort to the preparation of high-quality SPDs. With more prior experience available, many regions have been engaged in detailed planning for up to 18 months. A more co-operative approach is evident through a deepening and/or widening of partnership and more systematic consultation.

1.4 More sophisticated programmes

1.4.1 Future strategies - progress so far...

Over the past decade, programming documents have become progressively more sophisticated with focused socio-economic analysis leading into clear development objectives and coherent policy combinations for their realisation. This is likely to be reinforced by the new information requirements and the increasing experience of programme actors.

By the end of 1999, few programmes had determined their structure and content in detail. Preparations pose several challenges including: ensuring appropriate responses to the longer time horizon; seeking coherence between Objective 2 and parallel instruments; managing the combination of industrial, urban, rural and fisheries dimensions; integrating the transitional component; and responding adequately to Commission guidance. The new 'receivability' checklist for programming documents, and the corresponding risk of rejection, may ensure that programme elements previously viewed as optional or secondary (eg. equal opportunities analysis) are given more and earlier attention.

1.4.2 Strategic orientations - broad continuity with evolutionary change

The EC policy guidelines are important strategic foci for the new Objective 2 programmes. They recommend three axes (regional competitiveness, employment and social cohesion and the development of urban and rural areas) and reinforce the horizontal dimensions of sustainable development and gender mainstreaming.

Most programmes anticipate policy continuity, with any shifts reinforcing trends already underway (eg. increased emphasis on technology and innovation). Solidarity and urban issues are a genuinely new dimension in some cases. Other policy trends include greater sectoral and spatial targeting, efforts to improve the regional strategic context within which Objective 2 programmes operate, and a commitment to devising effective 'exit strategies'.

Structural Fund programming appears to have increased markedly the profile of partnership-based multi-annual strategic thinking and planning in many Objective 2 areas over the last decade. In some regions, Structural Fund programmes remain the locus for strategic regional economic development planning, while in others the resurgence of this activity is evident in parallel initiatives. Region-wide, multi-annual, integrated strategies already exist in France and Italy, and have recently been introduced in Sweden and England, potentially acting as a strong influence on the emerging Structural Fund programmes.

1.4.3 Incremental improvements to sustainability and gender mainstreaming

Serious strategic responses to 'sustainable development' and 'gender mainstreaming' require considerable investment, especially if an 'optimising' approach is taken, with full integration of these issues into the planning, content and implementation of programmes. Sophisticated approaches of this kind tend to be evident where the two issues have high national or regional policy priority or where programmes have specific initiatives in these areas.

The on-going involvement of relevant agencies throughout the planning (and later implementation) process and the targeted input of experts at specific points appear to facilitate integration.

More common is a 'satisficing' approach, limited to meeting Commission requirements. In these cases, programmes may comply with the increased demands and the receivability test, but may not have a coherent policy position which can be fully operationalised. National policy positions and uncertainty on how to approach integration contribute to this attitude.

1.4.4 Effect of the new Objectives - elusive simplification and a policy co-ordination challenge

The perceived advantages of rationalisation to three new Objectives (fewer programme types, opportunity for integrated development) are widely welcomed. Many new Objective 2 areas combine previous Objective 2 and 5b zones, removing a division always perceived as artificial eg. where similar policies and structures were in place across both areas.

In practice, simplification may be limited by the Objective 1 and 2 phasing out programmes and the emerging sectoralisation of the new Objective 2. In a minority of Member States, the industrial and rural dimensions are being divided into separate programmes (eg. Netherlands) or sub-programmes. However, most countries will attempt to deliver integrated programmes across areas of both types (as advocated by the Commission), enabling the transfer of lessons and experience between the Objective 2 and 5b 'cultures'.

The new Rural Development Programmes (RDPs) are designed to ensure improved complementarity with the aims of CAP reform and will be the umbrella for some former Objective 5b activities. They could, however, weaken the ability of new Objective 2 programmes to support rural development. There is little evidence to date of clear mechanisms for co-ordinated planning and implementation between the two programme types. RDP financial allocations vary significantly, and the greatest risk for rural areas could be in countries with the lowest RDP allocations, such as the UK.

The position of the ESF is also changing. From a former integral position in virtually all Objective 2 and 5b programmes, the ESF may be absent from a large number of future ones (some Austrian and German programmes, most Spanish, all Italian and possibly Dutch). Reasons include the desire to simplify management, a lack of co-financing for Objective 2 ESF measures and the push for complementarity with the new broader Objective 3 programmes. Conversely, continuation of multi-fund programmes has arisen variously because of a desire for continuity, for political reasons or to undertake interventions not catered for under Objective 3.

Most Objective 2 programmes will have a transitional dimension. Phasing-out programmes will be integrated into the strategies of the new Objective 2 programmes, but distinguished by separate financial tables and indicators. Greater focus on consolidating previous work may occur to maximise the more limited transitional interventions.

1.5 More efficient management arrangements

1.5.1 Regulatory context – Managing Authorities for every programme and potentially a stronger regional role

The new Regulations accord the Commission a more ‘strategic’ role, with Member States now having sole responsibility for programme management, monitoring, evaluation and control. A key change is the appointment, by the Member State, of a Managing Authority for each programme, responsible for supervising the implementation, on-going management and effectiveness of the programme.

Responses to the new regulatory requirements show little uniformity given the diverse approaches to Structural Fund management within different countries. In general, the Managing Authority role will be located within the existing administrative structure. Given the responsibilities involved, this could alter relations between national and regional authorities. In some countries, a regional Managing Authority would enhance regional autonomy in Structural Fund management; regional responsibilities are also being strengthened in certain countries by devolution, decentralisation and institutional change. Other consequences of the new management structure could include the externalisation of programme management responsibilities.

Several legal and financial issues have been raised in considering the Managing Authority role. These include the question of having a single Managing Authority in a dual-Fund programme (particularly where there are separate institutional structures for ERDF and ESF); financial management problems; and how to finance the additional resources inevitably required for the operation of the Managing Authority.

1.5.2 Programme delivery – improving efficiency and quality

Despite current uncertainty about management structures, there are three common objectives for the delivery of the future programmes.

- There is a widespread desire to improve efficiency and effectiveness by streamlining current administrative systems or integrating programme administration and financial management structures. Options include supporting pre-determined, larger or framework projects, and co-financing projects developed under parallel policy initiatives.
- Programme managers are keen to raise project quality and to generate projects with a stronger strategic rationale, in part to achieve longer-term impacts through Structural Fund interventions. This is linked to administrative efficiency, as improved delivery mechanisms both require and allow management staff to have greater involvement in project generation and follow-up. Personnel and financial resource restrictions are common to many programmes.
- In some regions, aspects of programme delivery will be delegated or decentralised. This includes the use of global grants or framework projects, as well as the allocation of greater decision-making powers to sub-regional organisations or groups.

1.5.3 Programme monitoring systems – amendments to monitoring systems and new-look Monitoring Committees

The new Regulations require a wider range and increased transparency of monitoring information as well as annual review of programme progress on the basis of implementation reports. Many (though not all) countries and regions are attempting to improve current monitoring systems, principally through the extension or modification of existing approaches but, in a few cases, through the creation of new systems (eg. France). Changes include attempts to improve physical monitoring and the integration of monitoring system amendments into the process of programme development. The national authorities are variously involved in the designation of core indicators or the provision of guidance regarding the amendment of existing systems in line with the new requirements.

The Monitoring Committees will need to be chaired either by a Member State representative or the Managing Authority, have balanced male:female participation, and exercise an expanded role, including the approval of the programme complement (prior to submission to the EC) and of all subsequent programme adjustments. Some regions regret the new non-voting status of the European Commission, having previously welcomed the Commission voice as an ‘ally’ on the Committee or as confirmation of the decisions being made. Other regions, however, see new potential for freer discussion and greater flexibility in decision-making.

The final form and function of the Monitoring Committee remains open in most Member States. Ideas at this stage include prioritising strategic discussion over technical administrative issues, regionalising the new Committees or creating a two-tier system with either a decision-making/consultative split or a policy/practitioner split. Partner representation may be widened to include, for example, economic and social partners or representatives for the horizontal priorities. The streamlining of committees is more unusual but is actively being considered in a few countries as part of an efficiency drive.

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1. INTRODUCTION

Launching a new phase of *IQ-Net* research and debate, this paper examines the preparations for the new Structural Fund programmes for the 2000-06 programming period as they stood in November 1999. It picks up the thread from the position in February 1999¹ - the last time that the situation was reviewed within *IQ-Net*. At that stage, the regulations were still in draft form; regions and localities were just moving on from lobbying the Commission for eligibility to internal debates about the allocation of Objective 2 areas, the implications of the new regulations for management and implementation mechanisms, and the potential content of future programmes. Even at this early stage, it was already clear that timetables would be charged, and that regions would have to plan for a delayed start to the new programmes.

Over the last year, the situation has moved on considerably. The Structural Fund regulations were formally adopted in the summer. Even before this, the Commission issued guidance on the common priorities for the objectives, relating to regional competitiveness, employment and social cohesion and the development of urban and rural areas. These have since been supplemented by DG Regio with an unprecedented range of other materials designed to assist in the preparation of new programming documents, including a *Vademecum* on programming and several technical notes.

For Objective 2, Member States have completed sometimes lengthy and difficult area designation exercises and have almost all received confirmation of their maps. In parallel, programme preparation has begun where possible - with preparatory analysis in most places, and advancement as far as draft SPDs only in selected cases. At the same time as preparations are accelerating, the closure of current programmes is also a considerable administrative demand, driven by its own tight timetables.

The aim of this paper is to take stock of progress towards preparing for the launch of the new programming period, using this as an opportunity to highlight trends and raise issues of common concern. In so doing, it has a scope that is broader than previous papers on this theme,² encompassing experience in all major Objective 2 recipient countries. Previous papers focused on Austria, Denmark, Finland, France, Germany, Sweden and the UK; this paper covers these countries and also reflects the situation in Belgium (Flanders), Italy, the Netherlands and Spain (Table 1.1).

¹ Bachtler J and Taylor S (1999) The new Structural Fund Regulations - preparing for the new Programmes, *IQ-Net Thematic Paper*, 5(1), EPRC, University of Strathclyde, Glasgow.

² Bachtler J and Taylor S (1999) op. cit., Bachtler J and Michie R (1998) The new Structural Fund Regulations - current Debates, *IQ-Net Thematic Paper*, 4(1), EPRC, University of Strathclyde, Glasgow, Bachtler J (1997) *Reforming the Structural Funds: Member State Perspectives*, Paper to Regional Research Consortium of Seven European Regional Policy Departments, Ross Priory, 19-21 October 1997.

Table 1.1: National and Regional Research Coverage

<p>Austria:</p> <ul style="list-style-type: none"> ➤ <i>Lower Austria</i> ➤ <i>Styria</i> 	<p>Belgium:</p> <ul style="list-style-type: none"> ➤ <i>Limburg</i> ➤ <i>Turnhout</i>
<p>Denmark</p> <ul style="list-style-type: none"> ➤ <i>North Jutland</i> 	<p>Finland</p> <ul style="list-style-type: none"> ➤ <i>Western Finland</i>
<p>France</p> <ul style="list-style-type: none"> ➤ <i>Provence-Alpes Côte d'Azur</i> ➤ <i>Nord Pas de Calais</i> 	<p>Germany</p> <ul style="list-style-type: none"> ➤ <i>Nordrhein-Westfalen</i> ➤ <i>Saarland</i> ➤ <i>Bremen</i>
<p>Italy</p> <ul style="list-style-type: none"> ➤ <i>Tuscany</i> ➤ <i>Lombardy</i> ➤ <i>Piemonte</i> 	<p>Netherlands</p> <ul style="list-style-type: none"> ➤ <i>Groningen-Drenthe ('North' in 2000+)</i>
<p>Spain</p> <ul style="list-style-type: none"> ➤ <i>Catalonia</i> ➤ <i>The Basque Country</i> 	<p>Sweden</p> <ul style="list-style-type: none"> ➤ <i>Bergslagen</i> ➤ <i>Norra Norrland</i>
<p>UK</p> <ul style="list-style-type: none"> ➤ <i>Western Scotland</i> ➤ <i>Wales</i> ➤ <i>North East England</i> ➤ <i>London</i> ➤ <i>West Midlands</i> 	<p>European Commission</p> <ul style="list-style-type: none"> ➤ <i>DG Regional Policy</i> ➤ <i>DG Agriculture</i>

The paper is structured in five main sections. Following this introduction, Section 2 outlines the context for the new programmes, briefly reviewing headline reactions to the new Structural Fund Regulations, the method and implications of the area designation process and the timetable for new programming as it currently appears. Section 3 then examines trends in the process of plan preparation and Section 4 summarises the emerging programme content and the factors shaping the new strategies. Lastly, Section 5 discusses how the new challenges of programme management and administration are being addressed.

2. CONTEXT FOR THE NEW PROGRAMMES

2.1 Reactions to the new Regulations

The agreement on *Agenda 2000* at the Berlin European Council in March 1999 brought to an end over two years of debate and negotiation over the future form and financing of EU regional policy. With respect to the Structural and Cohesion Funds, the aims of the *Agenda 2000* reforms were greater concentration of structural assistance and improved financial management of the funds as well as simplified operation and administration.

The reform package introduced decentralised programming, broader partnerships and more accountable and transparent monitoring procedures as well as simpler and more exacting management arrangements, including a performance reserve. The new Regulations brought procedural changes to rationalise the system of preparing the programmes, and a clearer definition of Commission and Member State responsibilities in programme management. The Commission will take a more 'strategic' role, providing indicative guidance on common priorities for the programmes, while Member State authorities will be solely responsible for the detailed content of programmes, and their management, monitoring, evaluation and control.

2.1.1 *General support for the Regulations...*

Research undertaken for this paper suggests that there is a broad level of satisfaction across Member States with the *Agenda 2000* reforms. Overall, there is clear support for the *intention* and objectives of the reform, and the general thrust of the regulatory changes supporting these objectives has been welcomed. The outcome of the Berlin Summit seems to have been effective in ensuring 'something for everyone' and went some way towards addressing specific Member States' concerns.

The requirement for a more rational and decentralised approach to implementation has been a frequent theme of Member State discussions with Commission services over the past decade. In this context, the new Regulations represent an important response, providing (on paper at least) greater autonomy for Member State programming authorities to develop and implement programmes according to national/regional conditions, in return for more stringent obligations with respect to monitoring, evaluation and control.

The newer Member States, in particular, welcomed the chance to participate in negotiations on the Regulations from the beginning and potentially to influence the direction of the reform. Two of the newest members (Austria and Finland) held the Council Presidency, during and immediately following the negotiations respectively, ensuring a high level of knowledge and awareness (at Member State level at least) of the content and requirements of the new Regulations.

Member States and regions alike support the reduction in the number and size of the Regulations, the increased flexibility allowed in designating Objective 2 areas and greater national autonomy in programme management. Member States are also generally positive about having to prepare less detailed

programme documentation and the prospect of a negotiation process less characterised by conflict on matters of detail.

2.1.2 ... but still a challenging process

The reforms have introduced perceived improvements, but in order to deliver these, the programme development stage has become more pivotal. In order for the EC to take a more 'hands-off' role during programming, they must ensure at an early stage that robust systems and strategies have been put in place. The programme preparation process therefore presents formidable challenges. While SPDs this time only need to cover strategic priorities, financial allocations and implementation methods, the Regulations prescribe a much greater range of detailed information to be included as part of the programme documentation overall, especially with respect to labour market, environmental and equal opportunities issues. The *ex ante* evaluation requirements are more rigorous and comprehensive, as is the range of monitoring information to be included.

In addition, there are fears that some specific aspects of the new regulatory regime may counteract the anticipated simplification during programme implementation. Among specific concerns, the new de-commitment rule is expected to make life difficult in some Member States. For example, in Italy, where programmes are facing a delayed start and the project selection process is time-consuming, there are real fears that the rule may cause major problems getting funds spent in time. In Austria, there are concerns that the rule may restrict the choice of measure by acting as a disincentive to the introduction of new sources of co-financing. The need to get the money spent quickly increases the temptation for regions to use measures that have been 'tried and tested' and which they are confident will work; it may also encourage the funding of large projects which use up funds. Such concerns are not shared universally. In countries like Spain where projects to be funded are to a certain extent known in advance, de-commitment is not a major issue. Regions in other Member States (eg the UK) consider that the de-commitment rule may, in fact, increase project quality by forcing applicants (and the advisory services working with applicants) to invest more time in thinking through implementation issues prior to application.

In addition, the designation of 'transitional' areas, whose funding allocations are specified separately, may also impose more administrative bureaucracy within programmes. The demands of delivering transitional measures where limited resources are available are already viewed as too much of a burden by some transitional areas, which are reportedly withdrawing from the process. One radical solution has been the approach taken in *Bremen*, where the transitional allocation may be used to supplement the Objective 2 programme itself rather than being allocated to the small part of the city of *Bremen* which is losing Objective 2 status.

Lastly, unease over the performance reserve remains, especially the way the methodology may be used and the possibility of unfair outcomes, although there is widespread appreciation that the size of the reserve has been reduced from 10 to four percent with distribution taking place within rather than between Member States.

Reactions to other aspects of the new Regulations are less clear-cut. Views vary on the merger between Objectives 2 and Objective 5b. In Member States where the division between industrial and rural areas was, to some extent, artificial (e.g. Finland, Austria, Sweden, Spain) the merger is considered positive. In some cases, actions (and programme managers) were already common to both areas. For other Member States, (e.g. the Netherlands), the merger will mean more complexity in planning.

Alongside the Objective 2/5b merger, the changes in instruments and the separation of Funds between Objectives is seen as a retrograde step in some countries (Italy and Sweden) but an affirmation of institutional reality in others (Austria and Germany). There is also a fear among certain rural programmes that the merger may lead to the new Objective 2 programming process being dominated by the needs of the former Objective 2 (industrial) regions. This may have been partly realised in regions where the majority of Objective 5b areas are being phased out (e.g. *Nordrhein-Westfalen* and *Saarland*), and in Austria where rural areas have been withdrawn to some extent from the Structural Fund system.

2.2 Spatial coverage

The new Regulations seek to achieve greater concentration in the spatial coverage of the Funds. The territorial coverage of the Funds has indeed been reduced, by almost one fifth once phase-out is complete. The maximum population coverage of the new Objective 2 has been restricted to 18 percent of the EU's population, compared to 25.3 percent in the current Objective 2 and 5b regions - a reduction in the combined coverage of Objective 2 and 5b areas by more than seven percentage points in the EU population (a decrease of almost 28 percent).

There have been major reductions in terms of the percentage of the national population covered by Objective 2 in Austria, the UK, Luxembourg and France - countries which currently have the highest coverage of Objective 2 and 5b. In nine Member States (Austria, Belgium, Denmark, Germany, Italy, Luxembourg, Netherlands, Sweden and the UK), the reduction has been determined by the safety net. Luxembourg, Austria and the UK benefited most from the safety net provision, but nevertheless experienced significant reductions in the spatial coverage of Objective 2 (see Table 2.1).

There has been considerable variation between Member States in the approaches taken to Objective 2 area designation. Many Member States and regions³ chose to use the existing maps as a starting point. For example, in Austria, the emphasis was on revising the assisted areas map based on the previous designation system, but using updated statistics. There was an attempt to achieve a degree of continuity with the current maps, and most of the *Länder* used the existing assisted areas as the starting point to make the necessary reductions.

In France, several options were considered, and it was decided to adapt the existing map, but taking into account changed and new situations. This allowed flexibility, yet reduced the political, institutional and economic

³ In some cases, area designation has largely been carried out at regional level.

impacts of simply starting the designation exercise afresh. Likewise in Spain, most regions chose not to start from scratch - enabling a continuity of sorts which would be politically easier and would build on a map which was already well-founded.

The situations in Italy and the Netherlands provide a marked contrast. In Italy, area designation for the new map, which has still not yet been approved, is based on units below the NUTS III level – the ‘*sistemi locali del lavoro*’ (local labour systems). In the Netherlands, percentages of population coverage were allocated between national ministries, then regional maps were created in co-operation with the municipalities. This has resulted in a very fragmented map proposal. Fragmentation is a feature of other countries’ maps also, notably France and the UK. In the UK, some wards which qualified under the chosen criteria were not included in the map because of their isolation and lack of possible aggregation into a “sensible programming area”.

Another feature of the area designation exercise has been a strong element of consultation. In France, the designation exercise included consultation with a wide range of actors within and outside the state system. In the UK, once the Structural Funds regulation was agreed, the Government announced a two-month public consultation period to determine eligible areas. Interested parties were invited to comment on possible eligible areas, geographical units and designation criteria. Taking account of the consultation exercise, the definition of areas was governed by regional priorities set by the Government Offices in England, the Scottish Executive and the National Assembly for *Wales*.

Five Member States (Finland, Italy, Spain, Sweden, France) had to designate at least half of their eligible Objective 2 population from NUTS III areas meeting the core criteria from the Regulations. Final selections were subject to a high degree of politicisation as difficult choices were made. Several Member States (eg. France and Spain) have taken the approach of sharing eligible population (or cuts in eligible populations) among regions rather than de-designating entire regions. In some cases, one of the influences on how the exercise was undertaken was ensuring that the resulting areas would be appropriate to the likely policy orientation of the Objective 2 programme.

The new Regulations advocate greater coherence between State aid and Structural Fund maps, although ‘strict’ coherence will not be sought. It is difficult to generalise on coherence at this point when so few maps have been approved, but early indications show a wide range of overlap between maps. Only in Finland has there so far been an explicit link between the two maps – at the instigation of DG Competition, which apparently proposed that part of the Åland Islands could be authorised for national regional policy purposes on condition that the Finnish authorities agreed to include it in their proposals for Objective 2 designation.

As well as a reduction in the spatial coverage of Objective 2, the number of programmes has been rationalised with the merger of Objectives 2 and 5b. There is still some uncertainty about how many programmes will be used to implement the new Objective 2 (notably in the Netherlands and Sweden), but it is likely that the physical number of programmes will be reduced by over 40 percent (see Table 2.1).

Table 2.1: Population Coverage of 1994-99 and 2000-06 Objective 2 Programmes

	<i>Obj.2 1997-99</i>	<i>Obj2+5b 1994-99</i>	<i>Obj. 2 2000-06</i>	<i>Change (% pts)</i>	<i>No. of Obj.2/5b programmes (1994-99)</i>	<i>No. of Obj.2 programmes (2000-06)</i>
<i>Austria</i>	8.2	37.1	24.7	-12.4	11	9
<i>Belgium</i>	14.0	18.5	12.4	-6.1	7	4-5
<i>Denmark</i>	8.8	15.8	10.2	-5.6	2	1
<i>Finland</i>	15.5	37.0	30.9	-6.1	3	2
<i>France</i>	25.9	43.2	31.3	-11.9	39	21
<i>Germany</i>	8.8	18.4	12.6	-5.8	17	11
<i>Italy</i>	10.8	19.2	12.9	-6.3	24	14
<i>Luxembourg</i>	34.2	41.6	28.3	-13.3	2	1
<i>Netherlands</i>	17.3	22.7	15.0	-7.7	10	?
<i>Spain</i>	20.3	24.7	22.2	-2.5	14	7
<i>Sweden</i>	11.0	19.6	13.8	-5.8	10	3-5
<i>UK</i>	31.0	35.9	23.5	-12.4	24	14
<i>EU15</i>	16.4	25.3	18.2	-7.1	163	86+

The process of submitting Objective 2 maps to the Commission for approval has been very varied, partly dictated by the complexity of internal area designation and also political factors (for example, elections in Austria at national and *Länder* levels, European Parliament elections). Achieving agreement on the maps has been a difficult process in many Member States and regions, often highly politicised and subject to some tough negotiation.

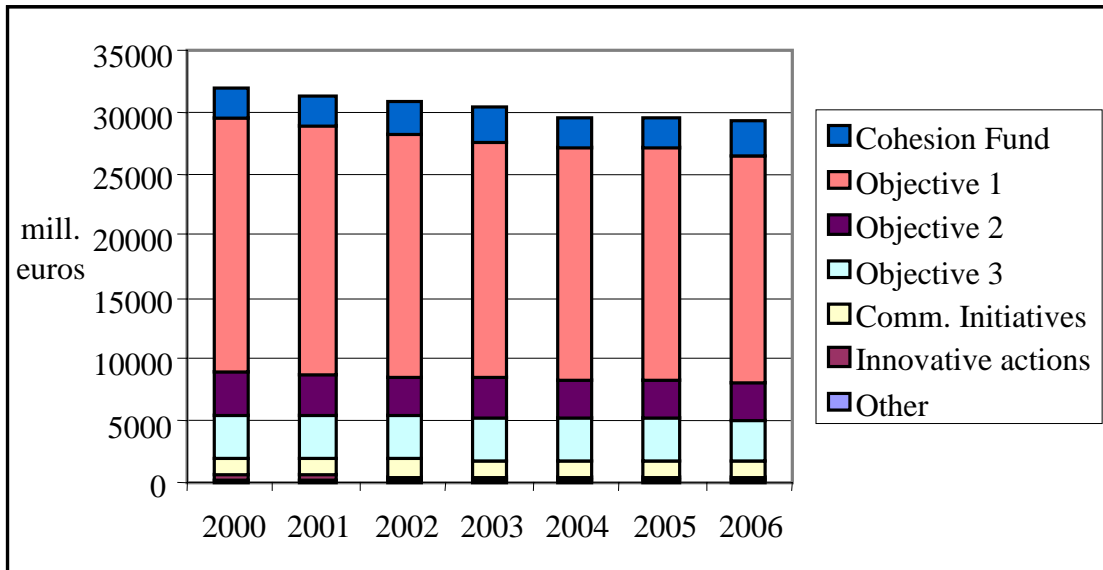
What has become apparent is that following the 'letter' of the new Regulations may produce a result which does not conform with their 'spirit' – and it remains to be seen whether the map outcomes really fulfil the reform objective of concentration.

2.3 Budgetary parameters

2.3.1 Structural Fund allocations

Under the new Regulations, €195 billion has been allocated for Structural Fund expenditure over the 2000-06 period, with a declining allocation from 2002 onwards. Over two-thirds of the Structural Funds will be allocated to Objective 1 (69.7 percent), a further 11.5 percent to Objective 2, and 12.3 percent to Objective 3 (see Figure 2.1).

Figure 2.1: Allocations for Structural Operations: 2000-06 (million euros, 1999 prices)



Spain is by far the largest recipient, with almost one-quarter of Structural Fund allocations, followed by Italy and Germany with about 15 percent each, and then Greece, Portugal, the UK and France with between eight and eleven percent each (see Figure 2.2). Under the individual priority Objectives, Spain has been allocated almost 28 percent of the Objective 1 allocation; France and the UK account for almost half of all Objective 2 funding; while Objective 3 is broadly correlated with population, with four Member States (Germany, the UK, France and Italy) each receiving 15-20 percent of the allocation.

Figure 2.2: Structural Fund Allocations by Member State: 2000-06 (percent shares of each Fund)

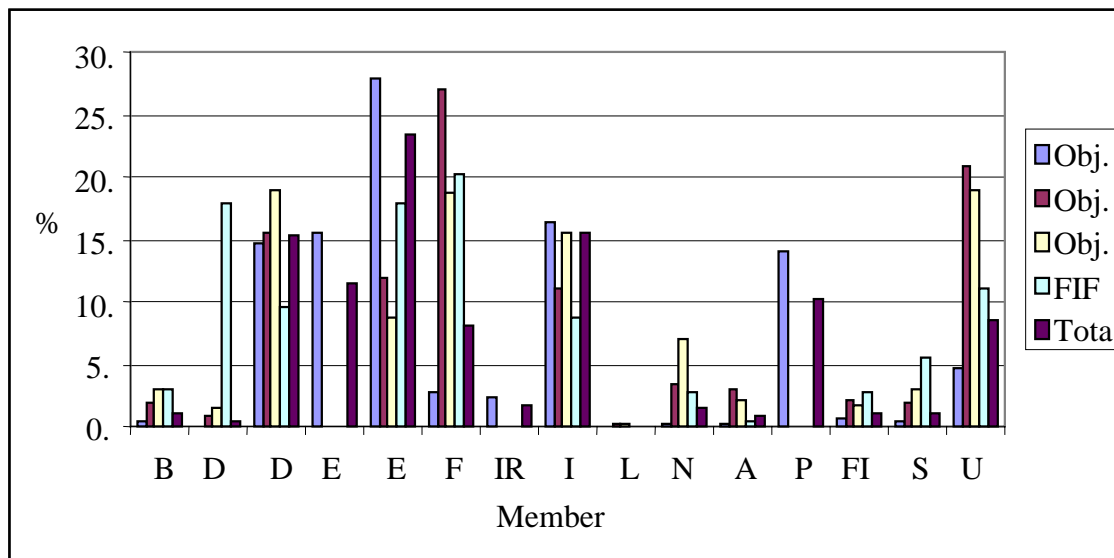
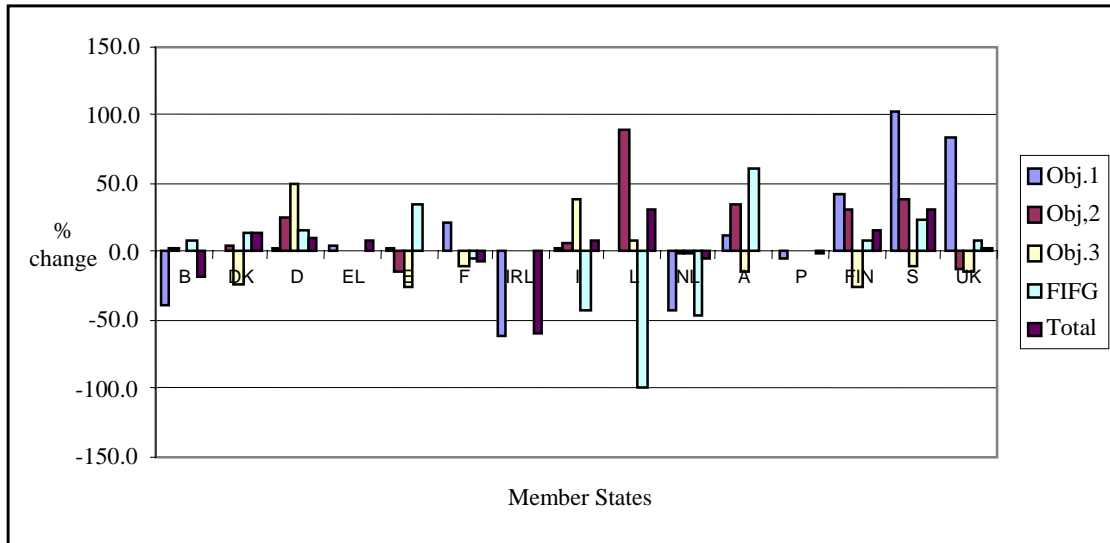


Figure 2.3: Shifts in Member State Shares of the Structural Funds: 2000-06 (percentage points)



The shifts in Structural Fund allocations between the 1994-99 and 2000-06 funding periods show significant changes in the shares of individual Member States (see Figure 2.3). Overall, Germany, Italy, Greece and the three Nordic countries have benefited, mainly at the expense of Ireland and, to a lesser extent, Belgium, the Netherlands and France. For most Member States, there is a balance of gains and losses under individual Objectives. The UK, Spain and France for example, will receive higher shares of Objective 1 funding but lower proportions under Objectives 2 and 3. Austria, Finland and Sweden make gains under Objectives 1 and 2 but receive a lower share of Objective 3. Only Germany gets a higher share under all three priority Objectives.

2.3.2 Objective 2 allocations

Funding for Objective 2 regions will fall considerably over the 2000-06 period. An annual average of €2,819 million has been allocated to designated Objective 2 areas, with an annual average of €389 million for the Objective 2 transitional areas. The allocation process differs considerably from the approach undertaken for the 1994-99 period.⁴ In 1994, allocations to Member States were made on the basis of the population in Objective 2 areas, adjusted for levels of unemployment, ie. countries with higher unemployment levels received greater shares of Objective funding relative to population (and vice versa). The resulting allocations for Objective 2 regions ranged from €32 per head per year in Sweden to €53 per head in Spain (and from €27 per head in Denmark to €67 per head per year in Spain for Objective 5b areas). By contrast, for the 2000-06 period, it appears that only the eligible population is being taken into account, with a uniform allocation of €41.3 per head of eligible population per year.

The outcome in terms of changes to overall Objective 2 funding among EU countries is summarised in Table 2.2. "In *per capita* terms some Member

⁴ Wishlade F (1999) *Eligible Areas and Allocations under the New Structural Funds: Quarts, Pint Pots and Half Measures?* Report to Regional Research Consortium, EPRC, University of Strathclyde.

States gain significantly compared with the previous period. In Austria, Luxembourg and Sweden, for example, aid levels were substantially lower under both Objective 2 and 5b in the 1994-9 period than they will be for 2000-2006. Conversely, Spain and the UK are set to receive lower *per capita* award rates than previously.”⁵

Table 2.2: Annual average Allocation: 1994-99 and 2000-06

	Objective 2 & 5b 1994-99 (mill ecu)	Objective 2 2000-06 (mill €)	Change (mill €)	Change %
Austria	112	83	-29	-26
Belgium	78	53	-25	-32
Denmark	32	22	-10	-31
Finland	83	66	-17	-20
France	1,119	777	-342	-30
Germany	520	426	-94	-18
Greece	0	0	-	-
Ireland	0	0	-	-
Italy	440	306	-136	-31
Luxembourg	4	5	+1	+25
Netherlands	149	97	-52	-35
Portugal	0	0	-	-
Spain	574	365	-209	-36
Sweden	65	51	-14	-22
UK	1,006	570	-436	-43
EU15	4,182	2,819	-1,363	-32

Source: European Commission; Ministry of the Interior, Finland

2.4 Timetable

As in previous programming periods, the timetable for plan submission and approval has become compressed, primarily due to the late approval of the Regulations and delays in area designation. Map submission took place spread over a six-month period beginning with Germany and Sweden (June and July 1999). Austria and Finland both submitted maps in August, followed in September by Spain, Denmark, Italy, Belgium and the Netherlands. The UK submitted their map in October, and the final submission was made by France in November.

Commission decisions were taken on the ‘first wave’ of maps in late October, with Finland, Denmark, Netherlands and Belgium all being granted approval in principle. Germany’s map was approved in late November, followed by Spain and the United Kingdom in late December. The maps for Austria, France, Luxembourg and Sweden were granted approval in principle in mid-January 2000, leaving only Italy awaiting a decision.

Reflecting the variety of submission dates for the maps, submission of the Objective 2 SPDs will also be variable - within and between countries. The submission of selected SPDs was possible before the end of 1999 (Finland and some German regions), but most are expected during the latter part of the January - April 2000 period. Crucially, the cut-off date is 30 April 2000. Programmes which are submitted before this date and pass the receivability

⁵ Wishlade (1999) *op. cit.*

test, are treated as if they were received before 1 January 2000, with no loss of programme resources. This margin of flexibility (similar to that in place at the beginning of the 1994-99 period) was woven in because the Regulations were not approved until July 1999.

The expected launch dates of the new Objective 2 programmes are highly uncertain as they are dependent on agreement on maps and the negotiation of SPDs within the specified timescales. If each party takes the maximum time allowed for each stage of the process, the delays could lead to some Objective 2 programmes not being launched until very late in 2000. In any case it would appear that few regions are expecting to spend any money in 2000.

In some regions at least, the lessons of the past have been learned, and there is widespread evidence of preparations for the new generation of programmes proceeding independently of the maps. This is particularly evident where delays could have a seriously detrimental effect on programmes, and in cases where the fine detail of map approval is unlikely to have an impact on programme content. Preparations were initiated as early as mid-1998 with extensive rounds of consultation and debate and investment in evaluation research.

While the reform has brought changes which should improve the rigour and effectiveness of Structural Fund programming in the medium term, Member States currently face a formidable task in assimilating the detail of the new Regulations and preparing for the next programming period, while also completing their current programmes.

3. PROCESS OF PLAN PREPARATION

As in previous periods, the preparations for a new generation of programmes have been characterised by the need to adapt to a new regulatory context. The extended negotiation period has given some regions more time to prepare, although others still face the uncertainty about the outcome of area designation processes. The following section reviews the timetable of programme preparations and discusses the organisation of the process, identifying the influences at Commission, national and regional level.

3.1 New requirements

The new Regulations specify the nature of the programming documentation required for each Objective region, as well as the range and detail of information which should be included. In some cases, this is different from the requirements of the current programming period, preparing the way for more decentralised programming than in the past. Key requirements for the new programmes can be summarised as follows:

- *Less detailed SPDs.* These are to cover strategic priorities, financial allocations and methods of implementation, and a more detailed programme complement, indicating the beneficiaries, financial allocations and *ex ante* evaluations of the proposed measures. The programme complement will be adopted following the agreement of the SPD and sent to the Commission for information.
- *Consideration of Commission guidelines.* Covering the common priorities for all Objectives, the guidelines set out the Commission's priorities based on past experience and current Community policy. They present three strategic priorities (regional competitiveness, social cohesion and employment, development of urban and rural areas) and two horizontal principles for the development of programmes (sustainable development and equal opportunities).
- *Additional data and indicator information.* For the SPD or programme complement, the Regulation prescribes physical and financial indicators and a categorisation of fields of intervention. Indicators have to be capable of measuring effectiveness, management, financial implementation and results (as required for the allocation of the performance reserve). Indicators need to show specific targets at measure and priority levels, the progress and impact of physical implementation and the progress of the financing plan. Statistics are to be broken down by sex and size of recipient undertakings.
- *Ex ante appraisal.* Within the SPD, a more rigorous, comprehensive *ex ante* evaluation should provide a basis for preparing the development plans and programme complements. As before, the *ex ante* evaluation should involve an analysis of regional/sectoral strengths, weaknesses and potential as well as the consistency of the strategy and selected targets with regional characteristics and the relevance of the implementation and monitoring arrangements. In addition, the Regulations stipulate precisely how the *ex ante* evaluation should take into account the situation in terms of

competitiveness and innovation, SMEs, employment and the labour market, the environment and equal opportunities, including the following:

- *labour market*: social and economic situation, national employment trends, regional employment problems, human resource development strategy, links with the national employment strategy;
- *environment*: regional/sectoral environmental situation; environmental integration of assistance; coherence with national, regional and local objectives; compliance with Community rules; impact of the strategy on the environmental situation; and
- *equal opportunities*: labour market opportunities and treatment at work of men and women; impact of the strategy on labour market integration, training, female entrepreneurship and reconciliation of family and working life.

Overall, the requirements represent an increased scale and scope of programme documentation. They include the incorporation of many parts of the (formerly external) *ex ante* evaluation - analysis of strengths and weaknesses, consistency of the strategy and aims, impact of the strategy, verification of implementation arrangements - as well as new evaluations of the situation and impact with respect to the environment and equal opportunities.

3.2 Stage of the preparations

Against the background of the new requirements, the process of plan preparation has begun in virtually all regions, but with varied rates of progress. Analyses of the regional socio-economic situation, as well as initial thinking on possible strategic directions, have been undertaken in most regions. In some cases, this has been carried out through national or regional strategic initiatives intended to provide the wider context or underpinning for Structural Fund programme planning.

Across the EU, the varied progress of regional preparations can be seen as a continuum – at one extreme are regions still at the start of the process, at the other are (a few) regions already in possession of a virtually completed first draft of their SPD.

Where the preparations are still in their early stages, a number of underlying reasons exist for the later start. In some countries, the full planning process is not being initiated until the Objective 2 map is finalised eg. Sweden and Flanders, while in others, such as France, the regions are awaiting national guidance on the approach to the drafting exercise. In Spain, the main efforts to date have focused more on the Objective 1 plan.

Although the planning process is comparatively late-starting in these regions, important groundwork has been undertaken in many cases which will speed the process once initiated. In Sweden, for example, ‘regional growth agreements’ have been drafted at county level as part of national regional policy and are currently under internal negotiation. Outlining the main development priorities over a three-year period for each county, these agreements were drafted by the County Administrative Boards (CABs), the same bodies which will lead the Structural Fund programme preparations, in

consultation with other regional and local actors, and will comprise a key strategic input into the new programmes. In France, the parallel process of the development of *Contrats de Plan État-Régions* (CPER) provides a similar strategic input; other technical preparations, such as the compilation of socio-economic trends and evaluations of past programming experience, are ongoing in a number of regions. Similar technical exercises are being completed in many of the Spanish regions. While regions in France, Spain and Sweden vary in the extent of their preparations, related partly to local initiative, the common factor is that formal programme planning has generally not yet started.

At the other end of the continuum are regions which initiated planning often well in advance of the map being finalised. The activity undertaken to date varies from the generation of future programme-specific SWOT analyses, indicator collection and evaluation material to the discussion and drafting of strategic priorities and measures. Some preparations, for example in several Austrian and UK regions, were initiated as early as mid-1998 and have involved a lengthy series of planning group meetings and an extensive consultation exercise. In Finland and Italy, starting seminars were organised in November 1998 with first drafts of the new programmes (in Finland) ready for wider consultation by February 1999. Many German regions similarly had started initial planning for the new programmes in early 1999.

3.3 Organisation of programme planning

3.3.1 Division of responsibility

More than ever before, programme preparations are being managed at the regional level, whether by regional offices of the State or by regional government authorities. Sub-national actors responsible for the implementation of Structural Fund programmes are generally leading the process of strategy definition and the overall drafting of the new programmes. This includes the detailed work of compiling regional socio-economic, labour market, environmental and gender-related analyses, establishing strategic foci and related priorities and measures, putting together indicators and initiating the process of consultation. The extent to which this process is influenced, guided or controlled by national authorities varies between countries, determined by constitutional and institutional factors as well as previous patterns of Structural Fund implementation. In virtually all countries, some degree of negotiation or discussion takes place between the national and regional authorities on the final outcome of the planning process.

The broad division of responsibility between the national and regional level authorities in the process of plan preparation is summarised in Table 3.1.

Table 3.1: Division of Responsibility in leading the Process of Plan Preparation

Country	National level role	Regional level role
Austria	<ul style="list-style-type: none"> ➤ Information dissemination on regulations (mainly through Austrian Spatial Planning Conference ÖROK). ➤ Discussion with federal funding agencies (once strategy is broadly in place). ➤ Circulation of federal recommendations on plans and management structure to be taken into account in planning. 	<ul style="list-style-type: none"> ➤ <i>Land</i> government has principal responsibility for planning and drafting process.
Belgium (Flanders)	<ul style="list-style-type: none"> ➤ In the Belgian federal system, Regions and Communities are considered equal to national authorities. ➤ The Flemish government decide on secretariats to write plans and provide assistance where required. 	<ul style="list-style-type: none"> ➤ Designated local secretariats have autonomy to draft their own plans.
Denmark	<ul style="list-style-type: none"> ➤ Guidelines on the regulations (through Danish Agency for Trade and Industry, DATI) and policy preferences. ➤ Creation of national working group for co-ordination with regional authorities 	<ul style="list-style-type: none"> ➤ Regional actors play the lead role in developing strategic priorities.
Finland	<ul style="list-style-type: none"> ➤ Information dissemination by the Ministry of Interior. 	<ul style="list-style-type: none"> ➤ Regional actors lead preparations.
France	<ul style="list-style-type: none"> ➤ DATAR provides guidance which has an important influence on the organisation and outcome of the planning process. 	<ul style="list-style-type: none"> ➤ <i>Préfecture</i> SGAR (deconcentrated arm of the state) lead the process at regional level, with a greater role this time for regional councils.
Germany	<ul style="list-style-type: none"> ➤ Co-ordination of meetings between <i>Länder</i> and the Commission on new programmes. 	<ul style="list-style-type: none"> ➤ Full responsibility for plan preparation lies with the <i>Länder</i>, (Ministry of Economy).
Italy	<ul style="list-style-type: none"> ➤ National involvement in initiating consultation and information dissemination. ➤ National recommendations from CIPE (National Interministerial Committee for Economic Planning) on methodology and timetable. 	<ul style="list-style-type: none"> ➤ The planning process is managed through the regional administration.
Netherlands	<ul style="list-style-type: none"> ➤ The Ministry of Economic Affairs co-ordinates the process, and guides the drafting of the industrial Objective 2 programme in the North region. 	<ul style="list-style-type: none"> ➤ In the case of the industrial North Objective 2 programme, provincial authorities lead the drafting process.
Spain	<ul style="list-style-type: none"> ➤ The National Ministry of Economy and Finance co-ordinates the drafting process, combining proposals from all relevant national and regional organisations into Operational Programmes. 	<ul style="list-style-type: none"> ➤ Co-ordination of regional and local proposals prior to submission to the national Ministry.
Sweden	<ul style="list-style-type: none"> ➤ Information guidance from national Ministry and designation of lead CAB. 	<ul style="list-style-type: none"> ➤ CAB (County Administrative Boards – regional arm of central government) have responsibility for plan preparation.
UK	<ul style="list-style-type: none"> ➤ Constitutional change has accentuated different national patterns. ➤ <i>England</i>: information dissemination and guidance on regulations and specific issues from national ministries. ➤ <i>Scotland</i>: information dissemination and guidance from Scottish Executive. ➤ <i>Wales</i>: co-ordination by the National Assembly for Wales (European Task Force). 	<ul style="list-style-type: none"> ➤ <i>England</i>: plan preparation led by the Government Offices (regional arm of central government) ➤ <i>Scotland</i>: regional plan teams lead plan preparation process. ➤ <i>Wales</i>: regional plan teams produce the first draft for submission to the Assembly.

3.3.2 *National involvement*

The role of national authorities varies greatly, with differing levels of information, guidance and contact with regions. In some countries the national influence is limited, either due to clear constitutional divisions of responsibility (eg. Germany, Belgium) or a deliberate ‘hands-off’ policy by national authorities once certain framework decisions are made (eg. Sweden).

At the most basic level, national authorities almost universally have undertaken an information dissemination role. Specific guidance material covering the Structural Fund regulations and requirements, and often national policy preferences, was drafted in several countries. In part, this has been designed to interpret the detailed regulatory requirements for constructing an SPD. For example, in Denmark, part of the rationale for national guidance was that integration of the former Objective 2 and 5b regions resulted in a mix of experienced and less-experienced regions in the same planning process. Specific guidance notes on particular themes have also been issued. In Finland, for instance, the Ministry of the Interior consulted with gender mainstreaming experts before providing a detailed guidance note to the regional planners on equal opportunities in areas such as partnership, the information basis in the regional and labour market analyses, goal setting, strategy assessment and monitoring. In Scotland, a series of ca. 20 *aide mémoires* were produced offering guidance on issues such as community planning, strategic spatial development, equal opportunities and the environment, while in England, the Department of Environment, Transport and the Regions is releasing guidance on issues such as performance indicators and standard text for a number of SPD sections.

In some countries, the national authorities are playing a more influential role in the content and nature of the preparations at regional level. In France, a guidance note issued by the national authorities on 3 January 2000 will exert considerable influence over the organisation and outcome of programme preparation. Interpreting the regulations and the European Commission's guidelines, it highlights the preferred orientations for the new programmes and the requirements for their preparation. It also addresses a range of issues including programme form (requiring single, integrated strategies), territorialisation (priority to be given to existing local strategies from the ‘pays’ and ‘agglomération’ initiatives), partnership (to be strengthened) and programme content, including considerations from sectoral Ministries. In Italy, the CIPE ‘*deliberazione*’ established a recommended planning methodology and timetable (not adopted by all regions), originally for the Objective 1 preparations but also applied within the framework of Objective 2. In Austria, the Federal Chancellery and Ministry of Finance circulated a federal position paper outlining recommendations on plan content, co-financing issues and management structures. The *Länder* were encouraged to take these into account in the drafting process, and they will contribute to the later discussion between the federal and state authorities on issues such as the management structure for implementation.

The national authorities in many countries organised information meetings and co-ordination groups to disseminate information and bring together national and regional actors involved in the planning process. In some countries, such

as Austria, this occurred through the existing channels for regional policy discussion while in others, special meetings were convened to address the issue. In Sweden, for example, a meeting bringing together the former Objective 2 and 5b programme managers was held in mid-October 1999 to start the initial discussions ahead of the finalisation of the map. In the Netherlands, a meeting was held in June 1999 where the national Ministry of Economic Affairs presented the changes to the regulations and other relevant guidelines. A second event is planned to deal with additional questions. The Ministry is also represented on the regular meetings held by regional level programme managers. Similarly in Germany, the federal government has brought together the *Länder* and Commission representatives to discuss practical programming issues.

The nature of the programme under preparation also influences the level and type of interaction between regional and national authorities. In the Spanish case, the debate is still on-going as to whether the Objective 2 programmes will be prepared as CSFs or SPDs. If the former is chosen, the Managing Authority role will most likely be retained at national level, maintaining the influence and control of national authorities over the planning process. If the SPD route is adopted, the regional level is likely to have a greater role in programme development and negotiation, with more opportunity to integrate central and regional priorities.

Denmark and the Netherlands provide other interesting examples in this context. In Denmark, one national Objective 2 programme is to be drafted for the coming programming period with individual programme complements for the five proposed regions. This is similar to the Finnish approach in the current programming period. The national Danish Agency for Trade and Industry is responsible for the drafting of the national programme, with the regions writing their own complements. These will be prepared in parallel, with co-ordination steered by the national guidelines, but also through a series of meetings between national and regional programme administrators. These meetings will agree overall strategies and priorities and a set of measures encompassing the activities proposed in the regional complements. In practice, this process has involved a much greater degree of interaction and mutual adjustment between national and regional actors.

In the Netherlands, three categories of Objective 2 programme are being created - one industrial programme for the North, co-financed by the Ministry of Economic Affairs; one or two rural/agricultural programmes for the south-east of the country, co-financed by the Ministry of Agriculture, Nature Management and Fisheries; and either one, two or nine urban programmes, incorporating nine separate urban centres, co-financed by the Ministry of Home Affairs. The relations between the regional lead authorities in each case and the respective national authorities are thus effectively 'sectoralised' even within the Objective 2 framework.

A final factor influencing the involvement of national authorities is parallel constitutional and institutional changes within individual countries. The UK is the prime example of this, having undertaken a process of wide-ranging reform resulting in devolved parliamentary structures in Scotland and Wales and the creation of new Regional Development Agencies (RDAs) in England.

In Scotland, lead responsibility for the Structural Funds has been transferred to the Scottish Executive, responsible for devolved matters to the Scottish Parliament, and overseen by the European Committee of the new Parliament, exposing programming to greater political and public scrutiny. The creation of the National Assembly for Wales has had a similar effect, heightened by the profile of the Objective 1 programme for West Wales, and is resulting in new administrative arrangements for preparing and delivering the new programmes.

3.3.3 *Commission involvement*

The involvement of the European Commission in the process of plan preparation also varies between countries and regions. The regulatory guidelines, *Vademecum* and other information materials are openly available, including over the Commission website. This innovation, affecting the range and accessibility of information, has generally been welcomed by programme managers, who particularly value the directness of communication which it facilitates between the Commission and those preparing programmes.

While all actors welcome the increased communication, there are difficulties in striking the right balance. On the one hand, some regions have found the volume of material challenging. Others have been critical that the guidance is insufficiently detailed; they consider that the ‘high policy’ tone and quite general nature of some of the Commission guidance makes it open to different interpretations, difficult to translate into the practical process of plan preparation and heightens the requirement for follow-up clarification. Also, there is still scope for improving awareness. One region commented on the need for a clearer overview of exactly what information is available in order for regions to be sure that they have accessed all the relevant documentation.

In general, the national authorities have been responsible for direct negotiations with the Commission on the broader issues of, for example, area designation and the agreement of the overall Regulations. In terms of the process of plan preparation, however, there is more contact between the Commission and the regions, although a mixed picture is presented across the Member States.

Many regions have taken up direct contact with the Commission on issues of clarification or other questions on the preparation process. Such contact, and the ability to access Commission guidance directly, is considered useful by some regions as it avoids a national ‘filter’ and provides a clear and full understanding of the expectations and orientations of the Commission. The French regions, for example, anticipate direct contact with their desk officers throughout the programming period, and the Commission plans to supplement its informal contact through a seminar for the Objective 2 managers at an appropriate time. Similarly, regions in the Netherlands have had on-going contact with the Commission, raising issues such as eligible and non-eligible costs under ERDF funding.

In many cases, questions of clarification are also being addressed with the Commission through existing committee structures. The Monitoring Committee framework has been used, in France and Germany for example, as a forum for discussion and clarification with the Commission. In Italy, the

regional offices in Brussels have been directly involved in the planning process, organising informal meetings with Commission officials.

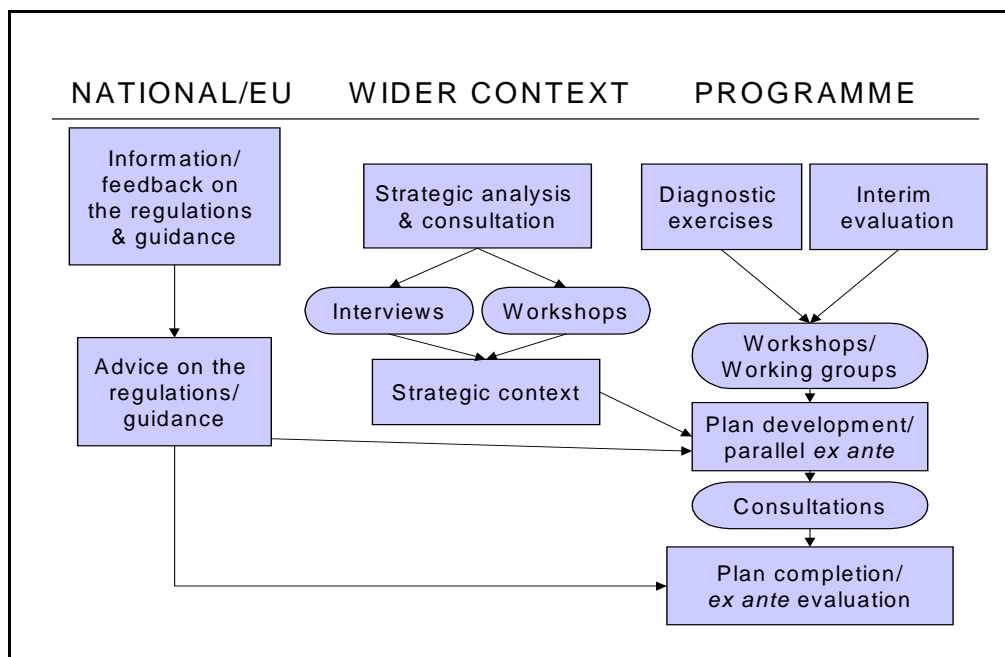
This experience is not universal. In the UK and Denmark, for example, some regions appear to have had little or no direct contact with the Commission in programme preparation issues, instead preferring to use national channels or contact with programme managers in other regions.

3.3.4 *Regional preparations*

As noted above, the detailed process of plan preparation is being led principally by the regional actors in virtually all countries. In many cases this does not differ significantly from the situation at the start of the current programming period although a certain 'activation' of regional actors is evident. This emerges differently in individual national contexts, as the following examples illustrate.

- *Early initiation of planning by the regional authorities in Austria and Finland.* These countries are undertaking Structural Fund preparations only for the second time since their accession to the European Union in 1995, and the regional authorities have been anxious to avoid a repeat of the time pressure experienced at the start of this programming period. The practice of Structural Fund programme management over the last five years has also given them a more informed starting point and a clearer vision of what could be achieved through the programmes.
- *The 'step change' in the nature of plan preparation in the UK regions.* Here, more extensive consultation and evaluation have taken place, and over a longer period. This was initiated and driven by regional programme managers and their partnerships, drawing on past experience and motivated by the desire to make the new programmes strategically sound and workable in practice. The succession of short programming periods has meant engagement in 'fire-fighting management' and the new seven-year programming period offers the chance to design and implement programmes with a potentially greater strategic and long-term importance.
- *Early involvement of regional partnerships in Italy.* Regional partnerships have been active in Italy since the earliest stages of the planning process, for example with ten rounds of local partnership negotiations taking place in *Tuscany* during the first three months of 1999, co-ordinated by the province.

The basic components of the plan preparation process are broadly similar across all the European regions (see Figure 3.1) and the specific inputs, including the *ex ante* evaluation and the consideration of horizontal priorities, are also common (discussed further in Section 3.6).

Figure 3.1: Principal Components of Structural Fund Programme Preparation⁶


The complex process of plan preparation requires central steering through a specified organisation or group. This organisation lies at the core of the preparations, bringing together the various components and managing and steering the discussion and consultation process. Logically, the participating actors/organisations tend to be those involved with the management or implementation of the current Structural Fund programme, although the nature of this central organisation does differ between regions and includes the main administrative authority at regional level, the plan team and other groups.

- *The regional administrative authority.* The lead role is taken on by the principal administrative authority at regional level, in consultation and partnership with other relevant organisations. These may be the regional offices of the State: in England, the co-ordinating and lead role is taken on by the regional Government Offices (GOs); in Sweden, by the County Administrative Boards; and in France by the regional *Préfectures*. Elsewhere, it is regional authorities that are leading the process – the provinces in the Netherlands, the regions in Italy, the regional government in Spain, and the *Länder* governments in Germany.
- *A plan team.* Regions have generally established plan teams incorporating a number of different organisations to lead the process of programme preparation. In *Styria* and *Lower Austria*, for example, core plan teams were established as early as mid-1998 comprising the main bodies involved in implementation (principally *Land* government departments) as well as the external consultants involved in the drafting process, representatives from the labour market and agricultural fields and, in *Lower Austria*, a representative from the regional management offices. Similarly in most UK regions, plan teams have been in operation since

⁶ Bachtler J, Taylor S and Michie R (1999) The New Framework for Structural Fund Programmes, *IQ-Net Thematic Paper*, 5(1), EPRC.

1998. In the *West of Scotland*, for example, an extensive plan team comprising 19 participants, including key regional economic actors, higher education institutes, the tourist board, local councils and environmental bodies, has been meeting since March 1999.

- *Other regional groupings.* In Finland, Structural Fund programme preparations have been led by so-called Regional Alliances. These are umbrella groups bringing together the main regional development actors from the regions incorporated into individual programmes and including the Regional Councils and Employment and Business Development Centres. The Western Finland Alliance, for example, comprises representatives from seven regions, which allows representation from a range of different economic development actors and regions.

The plan group does not work in isolation in any region but is part of an interactive and complex process, involving discussion and co-operation with other actors and groups, and drawing on information from a variety of different sources. The density of this process, and the range of variations (even between regions in the same country), make it difficult to generalise. However, in organisational terms, the following two examples illustrate different ways in which other actors are involved in the planning process.

- *Use of external consultants.* External consultants have been used in a number of regions for a variety of different purposes. In some UK and Austrian regions, the plan groups have commissioned external consultants to help guide the drafting process and write the SPD. The consultants, while having slightly different roles in each region, have had a range of inputs including clarification of regulatory issues, the steering of discussions, drafting sections of the SPD for further discussion and the incorporation of amendments and new conclusions. They have also made an input to the regional economic and labour market analyses, again with discussion in the plan group, and will be involved in issues such as the identification of indicators. The *North* region in the Netherlands will employ a consultant to work on the main policy direction of the SPD, in co-operation with the provinces, in an attempt to create a strategy which will be similar to the domestic development programme for the area. In *Nordrhein-Westfalen*, a discussion paper prepared by the external evaluators, based on regional analysis, interviews and evaluations, provided the starting point for the discussion on the objectives of the new programme. External experts are commonly drawn in to comment or contribute on particular themes, and the horizontal priorities in particular (see Section 3.6).
- *Creation of working groups.* Working groups are one approach to considering specific aspects or issues to be incorporated into the programme. A number of UK regions have used this method, including *North-East England*, where the SPD Steering Group established seven sub-groups to examine particular aspects of the new programme. These sub-groups fed not only into the Steering Group itself but also produced discussion papers which were circulated throughout the region and debated at a major consultation event in October 1999.

3.4 Processes of consultation

A key element of plan preparation is the wider involvement of the partnership through consultation. Consultation is interpreted variously within individual national and regional contexts with the involvement of a wider partnership at different stages. The current preparations appear to involve deeper and wider partnership involvement than before in several regions, although beginning from different starting points and in various ways.

Once again it is hard to generalise, but three consultation ‘models’ are outlined below which illustrate the different types of process emerging. It is important to bear in mind that regions rarely fit neatly into an individual ‘model’ but often incorporate aspects from a number of different ones.

3.4.1 Extensive and highly inclusive process

This approach involves the incorporation of a wide range of partners and organisations from an early stage in the planning process, in some cases feeding in before the completion of a first draft of the new SPD. This approach clearly requires advance planning and relatively extensive time periods to allow for the results of the exercise to contribute effectively to the drafting process itself. A number of reasons exist for the adoption of this approach including:

- the desire for the widest possible ‘ownership’ of the strategy, particularly given its validity over a seven-year period;
- ensuring the possibility for a wide range of partners to input into the consultation process at a point where their comments can still influence the outcome;
- encouraging input from organisations normally outside the Structural Fund circle which could bring new insights; and,
- increasing the media profile of the Structural Funds.

UK and Italian examples best illustrate this approach to consultation. In the *West of Scotland*, the plan team met regularly from March 1999 to consider the main challenges facing the region, focusing on the key themes of enterprise, infrastructure, inclusion and learning, as well as the horizontal principles of gender mainstreaming, sustainable development and innovation. A consultation document was prepared which outlined this analysis and discussion to date. The first consultation meeting, attended by nearly 300 people, was held at the start of October 1999 and involved the launch of this document as well as a series of presentations on the contextual changes for the next programme, the likely stages of plan development and the consultation opportunities for partners. This event is being followed with ca. 20 consultation meetings organised by region, sector and theme over the October-December 1999 period. In addition, three ‘ideas generation workshops’ are being held during November involving some 70 people from academia, the media, industry, the financial and voluntary sectors – people often outside the Structural Funds loop. The results of all the consultation will be brought together by the plan team, which will write individual sections of the programme, with an overall draft anticipated by the end of 1999. The West of

Scotland, along with a number of other UK regions, have also used websites extensively as a means of promoting the consultation exercise.

One interesting issue highlighted in the UK context is the problem of ‘consultation fatigue’. In the *South of Scotland* and the *West Midlands* regions, the consultation exercise began with a review of all the strategy documents to which the Structural Fund partners had collectively or individually subscribed. In both cases, this encompassed over 170 separate strategies, all of which had involved some level of consultation, and highlighted the need for selectivity in the distribution of material for consultation. Over-exposure of partners to consultation can undermine the importance and role of the strategy.

In Italy, the extensive process of consultation was initiated by national authorities in December 1998. A general meeting was held in Sicily dealing with the 2000-06 programming period (not restricted to Objective 2), organised by the Ministry of Treasury and Budget. The meeting was attended by over 500 people and was widely reported by the media. At this meeting, a range of proposals and research papers, many of which had been prepared in advance, were collated into a volume entitled ‘100 ideas for Europe’ which was subsequently discussed at six workshops, one of which focused on the issue of Objective 2 regions. The national *deliberazione* of CIPE (see Section 3.3.2) next proposed three distinct levels of partnership:

- a local level, involving the participation of public and private actors;
- a sectoral level, drawing in all the economic and institutional actors involved in the regional development process (including entrepreneurial associations, crafts, commerce, agricultural and co-operative organisations, regional trade unions, local government authority organisations, environmental and equal opportunity bodies); and
- an institutional level, incorporating all the local administrations.

At regional level, the extensive process of partnership involvement was then continued. In *Lombardy*, for example, the wider partnership were engaged in deliberations on the definition of local needs, the policy strategies and the collection of possible projects. Overall, 72 municipalities, nine mountain communities and seven provinces were involved in nine meetings over the September-October 1999 period. Similarly in *Tuscany*, ten local partnership meetings (one in each province) were held and co-ordinated by the provinces. Following the completion of a first draft of the SPD, these partners were again invited to compile and submit their comments and proposals for integration into a second draft of the programme.

3.4.2 *Relatively extensive but more focused process*

Consultation in many regions, while still relatively extensive, is characterised more by targeted, invited input at particular stages of the process. Regions operating more on the basis of this second approach have tended to involve particular partners with a more direct link to the final programmes at distinct stages – although again sometimes prior to the completion of a first draft. The main rationale for the adoption of this approach (although the dividing line with the first model is hazy) include the need to keep the plan preparation and

consultation process within manageable boundaries, bearing wider time and resource constraints in mind, and also the wish to target consultation on those partners who can genuinely contribute value added to the process.

In *Bremen*, the consultation process was started prior to drafting. Relevant *Land* Ministries were asked for their future priorities in order to draw out key strands for inclusion within the new Objective 2 programme. The views of economic and social partners were then obtained through a meeting which allowed them to submit views and proposals which could later be incorporated into the programme. In *Nordrhein-Westfalen*, the broad objectives, principles and measures of the new programme were first approved by the regional cabinet before being sent to partners for comment. Around 25 partner comments were received, which will be taken into consideration where relevant and practical. In *Saarland*, the approach was slightly different because of the small size of the programme. The process was initiated, similarly to *Bremen*, with input from relevant Ministries, but the wider partnership input (including from districts and communities) was oriented more towards the proposal of projects and project ideas rather than general principles. The response, however, proved relatively difficult to work with, given the different priority orientations reflected in the project proposals from different types of organisation.

In Austria, the consultation with the wider partnership has been much more extensive and systematic in the preparations for the new programmes than was the case at the start of the current programming period. The much greater time period allowed for discussions has been a major factor in this, as well as an understanding of the process based on the experience of the past five years. Specific inputs have been requested from key partners throughout the process. Prior to the initial plan group discussion, position papers on the future programme were requested from the regional management offices of the *Länder*. As programme drafts emerged, they were sent out for comment to the economic and social partners and workshops were held at sub-*Land* level, co-ordinated by the regional management offices, to ensure feedback and comment from regional level actors. The federal authorities were also drawn into the process as the programme drafts emerged, partly to ensure a degree of coherence with overall federal strategies, but mainly to establish the role of federal level funding agencies in the implementation of the programme. A genuine attempt has been made to establish a common strategic purpose within the core plan team and to verify and expand this direction through targeted consultation.

In Denmark, the central component of the consultation process has been the interaction and co-ordination between national and regional authorities. This is related mainly to the approach being taken of a single Objective 2 programme and five regional complements. The creation of a working group by the national agency, DATI, which incorporated both regional and local government representatives, started this process off. Due to uncertainty about the map, however, this group focused primarily on methodologies related to the socio-economic analysis. Further discussion was held in the current Objective 2 regions through the existing Structural Fund and other committee structures, led by the county-based secretariats. Once the regional complements were being prepared in more detail, a series of meetings between

national and regional programme managers was held to agree strategies and measures.

The process of consultation in Finland probably lies between the first and second 'models' outlined here. The regional actors organised a seminar in November 1998, at the start of the process of preparation, which involved the main managers of the Structural Funds at regional level - the regional councils, the Employment and Business Development Centres and the Environment Institutes. The seminar focused on the workplan, co-operation arrangements and initial discussion of strategies. As the process of preparation continued, led by the Regional Alliances, publicity campaigns were organised by the regional councils, and the content of the proposed programme was discussed with the regional management committee. The first draft of the SPD was completed in February 1999 and was circulated for more precise feedback from social partners. In summer 1999, the new draft of the programme was distributed to interest groups and widely commented upon, with the Alliances delivering the finalised drafts to the Ministry of the Interior by September 1999.

In France, in the *PACA* region, relevant individuals in the administrative unit of the *Préfecture* (the '*SGAR*') will take the lead in drafting, according to their skills and areas of competence. A range of partners, including the local councils and the *Conseil Économique et Social* will be informed about who to contact on particular Objective 2 issues. Their input will then be fed directly to the relevant people who will include them in drafts which, once completed, will be circulated for comment and modification.

3.4.3 *More selective, administratively-bounded process*

This last 'model' of partnership is principally evident in Spain and involves a much tighter and more limited involvement of partners in the consultation process.

Here, most of the projects to be implemented under Structural Fund programmes are drawn from the agreed strategic programmes of specific national and regional government departments and agencies. As such, programme preparations place little emphasis on defining new strategic directions and more on drawing elements of existing strategies together into a coherent whole which meets European objectives. In *Catalonia*, for example, the regional and local aspects of the programme are written by a small team in the DG for Economic Programming. The consultation exercise which they undertake comprises a tight structure of administrative consultation and co-ordination which is well-established and within which each actor knows his or her role and contribution.

3.5 **Specific programme inputs**

A range of inputs will be fed into the new Objective 2 programmes in individual regions, some of which have been mentioned in the previous discussion. While some variation clearly exists between regions, common inputs include: the experiences from past and current programmes, particularly the current Objective 2 SPDs but also the Objective 5b programmes where

there is (or is expected to be) a strong rural element in the new regions; regional strategies; research; and evaluation studies.

First, more so than in the past, a strategic context is being provided by wider regional strategic plans or programmes. An important trend which is evident in many regions in the current process of plan preparation is the attempt to ensure that the new programmes are coherent with wider national and particularly regional economic development strategies. This trend is extremely widespread, but can be illustrated through a number of national examples.

- In France, the Structural Fund programmes are being viewed as a complement to the *Contrats de Plan État-Régions*, both being launched in parallel and offering the opportunity for more co-ordinated economic development.
- In Sweden, the Regional Growth Agreements will form the principal strategic underpinning of the new programmes.
- In Austria, the main *Land* development strategies, as well as sectoral strategies in areas such as tourism, are important contributors to the strategic direction of the new Objective 2 programmes.
- In Scotland, the 'Key Drivers' strategic context was used to inform the work of the Structural Fund plan teams.
- In the Netherlands, the new SPDs will be designed to fit in with and/or support the domestic spatial programmes.
- In England, the Structural Fund strategies have to be coherent with the emerging regional strategies of the newly established Regional Development Agencies.
- In Italy, the strategic approach of the SPDs is heavily influenced by the regional development plans of the Regions.

Second, in several regions, existing research has formed the principal basis for the regional socio-economic analysis to be incorporated into the SPD. In *Styria* (Austria), for example, the external consultant has brought together a wide range of existing analyses on the regional economic development situation and potential of the region and identified the key findings of relevance to the proposed Objective 2 region. This approach has the advantage of bringing together studies with different methodologies and styles which can contribute new insights into the overall picture. In *Flanders*, existing information is likely to be brought together centrally, both for the economic development situation and for the labour market, equal opportunity and environmental analysis components of the SPD. This will draw on research centres at province and GOM (regional development agency) levels. Wider research studies on related issues may also play a role in some regions eg the Regional Innovation Strategy (RIS) initiative which fed into the *Lower Austrian* proposal.

Third, evaluation studies are more widely available. Studies include the *ex ante* evaluations of the new plans (see Section 3.7) interim evaluations for the 1997-99 period (eg. in UK, Germany, Italy and for the 1995-99 period in Austria and Finland), and *ex post* evaluations for the 1994-96 period. In some countries, including Spain and France, evaluations covering the last two

programming periods will not be completed in time to contribute to the planning for the new period. Special evaluation studies have been commissioned by some national or regional authorities which are also feeding into the new programmes. These include, for example, the major evaluation in the Danish region of Storstrøm, the evaluation of networking activities commissioned by the Monitoring Committee in Sweden and the central evaluation of the regional management offices in Austria.

3.6 Horizontal priorities

The approach to incorporating the Commission's horizontal principles of sustainability and gender mainstreaming varies between *satisficing* - to meet basic Commission requirements, and *optimising* - to integrate the principles fully through the process of planning, the strategy document itself and subsequently into the implementation structures. Clearly, the latter approach reflects more the Commission's intended spirit of mainstreaming (as applied both to gender and sustainability), but is much less common. In the case of regions taking the former approach, the existence of comprehensive national regulations on these issues, as well as the view that, particularly in gender mainstreaming, the real influences lie outwith the remit of a Structural Fund programme, all contribute to the ultimate lack of full integration. There is also a level of uncertainty about how to approach the integration of these issues in practice. In order to address this, national guidance has been prepared in many countries and the European Commission has also issued specific help.

Two main approaches can be seen to the use of expert support in integrating these principles during plan preparation.

- *On-going involvement of experts throughout the process.* Some regions have incorporated relevant agencies or organisations throughout the planning process to ensure that the horizontal priorities are taken into account at all stages. A particularly good example can be found in the preparation of the *Norra Norrland* Objective 1 programme in northern Sweden. In this case, the expert on gender equality, based in the CAB, was involved in the strategy and decision-making structures from the start, ensuring that gender mainstreaming was part of the process and that it was incorporated throughout the final document, impacting on the regional analysis as well as on all the priorities and measures, not just those specific to the issue. Definite views are also being developed on how to ensure gender equality is sufficiently considered in the implementation of the programme. A similar approach was taken to the integration of sustainable development. A comparable experience can be seen in other regions. In Italy, for example, the Regional Environmental Authority, as well as other regional environmental associations, together with the Regional Equal Opportunities Commission, are participating actively throughout each stage of partnership involvement in programme drafting.
- *Involvement of experts at specific points in the process.* A relatively common approach to the horizontal priorities is to invite external experts or representatives of relevant authorities or government departments to contribute to, or comment on, the draft programmes as the planning process has continued. In many cases, these experts have contributed the

environmental or equal opportunities analyses (in the latter case, sometimes for the first time) as well as proposals for specific measures in these areas.

There is also a generally greater awareness of the need to include monitoring indicators which can help to track these principles through the implementation stage. While the requirement for such indicators is recognised, useful and practical indicators are considered particularly difficult to identify, especially in the gender mainstreaming area.

3.7 *Ex ante* evaluation

The requirements of the *ex ante* evaluation have changed *vis-à-vis* the current programming period and have become more rigorous (see Section 3.1). The Commission's main expectation from the *ex ante* evaluation process is that it should make three connections: between analysis and action, resources and results, and policies and changes (see Table 3.2).

Table 3.2: Principles of *ex ante* Evaluation

1. Link analysis to action	2. Link resources to results	3. Link policies to changes
SWOT > Strategy > Priorities > Implementation	Inputs = Financial resources Outputs = Physical results of action Results = Expected direct effects Impact = (Desired) difference between start point and end point	Quantify disparities Identify indicators of change Present baseline figures for these indicators Assess results of resources Estimate expected change Quantify targets

Two principal approaches to the evaluation can be identified in the regions which have reached this stage in the planning process.

- *Integrated, iterative process.* In this approach to the *ex ante* evaluation, the external evaluators are being used in an integrated manner to provide an external and continuous review throughout the plan preparation period. This has been encouraged by government authorities in the UK. In the *West of Scotland* for example, the evaluators will work closely with the plan team over a 6-12 month period, questioning and commenting on the process and submitting regular interim reports. In *Lower Austria*, the role of the external consultants involved in the core plan group was viewed as fulfilling the requirements of the *ex ante* evaluation, and their on-going input and appraisal is being incorporated as such. In the *North* region of the Netherlands, the *ex ante* evaluation will be undertaken in parallel with SPD preparation, lagging behind by a few weeks in order to promote interaction between the two exercises. The advantages of this approach are perceived to be the iterative process of critical analysis and discussion which can help to improve the quality of the end product.
- *Separate evaluation.* The majority of regions have still opted for a distinct evaluation of the draft SPDs, applied on completion of the drafting process. In Denmark, for example, the *ex ante* evaluation will not be undertaken until the draft of the programme and the regional complements

are completed, and the results of the evaluation will then feed into the final version which is sent to the Commission.

In some cases, while the *ex ante* evaluation is a distinct process, the feedback has been channelled into the plan preparations on more than one occasion, thus mirroring to some degree the more integrated approach described above. In Finland, for example, the first comments from the *ex ante* evaluators were provided in March 1999 with a formal feedback seminar organised in April where the comments could be dealt with more systematically. In *Styria*, the external consultant involved in writing the new programme commissioned another local research institute to undertake an *ex ante* evaluation in order to provide an external viewpoint and fresh insights into the emerging strategy. The draft evaluation was presented to the plan team and discussed, and the new inputs will be incorporated into future drafts. A final evaluation will be undertaken of the last draft of the SPD – again presenting a staged iterative process of input. In France, the starting point of the *ex ante* evaluation was the request by DATAR for the regions to take stock of 1994-99 activities, both from a management and impact point of view. At this point, many regions took the opportunity to update and extend their regional diagnosis and some undertook thematic evaluations on issues of concern. The likely impact of the future programmes will be considered in the coming stages of the evaluation process.

There are a few issues of uncertainty regarding the *ex ante* evaluation. Many regions are unclear whether the Commission will themselves have separate appraisals of the SPDs carried out, particularly where a more integrated approach has been taken. This may also depend to some extent on the size of the programmes, but the issue remains unclear and may differ between individual Directorate Generals. The second point of uncertainty relates to the fact that, while the *ex ante* evaluation is supposed to cover both priorities and measures, the SPD within which it is to be integrated need only include priorities and very broad indications of measures. Some regions have expressed doubt about the usefulness of an *ex ante* evaluation which is limited to the broad priority level of the SPD and is not applied to the real operational content which will be contained in the programme complement.

3.8 Programme complement

The process of plan preparation is at an early stage as regards the approach to the programme complement. However, it is anticipated that, almost universally, the complement will be drafted in parallel with the SPDs, the logic being that one is a more detailed version of the other. In a number of countries, including Austria and Italy, the complement will be drafted by those agencies which will be implementing the programme. In the Austrian case, the SPD is likely to be implemented through aid schemes operated by existing funding agencies and the complement will contain descriptions of the relevant schemes to be incorporated within each measure. An interesting approach in this regard is in Denmark where, as previously mentioned, five regional complements are being drafted together with a single, nationally-led Objective 2 SPD. The advantages of this approach have been the combination of top-

down and bottom-up input through a more intensive series of co-ordination meetings between national and regional levels.

Some debate already exists on the timing of the submission of the programme complement. In the UK, national advice is to take advantage of the regulatory provision and to hold back the complement until formal approval of the SPD. In France, the two parts will be prepared together and it is anticipated that this may facilitate the later negotiations by dealing with specific questions through the more detailed complement. A number of the German regions are anticipating submitting the SPD and programme complement together, and in the Netherlands the decision is being left to the regions.

3.9 Programme submission

There is a two-stage programme submission process. First, programmes will be assessed rapidly for completeness against a list of 'receivability criteria'. A 'Yes-No' analysis will be used to check for required programme components, with no judgement on quality. Programmes which are declared receivable will then go on to a detailed inter-service assessment stage leading to full negotiations.

EC assessment of the Objective 1 programmes, submitted in late 1999, has provided a form of 'trial run' for Objective 2 programmes, enabling the Commission to highlight areas which are commonly weak, or where their own expectations have been clarified.

In terms of overall programme content, strategies are sought which are underpinned by clear reasoning about what changes are to be wrought and how. Innovative policy areas such as information society should be clearly thought through, lessons should be drawn from past practice and compatibility with other EU policies should be demonstrated.

In terms of programme management, the arrangements will have to be set out explicitly for the first time in programming documents. In addition, specific operational solutions will be looked on favourably, such as the introduction or maintenance of business-friendly procedures and transparent project selection systems.

The onus is on every programme to ensure that adequate documentation is provided as early as possible in order to pass the receivability test quickly. Validity (for eligible expenditure) will be considered to run from the date of receipt of *complete* material. Once programmes are deemed complete or 'receivable', they will go on to the full process of negotiations.

3.10 Assessment of the process

The new regulatory context for the new programmes has not made the process of plan preparation easier as the expectations are significantly more detailed and rigorous. However, for several reasons, many regions have given themselves considerably more time to undertake the preparations and this is viewed by many as having beneficial effects not only on the pressure levels of the individuals involved but also on the likely quality of the end product. The programming experience of 'older' Member States has been applied to the preparations, and the newer Member States have also taken a marked step

forward in their approaches. Austria and Finland, in particular, share a range of similarities in their preparations. Both countries initiated the process in mid-1998, using a core plan group of key implementers, and involving a more structured and extensive process of consultation. They both also face the challenge of bringing together otherwise often independently operating organisations from a fragmented institutional structure to forge a common strategy – although this challenge is far from unique to these Member States.

There is also a sense that the process of preparation for the coming period has been more co-operative in nature. In many regions, the involvement of the partnership has deepened and widened and consultation has become more systematic. In Finland, for example, the involvement of the Regional Alliances in the drafting of two programmes, instead of each region working independently, is a step towards more co-operative working, while in Sweden, one of the key outcomes of the current programming period is greater co-operation between counties and municipalities which, it is hoped, will be continued in plan preparation and implementation in the coming programming period. Where this process is genuine, it is hoped that it can have longer-term effects not only on the design and implementation of the Structural Fund programmes but also on the overall operation of regional economic development policy and initiatives.

4. PROGRAMME CONTENT (STRATEGIES)

4.1 Future strategies

Almost all Member States with Objective 2 eligibility will once again go forward with the Single Programming Document format for their new 2000-06 programmes. The exception could be Spain, where the national government may choose to continue with the CSF/OP arrangement. In the two previous rounds of Objective 2, Spain was the only country to make this choice. For the next round, the possibility of continuing with CSFs/OPs for Objective 2 was only won with a last-minute modification to the draft Regulation. The process involves additional stages and administration which could delay the start of the Spanish programmes.

Successive rounds of programming have seen a progressive increase in sophistication among programming documents, with increasingly thorough and relevant socio-economic analyses, clear mission statements, coherent measures, baselines and impact and output indicators. The links between programme elements are becoming more explicit, with the relationship of individual measures to overall goals being demonstrated more clearly. These trends are likely to be further reinforced given that the requirements vis-à-vis programme content are arguably clearer than they have ever been.

The regulations are explicit about the type and detail of information required. Among the additional tasks this time will be the provision of many elements of *ex ante* evaluation (some previously undertaken externally following submission of the SPD), and a description of operational aspects including the consultation undertaken with partners in preparing the programmes and the provisions for implementation (going beyond the standard clauses set out in previous documents). The introduction of the EC's 'receivability' test, underlined by the *Vademecum*, requiring that draft SPDs contain all the information set out in Article 19 of the General Regulation before they will be accepted for the second stage of closer scrutiny, will help to ensure that attention is given to each of these components at an early stage. Where some requirements were previously only loosely observed or ignored, other core elements being in place, they will now be insisted upon.

Most organisations were simply 'preparing to prepare' their programmes early in 1999.⁷ There have been considerable advances since then, but not as much as originally hoped in many cases. As mentioned in Section 3, the delays in the calendar of Structural Fund preparations associated with the late agreement of the Regulations, the area designation process, the confirmation of available funding envelopes, and decisions about new management arrangements (especially the allocation of the Managing Authority role) mean that few regions are yet sufficiently far advanced to be able to discuss the structure and content of their proposed Objective 2 programmes in detail. Notable exceptions among partners in the *IQ-Net* network are *Styria*, *Lower Austria*, *Western Scotland* and *West Finland*, where drafts are already available, and *Nordrhein Westfalen*, *Bremen* and *Saarland* where initial efforts have been

⁷ Bachtler J and Taylor S (1999) The new Structural Fund Regulations - Preparing for the new Programmes, *IQ-Net Thematic Paper*, 5(1), EPRC, University of Strathclyde, Glasgow.

made to sketch out the overall programme structure. These draft programmes will be outlined in more detail later in the paper. Elsewhere, it is almost universally the case that initial contextual elements such as the regional analysis, and *ex ante* elements such as the environmental, labour market and equal opportunities assessments, are underway or complete. Indeed, these have arguably been much wider and more thorough than ever before. Decisions about overall strategic objectives, the structure of priorities and the intended measures have often not yet been taken, although thinking and consultations are beginning.

Against a slipping timetable, programme development will have to respond to several challenges.

- The programming period, at seven years, will be more than twice as long as the former Objective 2 period. The change brings stability but also risk, in that programmes will need to be sufficiently flexible to respond to changing economic, political and institutional conditions. Objective 5b lessons may be valuable here.
- There is a new 'sectoralisation' of Objective 2. Frequently, mono-fund programmes are being proposed, which will need to seek complementarity with Objective 3 for human resource issues and the Rural Development Programmes for rural development. This is a radical change from the former integrated multi-fund 5b programming environment in particular.
- The programmes will frequently have to combine development policies applicable in industrial, rural, urban and sometimes fisheries areas. The urban dimension, in particular, is new to some programmes, which will be drawing on previous URBAN Community Initiative experience in drafting these programme elements.
- The *ex ante* exercise has been delegated to programmes to organise themselves for the first time. A difficult balance has to be struck between incorporating the lessons of the *ex ante* appraisal, and maintaining this as a discrete part of the process.
- There will be a transitional component to manage in most programmes. This is an innovation which presents policy, management and implementation challenges.
- This is the first time that the Commission has published so much information to assist programmes in their preparations, and this will have to be fully reflected. The EC has supplemented the regulations with (now) indicative guidelines on policy orientations, a *Vademecum* on programming methods, and technical notes on the application of the performance reserve scheme, monitoring and evaluation indicators and *ex ante* evaluation. These will later be supplemented by further guidance documents, for example on gender mainstreaming, sustainable development and emerging technical and financial issues raised by programme delivery under the new regulations.

4.2 Strategic orientations

The EC's policy guidelines are a core document setting out the expected strategic foci of the new Structural Fund programmes. In the main, they build

on long-standing themes promoted particularly strongly during the 1994-99 programming period. They are structured around three broad strategic axes: regional competitiveness; employment and social cohesion; and the development of urban and rural areas. In addition, they re-affirm the sustainable development and equal opportunities dimensions. The most innovative aspect of the guidelines is arguably the increased emphasis on the urban and social cohesion dimensions of programmes.

The guidelines have been cautiously welcomed, although to many, they appear very general, to the extent that they could be shown to be reflected in almost any economic development programme. Little appears to have been explicitly excluded. As noted in the previous sections, some regional level respondents would even have liked guidance which was more tightly defined - although it was at the Member States' own insistence that the guidelines should only be indicative, a feature now weakening their ability to be more prescriptive or limiting.

Echoing the continuity in broad policy objectives signalled by the guidelines, the anticipated trend is that the strategic content of most new programmes will change relatively little overall. Many existing measures will effectively be rolled forward, with a re-balancing of financial allocations. In addition to the continuity signalled by the guidelines, there are several other reasons for the relatively limited amount of innovation. In particular, features of the new programming environment are acting as a brake on risk-taking. First, the next round of programmes may be the last of this scale, making it more attractive to stick with proven formulas. Second, financial management requirements and the introduction of the performance reserve are prompting concern that implementation goes to schedule - which innovation could jeopardise. An exception to the rule is *Bremen*, where the final priority of the draft SPD provides explicit scope for pilot projects. This continues a long-running trend for innovation in *Bremen* highlighted in previous *IQ-Net* research.

As Table 4.1 illustrates, where policy shifts *are* anticipated, they are likely to continue trends already underway in earlier programming periods. For example, it seems likely that the shift away from physical infrastructure and towards softer measures will be sustained, even though the possibility of absorption problems arising from an increased emphasis on soft measures is believed to be real in some cases. It is important to note that '*Hard infrastructure is not totally excluded, it merely requires detailed and exhaustive justification.*'⁸ Spain may well maintain rather than decrease its allocations to infrastructure, in order to continue addressing bottlenecks. Equally, it is likely that there will be more attention given to RTDI and a more sophisticated approach to innovation, linked to SME development. Several regions are considering technology and innovation more seriously as horizontal dimensions (eg. in France and the UK).

The emphasis on community economic development is continuing in the UK and spreading more visibly to other countries such as France, Italy, Germany and Spain, encouraged by domestic policy changes in some cases, and by the solidarity and urban dimensions of the EC's guidelines. Other fields likely to

⁸ Colwell A (1999) *Impact of the Objective 2 Announcement on Programme Planning*, CoSLA Briefing Note, 18 October, 1999.

see enhanced emphasis are: environment, especially where this echoes national policy priorities (eg. Spain and France) and business development (Denmark). Following the principle of concentration, greater sectoral or spatial targeting is also in evidence in some cases (eg. Austria, UK, Germany, Sweden).

Table 4.1: Summary of Proposed Policy Shifts in the new Objective 2 Programmes

	Main Proposed Policy Shifts
Austria	Higher profile to mobilising endogenous potential.
Belgium (Flanders)	<i>Limburg</i> will complement and complete previous capital investment programmes which established a good base from which to develop with more soft projects to regenerate the economy.
Denmark	High continuity, but with a possible reduced role for direct grant aid to firms. Higher profile in at least one case to equal opportunities and green technologies.
Finland	Very similar in content. More account taken of equal opportunities and sustainable development. New focus on urban problem areas. Greater regional level co-ordination sought.
France	Stronger emphasis than before on sustainability, employment and solidarity. Clearer rationales for actions. Stronger emphasis on culture. RTDI will grow in emphasis and focus - including as a horizontal dimension. Use of technical assistance will be carefully planned to ensure programmes can be delivered effectively.
Germany	Broad continuity for <i>Nordrhein-Westfalen</i> , <i>Saarland</i> and <i>Bremen</i> - but likely new emphasis on urban issues. Nordrhein-Westfalen: Infrastructure continued, but with less emphasis. New 'integration' priority for community economic development. Greater focus on sectors of potential and regional strengths. Saarland: Continuity in the main. Greater emphasis on telecommunications and biotechnology. Infrastructure remaining strong. New urban dimension. Bremen: continuity, but with a new urban priority based on past URBAN CI experience. ESF policies will no longer be grouped separately, but will be integrated across all priorities as a horizontal component. New information society measure under the existing service sector priority.
Italy	Continuity, especially in the schemes co-financed. Greater focus on selectivity and integration to achieve enhanced economic and social impacts. New emphasis on the cultural, artistic and natural heritage of regions and on social cohesion.
Netherlands	Infrastructure may be reduced following EC preference. Separate urban, industrial and rural programmes - impact on policies still not clear.
Spain	Basic infrastructure investment to continue. Period of economic growth, so less grant aid directly to firms and more support for business environment. Environment continuing as a strong focus. Less inward investment promotion.
Sweden	Too early to discuss outcomes, but the Objective 1 programme signalled a strong trend of continuity, while building on past experience and lessons. In <i>Bergslagen</i> there is a desire for stronger involvement of the private sector and of SMEs in particular.
UK	Continuing shift away from physical infrastructure to soft interventions, although with some risk of absorption difficulties. Increased spatial and sectoral targeting (eg. under community economic development and technology respectively). A need for a shift in perspective from policies for 'areas of opportunity' to 'areas of need' due to the area designation method. Preoccupation with ensuring durable legacy - 'exit strategies'.

In terms of shaping policy choices, further trends can be identified. Among the more interesting is that the focus of programme building is not only on the policies themselves, but also on provisions for their effective delivery. Some French programmes are carefully considering how they can structure technical assistance to guarantee effective implementation, while in the UK, capacity building is planned to enable partnerships to play a fuller role in the management and delivery of programmes, especially at the local level. In Austria, two regions are proposing an 'integrated regional development' measure to help increase the coherence and effectiveness of selected actions. One proposal in *Styria* from the regional management office is to decentralise a proportion of the available budget to the regional management offices for their own decision-making and implementation. A decision has not yet been taken on this approach which echoes one being tried in the territorial employment pacts, where c.20 percent of the budget of each pact is to be administered and implemented through the regional management offices. The main decision-making body would be the *Regionalkonferenz* (the mainly political body behind each regional management office) with implementation undertaken by the regional management office.

A further trend is for some programmes - but not as many as might have been expected - to be planning explicitly for the long term, aiming to ensure that the current programmes leave a durable legacy. The discussion of 'exit strategies' is most prevalent in the UK at this stage, and even extends to areas with full eligibility. In *Limburg*, the concern is to use the next period to consolidate the interventions undertaken during the current programme - a similar evolution to that highlighted by *Nordrhein-Westfalen* in the transition from the 1994-96 to the 1997-99 programmes.

In Italy, measures have been preferred which are inter-sectoral, involving deeper co-operation among regional institutional, economic and social actors. Here, partnership in the programme preparation process has been fundamental in the elaboration of strategies which are more coherent and responsive to local demands.

The outcome of the area designation exercise will be a further influence on the policies contained in some programmes. In many, but not all cases, the area designation exercise was expressly managed to ensure that the areas designated were appropriate to the policies to be pursued (eg. France, where national zoning guidance underlined this principle). The UK, in contrast, faces a challenge since the ward-based approach which it took to area designation focused the Objective 2 map on the most deprived areas, requiring a shift in strategic perspective from areas of opportunity to areas of need. Programmes will need to find ways to adapt to the map and develop appropriate strategies that cater for and link the two types of area.

It is too early to discuss the new Objective 2 programmes in detail, or to compare them authoritatively. To give a flavour of the programmes emerging, however, Table 4.2 simply summarises the broad objectives and priorities which have been proposed in those partner programmes which are furthest advanced in their preparations. Note that in *Western Scotland*, there is a clear phased approach: the overall aim, more detailed strategic objectives and key principles will be approved in partnership first, and then priorities and

measures will be elaborated to take these forward. *North-East England* is distinctive, too, in that a range of priority options has been generated for discussion among the partnership.⁹

Table 4.2: Priorities in Draft 2000-06 SPDs

Member State	Programme	Draft Objective and Priorities
Austria	Lower Austria	<p><i>Aim: To develop an active regional policy in the Land, with particular emphasis on providing effective impulses for dynamic and sustainable development in structurally weak regions.</i></p> <ul style="list-style-type: none"> ➤ Cross-sectoral regional development (endogenous potential) ➤ Economic infrastructure and regional pilot projects ➤ Innovation/technology, and the development of industry and commerce ➤ Development and expansion of the tourism and leisure industry
	Styria	<p><i>Aim: To contribute to the sustainable development of the key economic areas and related regional economic strengths, moving towards international competitiveness and the creation of permanent jobs as well as improved living conditions in the region.</i></p> <ul style="list-style-type: none"> ➤ Industry, commerce and services ➤ R&D, economic infrastructure, telecommunications, consultancy ➤ Tourism and culture ➤ Integrated regional development ➤ Human resources (ESF)
Finland	Western Finland	<p><i>Aim: to increase entrepreneurship and employment, and improve the competitiveness of business and agricultural production by raising know-how.</i></p> <ul style="list-style-type: none"> ➤ Increase development and internationalisation of business ➤ Increase know-how supporting business and the quality of technology ➤ Development of infrastructure, environment and culture
Germany	Nordrhein-Westfalen	<p><i>Aim: the creation of new jobs and maintenance of existing jobs in SMEs.</i></p> <ul style="list-style-type: none"> ➤ Business finance ➤ Business development ➤ Infrastructure development ➤ Integration (Community Economic Development)
	Saarland	<p>Parallel ERDF and ESF priorities for:</p> <ul style="list-style-type: none"> ➤ Modern infrastructure – competitive economy ➤ Competitive businesses - future employment ➤ Integrated urban development
	Bremen	<ul style="list-style-type: none"> ➤ Diversification of the economic structure ➤ Strengthening the service sector ➤ Urban areas ➤ Pilot and coherence projects

⁹ NEEPS, *Preparations for 2000-06 - context Paper for the Consultation Event*, September 1999, Government Office North-East, Newcastle, UK.

UK	England	<p>Many are likely to plan around four 'key drivers'</p> <ul style="list-style-type: none"> ➤ Business support (SME development) ➤ Infrastructure (strategic sites, spatial development) ➤ Community development (social inclusion) ➤ Human resources (learning region, lifelong learning)
	Western Scotland	<p><i>Aim: to strengthen Western Scotland's capacity to create and sustain economic growth which leads to greater economic and social cohesion, and which protects and enhances the environment, and results in increased prosperity, jobs and an improved quality of life for its residents.</i></p> <p>Priorities will be elaborated during the next stage.</p>
	North-East England	<p>Several options have been elaborated for how the programme priorities will be structured. These are still under discussion.</p>

4.2.1 Strategic planning

Over the last decade, Structural Fund programming appears to have increased the profile of multi-annual strategic thinking and planning - a trend which has been particularly valuable in Objective 2 areas, characterised in many cases by a high number of economic development agencies operating simultaneously across a wide range of sectors and little provision for co-ordination between them. Programming has arguably helped to make economic development into a more coherent activity, increasing communication between actors and widening the range of organisations routinely involved in policy definition and decision-making.

The Structural Funds have been influential in underlining the value of programming - providing a shared framework for agreeing multi-annual objectives and working in partnership. It is interesting, however, that the affirmation of the value of these processes has found its expression in some cases in the introduction of strategic instruments running in parallel with these programmes, or in the strengthening of pre-existing instruments already fulfilling this role. Region-wide, multi-annual integrated strategy instruments already exist in the regions of France, the Netherlands and Italy, and have recently been introduced in Sweden and the UK. In France, they have been strengthened with deeper and wider strategic debate and their link to the Structural Funds reinforced, including by ensuring that programming periods would be of the same duration.

Where there are parallel, region-wide economic development strategies agreed in partnership between a range of actors, as in the cases above, the role of Structural Fund programmes is frequently to act as a delivery agent, for parts of these strategies at least. Relevant programmes will be being developed with this in mind.

As noted previously, in Italy, the overall frame of reference is the regional development plan, a multi-annual regional economic and financial programming document that lists the objectives to be achieved through regional development activity. In France, the frame of reference is provided by the *Contrats de Plan État-Régions* - multi-annual frameworks for joint public expenditure planning drawn up between the state and the regional councils. The intensive strategic debate which has informed the new *Contrats*

should help to shape the new Structural Fund programmes.¹⁰ In England, the new regional development agencies have drawn up regional economic strategies within which the Structural Fund programmes are expected to operate. In *Wales*, a national development strategy was produced, also to provide a context and frame of reference. In Sweden, 'regional growth agreements' have been prepared to integrate the actions of various regional actors in economic development. The implementation of these agreements will be part co-financed by the Structural Funds and their content will influence the content of the new Objective 2 programmes. In Spain and Germany, the situation is different in that rather than a single strategy being elaborated at regional level, multiple agencies develop multi-annual programmes for the use of their own resources, and then bid for Structural Funds to co-finance them.

4.3 Horizontal themes

The Commission's guidance on programme content has maintained the pressure on programmes to respond to the issues of environment and equal opportunities. These themes pose a challenge, since taking them forward into fully formed approaches to the more complex issues of sustainable development and gender mainstreaming requires some new thinking and, in many cases, a considerable investment in terms of planning for operationalisation (analysis, skills development, indicator selection, delivery mechanisms etc). On a more positive front, the *processes* by which each theme can be effectively integrated into programming are similar, so economies could be achieved by addressing the two in parallel.

Current thinking indicates that most programmes are likely to build on their present approaches, especially in terms of at least meeting the formal requirements, which have been increased this time. More sophisticated developmental work is most likely to take place where the two issues are also being embraced more fully in national or regional policy priorities, or where programmes have participated in thematic pilot projects, such as the Commission's project on sustainable development described below.

While programming documents are all likely to refer to the horizontal themes, including all the necessary components to comply with the 'receivability criteria', in many cases they will not have been 'joined up' into a coherent policy position which can be fully operationalised.

It will only be possible to discuss how fully the issues of sustainable development and gender mainstreaming have been embraced when the detail of the new programmes is available. Even then, it will take scrutiny of the detail of measures - only available in the programme complement - to assess whether the issues are really going to be followed through into the design and impact of the projects implemented on the ground. Selection criteria and

¹⁰ In some cases, Structural Fund programmes will seek to complement the CPERs, rather than always directly co-financing the actions they embody. For example, Objective 2 programmes are being seen as a 'safety net' for good quality, economically relevant technology and innovation projects which were brought forward for inclusion in the new CPERs, but were not in the end included in them because of insufficient resources or different priorities.

indicators, and the way in which they will be applied, are among the useful indicators of the depth of commitment.

4.3.1 *Sustainable development*

Sustainable development certainly has a higher profile in the discussions leading up to the next round of programming. In some cases, such as France, Spain and the UK, this is in part because it is also a rising dimension of domestic policy directions. While the term is being used increasingly frequently, it is employed with multiple meanings. For some, it is simply a synonym for alertness to potential environmental impacts across projects, minimising negative outcomes and maximising positive ones. For others, it describes the pursuit of 'environmental integration' - an interdisciplinary approach in which all sectoral specialists recognise the environmental dimension within their work. The most involved definitions go beyond the link between environment and economic activity to see sustainability as a complex concept which embodies '*economic growth, social cohesion and the protection of the environment*' - the definition put forward in the EC's guidance for the 2000-06 programmes.

The initial increased emphasis on sustainability in the current programme development stage is being reflected, for example, in longer and more detailed environmental profiles than ever before (eg. *Lower Austria*), the more systematic involvement of environmental experts and in better environmental indicators. While there may be greater emphasis on sustainability in the new programming documents, momentum is likely to be more limited at the delivery stage unless specific provision is made in the management and implementation arrangements to take these issues forward (through skills development, awareness raising among partnerships, appropriately structured project appraisal systems, etc).

Frequently, more developed positions derive from long and incremental experience, as in *Groningen-Drenthe* (which will be part of the future 'North' programme in the Netherlands). Here, the *MERA* priority introduced in the 1994-96 programme to develop recycling and other environment-related sectors, was continued into the 1997-99 programme (although not under the same name) and was found to work progressively better as it matured. It is not clear how the sustainability theme will be taken forward, but an attempt will certainly be made to integrate this element into indicator and selection systems and to build on past experience.

A second impetus helping to encourage more sophisticated responses is the organisation of initiatives which aim to explore the relevance and application of this theme in specific contexts. A good example here has been participation in the EC's sustainability pilot project. This involved a range of research projects being undertaken by partnerships in Objective 2 regions during the 1997-99 programming period, with the aim of generating recommendations to feed into the next round - not only in participant regions, but also more widely. Twelve regions participated in the pilot projects (from Sweden, the UK, France, Germany and the Netherlands), with a further three French observer regions. Among the best of the projects undertaken was that in Eastern Scotland. Here, consultants worked with the partnership, advisory groups,

committee members and the programme secretariat to examine how best to integrate sustainable development - in its fullest sense - into the regional economic development programme. Key conclusions of this exercise were that sustainable development could best be progressed through a structured approach to programme preparation, and by ensuring the partnership was trained to follow up on initial intentions, eg. by applying scoring systems appropriately in selecting projects.

Initiatives have been taken in further UK regions to ensure that sustainability is translated effectively into programmes. Some regions have set up dedicated policy groups to ensure that sustainability issues are given adequate prominence in the plan preparation process. For example, the West Midlands Sustainable Development Technical Group was established in early 1999 to oversee the incorporation of integrated sustainable development policies and practices into the new programmes.¹¹ Comprising representatives of the Government Office for the West Midlands, the Environment Agency, the Ministry of Agriculture, Fisheries and Food, English Heritage, the regional development agency, the local government association, the Forestry Commission, Business in the Environment, Groundwork, the Wildlife Trust, Business Links and English Nature, the key tasks of the group are to:

- oversee the development of a regional environment profile and ensure its incorporation into the new SPD;
- produce a system for the monitoring and evaluation of the region's environmental assets;
- provide guidance on the inclusion of appropriate positive environmental measures and actions into the SPD;
- liaise closely with other organisations involved in the development of sustainable development policy and good practice at a national and regional level; and
- ensure that the work is disseminated and promoted throughout the region.

In addition, a range of measures is being discussed to improve the effective management and delivery of sustainable development approaches within the new programmes. For example, in *Western Scotland*, one idea under consideration is to have entry criteria rather than selection criteria (also for equal opportunities), whereby projects are scrutinised against basic minima at the outset which have to be complied with before the project goes forward to full appraisal. Another example is *North-East England* which has an Environmental Impact Advisory Group considering how the future programme can contribute effectively to sustainable development in the region. A range of discussion issues about the approach to sustainability have been identified (Figure 4.1).

¹¹West Midlands Government Office, *West Midlands Objective 2 Newsletter*, Issue 2, July 1999

Figure 4.1: North-East England: Sustainable Development Discussion Issues

<p><i>Sustainable development aims</i></p> <ul style="list-style-type: none"> ➤ deliver the principles through practical action ➤ educate, encourage and motivate all stakeholders to achieve high standards of sustainable development, at all levels of activity ➤ measure progress
<p><i>Actions and options for consideration</i></p> <ul style="list-style-type: none"> ➤ strengthening of current sustainability indicators and selection of measurable, headline indicators to better quantify programme performance ➤ for each measure, identification of practical actions to help signpost applicants and administrators to good practice ➤ scoring to reward programmes for practical delivery (ie. compliance with ISO14001 for business competitiveness) ➤ pre-selection of key indicators for individual measures, if this has the potential to contribute to clarity, efficiency and accuracy ➤ continued and strengthened scoring against sustainable development criteria ➤ tiered grant rates to reward applicants who contribute significantly to sustainable development objectives ➤ an environmental and social profile of regions in the SPD ➤ provision of a simple written signposting document for smaller applicants and administrators as a guide to current standards and best practice in sustainable development issues such as resource efficiency ➤ a contract for bespoke advice to larger scale, flagship applications ➤ reserving resources in the programme for sustainable development projects ➤ development of an environmental initiatives measure

Source: North East of England European Programme Secretariat

Drawing on a recent comprehensive review of Objective 2 programming experience,¹² a range of good practice principles can be highlighted which appear to help in delivering sustainable development through Structural Fund programmes, and which can be put in place at the programme development phase:

- In the process of programme development and in its outcomes, view the environmental strand of programmes as integral to the programme and not an add-on or detached component.
- Carry through environmental issues consistently and meaningfully into every stage of the programming cycle.
- Only include information in the environmental profiles which informs and directs programmes. Construct them with this in mind, and demonstrate their relevance to the programme explicitly.
- Set out the environmental relevance of all priorities and measures (mainstream and environment-focused), and set output targets for their value-added to the environment.

¹² Bachtler J and Taylor S (1999) *Objective 2: Experiences, Lessons and Policy Implications*, Report to DG XVI of the European Commission, EPRC, University of Strathclyde, Glasgow.

- Design priorities and measures in ways which facilitate environmental integration, so enabling mainstream economic projects to contribute towards wider sustainability goals.
- Make greater use of Strategic Environmental Assessments at the programme development stage to help to derive useful early estimates of likely environmental impacts and improve policy design.
- To influence project design, develop project selection criteria which reward projects meeting environmental criteria. If it is to work, this element of project selection would need to be consistently applied, and understandable and justifiable to applicants.

4.3.2 *Mainstreaming equal opportunities*

Equal opportunities was only introduced as an element of Structural Fund programming in the 1993 Regulations. In the next round, the priority has been further underlined, through the new Regulation and the EC's policy guidelines. The issue is motivated both by equity issues (the agenda of social responsibility and human rights) and efficiency arguments (aiming to achieve the optimum use of human resources, including by maximising the number of women in employment and upgrading their contribution to economic, social and public life). Central to the EU's policy for equal opportunities is *gender mainstreaming*¹³, which has been defined as '*the systematic consideration of the differences between the conditions, situations and needs of women and men in all Community policies, at the point of planning, implementation and evaluation*'. It requires gender-awareness to be integral to the design and delivery of all Community policies.

Gender mainstreaming for equal opportunities is challenging, the more so for being a genuinely new policy approach,¹⁴ and its introduction to the Structural Fund arena has found many programming organisations ill-prepared. Although its prominence increased between the 1994-96 and 1997-99 programmes as a result of EC guidance prioritising the issue, the degree to which it was integrated into Objective 2 programmes varied significantly between and within Member States. Even where the issue was actively taken on, the focus was on positive action - specific measures or sub-measures targeted at under-represented sectors of the population (usually women) - a sub-set of full gender mainstreaming activity.

The low quality of many programme responses in the last round did not necessarily relate to a lack of commitment to the principle of equal opportunities, which is widely embraced, but instead to the absence of appropriate knowledge, skills tools and mechanisms to take the expected gender mainstreaming approach forward at programme level. In preparing the 2000-06 programmes, it is still not unusual for those involved to express their uncertainty about applying the principle to Objective 2 programmes, largely focused on infrastructure and business development interventions.

¹³ As reflected in the Community's Fourth Action Programme for Equal Opportunities (1996-2000).

¹⁴ It found its first formal expression in 1985, at the UN Third World Conference on Women, held in Nairobi.

Gender mainstreaming demands the development of 'gender filters' which can be applied to all policies and projects, enabling their likely uneven gender impacts to be identified - if they have any - and allowing corrective action to be taken if the impacts are potentially negative. The filters are effectively 'gender impact assessment' tools.

THE MAINSTREAMING PRINCIPLE – A DEFINITION AND EXAMPLE¹⁵

Mainstreaming is a global approach which involves developing a gender perspective for all policies. It is defined by the Commission as '*the systematic consideration of the differences between the conditions, situations and needs of women and men in all Community policies, at the point of planning, implementing and evaluation, as applied to Europe, the industrialised countries and the developing countries*'. Its aim is to ensure that opportunities are genuinely available to the spectrum of potential participants and that initiatives have no negative gender impacts.

An application of the mainstreaming principle in *transport policy* would involve explicit consideration of the fact that women are more frequent users of public transport and less often own or have access to a car. Women also regularly travel with children, use prams and pushchairs and require predictability in timing their travel, in order to be able to meet often complex domestic and professional obligations. The development of good quality, efficient and appropriate transport systems, which take into account accessibility for the whole range of likely users, contributes to equal opportunities.

Establishing the 'gender reflex', in which all activities are routinely screened for their implications will be a medium to long-term objective for most programmes. As with sustainable development, the issue needs to be actively embraced in order to work incrementally towards more sophisticated and integrated approaches to it. At the moment, some programmes remain relatively passive, complying with the letter of the regulations, but considering equal opportunities as a presentational issue in programme documents, regarding the theme as the responsibility of other public policy arenas and/or leaving it to project promoters to take up the question if they wish. 'Active' programmes, in contrast, have embraced the issue of gender mainstreaming more consciously, exploring the concept in more detail, assessing its potential relevance to them, and working out ways to operationalise this. Again, the UK and also the Nordic states provide some interesting examples.

The UK approach has generally been to consider equal opportunities as an issue covering not only gender but also race, disability and geographical exclusion. Objective 2 responses are similar to those for sustainability. For example, the *West Midlands* has appointed a secondee from the regional Equal Opportunities Commission to work with the Government Office Secretariat and other partners to: develop a core needs analysis of the demographic groupings disadvantaged in terms of equality of opportunity; to influence the design of the content and project selection procedures in the new programme; and to disseminate best practice to partners and project applicants.

North-East England established an Equal Opportunities Group which, *inter alia*, is engaged in the following: the production of disaggregated statistical information, by gender, ethnic origin and disability to inform the future programme and to establish baseline information; consideration of how equal opportunities could be treated as a horizontal issue and integrated into all

¹⁵ Bachtler J and Taylor S (1999) *op. cit.* pp. 192.

aspects of future programming from administrative arrangements and decision-making bodies through to partnerships and projects; to build links with the Regional Economic Strategy; to promote the exchange of best practice; and hold a series of sub-regional seminars and events with a view to producing a guidance note about equal opportunities.

Finally, *Western Scotland* set up an Equal Opportunities Focus Group in March 1999 to establish robust systems to take the theme forward. Constituted from the partnership and outside experts, involving both equal opportunities specialists and partners with thematic or sectoral interests, the Group has organised an awareness-raising seminar to exchange experience with plan teams and programme executives from throughout Scotland. It has also developed an Equal Opportunities Action Plan “to help guide the Programme Executive and the Equal Opportunities Focus Group through the process of mainstreaming equal opportunities in the *Western Scotland* Objective 2 area”.¹⁶ The Action Plan has suggested a number of strategic and operational implications of integrating the issue, each of which will in future be addressed (Figure 4.2).

Figure 4.2: *Western Scotland: Equal Opportunities Action Plan*

<p><i>Strategic Implications</i></p> <ul style="list-style-type: none"> ➤ ensure that an analysis of equal opportunities (EO) is included in the region’s economic and social profile in the SPD ➤ ensure that projects consider the EO <i>issues</i> which may arise in the activities they are developing ➤ ensure that projects consider the EO <i>barriers</i> which may arise in the activities they are developing and take action to address them ➤ include scope for measure-relevant EO projects to be funded in every Programme priority
<p><i>Operational Implications</i></p> <ul style="list-style-type: none"> ➤ ensure that EO permeates the Programme management process ➤ ensure that project sponsors have an EO policy ➤ ensure that projects are putting their EO policy into practice through their recruitment policies and other marketing or public relations activities ➤ ensure that EO is reflected in the way that the project will be managed, and in who will be managing it ➤ ensure that projects have assessed the potential beneficiaries of the proposed activities with EO in mind ➤ ensure that EO consideration by projects is incorporated into the scoring system ➤ consider the role of modulated grant rates in influencing project design ➤ set realistic targets and implement a system to monitor progress towards them ➤ ensure that the horizontal priority of EO is effectively ‘rolled out’ to the wider partnership ➤ ensure that EO is included as a key issue in evaluation and that the lessons are incorporated into future work

Further examples of active approaches are seen in the Nordic states, where the national context for equal opportunities is more explicit than in many other EU Member States. Mainstreaming is a central government policy approach in

¹⁶Strathclyde European Partnership, Equal Opportunities Discussion Paper, Consultation Document for the *Western Scotland* Objective 2 Programme 2000-2006.

Sweden. A Minister for Gender Equality is responsible for the co-ordination of mainstreaming throughout the government system and the development of this policy area, while individual Ministers must ensure the promotion of a gender equality perspective in their respective policy areas. Gender equality work is seen to be part of day-to-day political and administrative work. Since 1995, an expert on gender equality has been attached to each County Administrative Board (CAB) with the task of promoting gender mainstreaming in the functioning of the CAB through participation on committees, special projects, improving the knowledge base etc. All the CABs have also drawn up strategies for gender equality initiatives in their county. Initiatives in this field have also been undertaken at local level.

This background clearly provides an important basis for incorporating mainstreaming into Structural Fund programmes. The national gender equality requirements for the CAB, as well as other specifications such as a minimum 40:60 female:male split on all committees, will implicitly feed into the operation of the Structural Fund programmes through these bodies. However, within the programmes themselves, different attitudes exist to the issue of mainstreaming with factors such as quantification viewed as particularly problematic. A very active approach to mainstreaming was evident in the preparations for the new *Norra Norrland* programme. This was co-ordinated by the expert on gender equality in the Norrbotten CAB who became involved in the strategy and decision-making structures from the start to ensure that mainstreaming was part of the process. Definite views on how to carry the gender equality issue through into the implementation phase are also being developed, including specific information seminars for women to encourage participation, a group which will shadow the implementation process to ensure that the issue is kept high on the agenda and training of CAB staff who will be assessing the applications (as well as ensuring that it is taken sufficiently into account on application forms). A similar approach is being taken to sustainability and specific measures in both these fields have also been included in the SPD.

Experience is growing rapidly in gender mainstreaming in Structural Fund programmes. Drawing on this experience, a recent analysis of Objective 2 practice to date suggested that the following actions have the ability to increase the quality of responses to the issue¹⁷.

- Ensuring the wide and timely dissemination of clear guidance, supplemented and illustrated by best practice examples, these examples focusing on the novel field of gender mainstreaming rather than the established realm of positive action.
- Clarifying the meaning of gender mainstreaming and defining its anticipated scope.
- Taking on gender mainstreaming as an active part of programme planning and implementation.
- Making the issue meaningful to partners by undertaking a thorough diagnosis of gender patterns, and using this to identify and then act on *concrete* gender-related economic development issues.

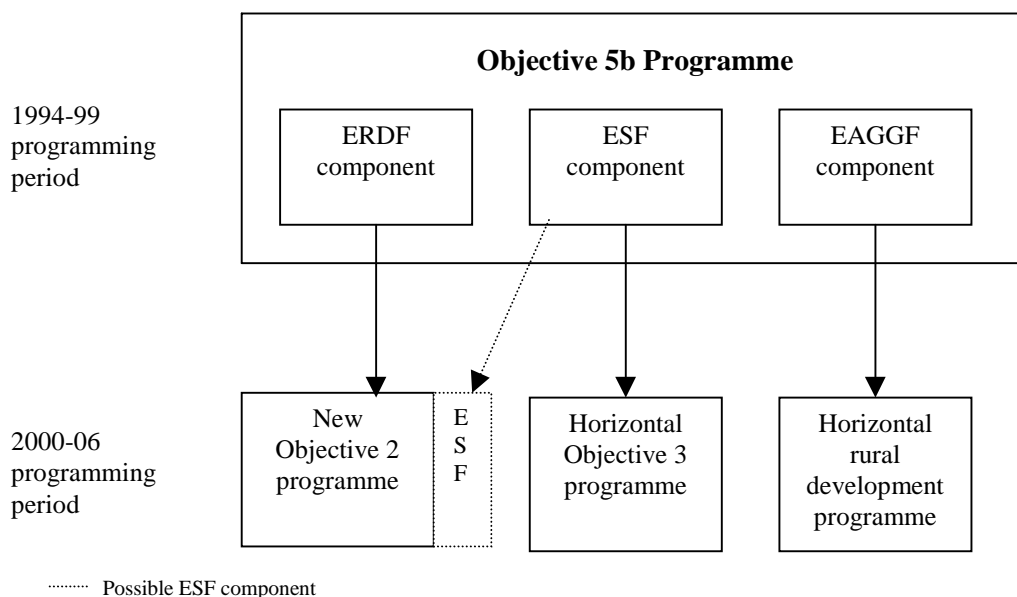
¹⁷ Bachtler J and Taylor S (1999) *op. cit.*

- Ensuring the systematic provision of gender-disaggregated indicators and targets from programming documents.
- Submitting the draft programme to an *ex ante* 'gender impact evaluation' to identify and address the potential negative gender implications of the policies it contains.
- Establishing systems at the programme development stage which will enable the dimension to be carried forward into programme delivery. For example:
 - Providing training to equip decision-makers, whatever their gender, with the relevant knowledge and skills to identify and respond to gender issues.
 - Designing a straightforward 'gender filter' which can be applied by non-specialists to projects at their development and assessment stages to identify gender-related implications.
 - Ensuring that monitoring systems will follow up on gender outcomes, and that the necessary baselines are in place to subsequently evaluate impacts.
 - Including gender analysis as a horizontal component of all evaluation studies commissioned.

4.4 Effect of the new Objectives

The new Objectives were heralded as a simplification of the current programming situation, with fewer programme types, and enhanced opportunities for integrated development. However, hopes have not been realised. First, the reduction in the number of objectives has been clouded by the introduction of Objective 1 and 2 phasing out areas, and the need to programme for these semi-separately. Second, the opportunities for integrated development have not been realised in the way perhaps at first anticipated. Instead of integrated programmes like the former 5b programmes which brought together the ERDF, ESF and EAGGF Guarantee, and provided a channel for communication between relevant sectoral organisations, some of the new Objective 2 programmes are likely to be mono-fund. In effect, a 'sectoralisation' of EU supported regional development has taken place. This is particularly true in the case of agricultural development and the use of the EAGGF, which is being channelled through the horizontal rural development programmes (and therefore likely to achieve improved coherence with CAP reform measures at least). The very different regulations governing the EAGGF and the ERDF are a key reason why integration has proved an unlikely outcome – despite the push for integrated programmes from the Commission. In addition, some Objective 2 programmes will reject the opportunity to have an integral ESF dimension, which will oblige them to forgo aspects of human resource development which would have been a part of previous programmes and to co-ordinate with Objective 3 programmes operating in parallel.

Figure 4.3: Illustration of the Sectoralisation of EU supported Regional Development Programmes



4.4.1 Industrial/rural issues

Many of the new Objective 2 areas will combine areas previously designated under Objective 2 and 5b. For some Member States, the division between the two programming types was always considered artificial (eg. Austria, Sweden, Finland, France and Denmark), first because the two types of programme often had same programme manager, and some common administrators and partners, and second because, in some cases, there was no fundamental difference perceived between the so-called 'industrial' and 'rural' areas. This was especially the case in less densely or more evenly populated areas. Similar policies were already in place, bringing forward similar projects in both types of area, but delivered with unnecessary bureaucracy because of the 2/5b split.

In terms of the structure of programmes, there are two broad responses to merging Objectives 5b and 2. The first and less frequent response is to separate out the rural and industrial (and sometimes also urban) dimensions of programmes, either by designating separate programmes (as in the Netherlands), or by establishing sub-programmes as part of the same strategy. In the Netherlands, the former system of separate industrial and rural programmes will be perpetuated, with the division further reinforced by allocating national responsibility for each type of programme to a different ministry. In Scotland, there will still be separate programmes for the mainly industrial/urban East and West of Scotland and the predominantly rural South.

The second choice, advocated by the Commission, is to deliver an integrated programme across the whole eligible area, with the same objectives and policies. A core benefit of this would be simplification - avoiding the compartmentalisation embodied by the Objective 2 and 5b split which continuing separate programmes would perpetuate. The UK is generally following this approach, and hopes to achieve synergies through it, since both

types of area have experience with bottom-up development. In Spain, too, the same measures will be applied across the whole area. A further perceived benefit of establishing a common programme is that it provides opportunities to transfer lessons and experiences from one type of area to the other (Denmark, Sweden, UK).

Under integrated approaches, it is possible that differentiation would still be present between the rural and industrial dimensions, but at a deeper level of the programme. For example, take-up might vary spatially for different individual measures, or an implicit or explicit distinction might be made within common measures (eg. using sub-measures to target different types of area). There might be a need for specific selection criteria or weightings to take account of industrial and rural projects, and these might be followed up with parallel sets of performance targets.

In some states (eg. France and Sweden) Objective 5b programming has certainly been distinctive from Objective 2, for example generating smaller projects on the whole, and having more bottom-up dynamics, including more localised decision-making committees. It is still not clear what will happen when the two cultures merge, although in broad terms there are often already plans; for example, in Denmark, Objective 2 management methods will be transferred to 5b areas with continuing eligibility. Where integrated programmes are proposed, one risk may be the lack of understanding of rural issues among those currently driving the Objective 2 programmes.

A significant change for rural areas will be the introduction of the new horizontal Rural Development Programmes. They will undertake that part of former 5b activity which addressed agricultural development. At the same time, broader economic development in rural areas will pass to the new Objective 2 programmes as successors of the former 5b programmes, with the ERDF now being used to undertake these actions.

Since the CAP is the dominant policy instrument in rural development, it makes sense that rural development activities should better complement the aims of CAP reform, and the new RDPs will enable this. However, in terms of co-ordinating with Objective 2 programmes, problems may be posed by the unclear linkage between the Structural Fund and rural development regulations, embodied by a lack of integration between plans and possible duplication of eligibility under both funding streams. Theoretically, as long as regions have a properly drawn up economic strategy with coherent objectives, priorities and policies, and clear mechanisms for communication and co-ordination then it should be possible to run the RDPs in a complementary way with few problems. Many states agree that coherence can be delivered by parallel planning and administrative delivery.

However, early signs are that in some cases there is little (or indeed no) identifiable formal provision to deliver co-ordination, and that coherence will be limited to cross-references in the SPD and the RDP to related measures. In some cases, Ministries of Agriculture have effectively withdrawn from the Objective 2 process, transferring their focus to the new Rural Development Plans. Their removal may mean even less communication both at the Commission and Member State levels, which may in the end be negative. Increasing compartmentalisation at every level from the Commission down is

arguably already visible in some cases. In the Netherlands, co-ordination between SPDs and RDPs in rural development is considered even more unlikely than co-ordination of different funds within the programmes. Expressions of intent appear not always to be backed up by clear mechanisms to deliver synergies.

4.4.2 ESF

In previous programming periods, ESF was an almost universal element of Objective 2 and 5b programmes, although the proportion of ESF varied. Where it did not appear was in the very smallest programmes. In the next round, there will be considerably more variety in approaches - although this was not originally the intention of the EC in the reform process. The change has in part at least been precipitated by the alteration in the draft regulations which meant that Objective 3 programmes *would* now also be delivered in Objective 2 areas. This change has been seized by some as an opportunity to simplify Objective 2 programmes back to mono-fund programmes (Table 4.3). Objective 3 resources are also considered generous for the next round by several regions and Member States, giving less impetus to increase ESF allocations by 'forfeiting' Objective 2 ERDF resources. A further feature encouraging a mono-fund approach is the availability or otherwise of co-financing for Objective 2 ESF measures.

In Austria, for example, if ESF is wanted as a part of Objective 2 programmes, then the regional level will have to co-finance it. As a result, three out of eight new programmes are likely to be mono-fund. *Lower Austria* will be among them, this having been decided early in the programme preparation process for strategic and practical reasons.

Table 4.3: Member State Trends in Programme Structure

All programmes monofund (ERDF only)	Monofund and multi-fund	All programmes multifund (with ERDF and ESF)
Italy Netherlands?	Austria Spain?	Belgium (Flanders) Denmark Sweden France Germany? UK Finland

There has been considerable debate in the Dutch case about how to manage human resource development as a complementary dimension of programmes. Rather than automatically including an ESF dimension, which could bring administrative complexities, they are exploring two other options first: (i) to undertake human resource development measures using the ERDF allocation, and (ii) to undertake the planned Objective 2 ESF interventions using Objective 3 funding. If neither is possible, then the Dutch programmes will revert to the former multi-fund structure.

Where programmes will be mono-fund, they often aim to achieve the human resource development dimension by co-ordinating their activities with those of Objective 3. This makes particular sense where Objective 2 will cover much of the territory, as in Italy and Spain.

The choice to continue with multi-fund programmes has arisen for various reasons depending on the context. The first is simply a spirit of continuity. In some cases, (eg. France and Belgium) the removal of ESF from Objective 2 programmes has been a non-issue, as it has been assumed that an ESF dimension is one of the basic parameters of these programmes. The second is the presence of influential regional ESF interests wishing to retain their share of the overall Objective 2 budget. In Spain, the ESF is only likely to be part of the largest Objective 2 programmes, perhaps for this reason. Third, some programmes wish to perpetuate the Objective 2 ESF dimension in order to pursue interventions not provided for under Objective 3 programmes.

Where programmes are to contain an ESF dimension, the regulations state that this should represent at least five percent of the overall Structural Fund budget. Informal EC feedback suggests that a minimum of ten percent is more likely to be realistic given the administrative burden of including an ESF dimension. Average outcomes are likely to be 15-20 percent in the UK, 20 percent in Denmark and 25-30 percent in Germany. France, Spain, Sweden and Belgium remain undecided on the proportion.

In terms of the measures on which Objective 2 ESF resources will be spent, plans vary. The core principles are not to duplicate Objective 3 measures and to directly complement or reinforce Objective 2 ERDF interventions. A good illustration is the Netherlands where the unemployed will be the main subject of Objective 3, while the key target for Objective 2 will be developing people in employment, especially where this directly supports business development interventions forming part of the same programme. In the UK, ideas for differentiating Objective 2 ESF currently involve giving a spatial or sectoral focus to these measures, while in France, Objective 3 is likely to focus on 'standard' national and regional training programmes, with Objective 2 undertaking customised interventions in response to specific events and circumstances. DG Regio and DG Emploi are internally clarifying the distinction between Objectives 2 and 3 for the next round, and several Member States have done likewise. Choices ultimately depend on the economic context, the other actions proposed by the programme, and the views of the partnership.

4.4.3 *Transitional areas*

The large majority of Objective 2 areas potentially combine eligible and transitional areas. It is possible, however, that some transitional areas associated with particular programmes will be so small that they will not in the end receive any funding. This would be most likely where the administration and management involved would outweigh the benefits obtainable. In this case, one proposal has been to divert the earmarked resources to increase the size of the relevant 'full' Objective 2 programme, so achieving greater concentration.

Transitional support will be integrated into the 'full' regional assistance programmes for the new Objective 2, but distinguished by separate sets of financial tables and indicators.¹⁸ As such, the transitional element of

¹⁸ CEC (1999) *Vademecum: Plans and programming documents for the Structural Funds 2000-06*, Commission of the European Communities, Brussels.

programmes will generally be consistent with the strategic approach of the overall programme, although only involving ERDF interventions.

Even where transitional programmes are undertaken, there is some fear that the available resources will be so limited that relevant areas might lose interest and effectively withdraw from the Structural Funds process (eg in Finland). This underlines the need to ensure focused interventions in transitional areas. In order to concentrate resources, several proposals are being considered:

- concentrating transitional resources into only some measures (or sub-measures) of the SPD;
- focusing only on measures and projects which consolidate the reconversion work already undertaken, in order to leave a lasting impact;
- prioritising infrastructure projects; and/or
- inviting relevant local authorities to have a significant say in their own investment priorities at the programme development stage.

A further preoccupation is to ensure that there is scope to complete projects which originally emerged as a result of current programmes. This is an issue in Italy, where the procedure of project generation and selection is long.

Nordrhein-Westfalen can be highlighted as one of the few programmes proposing a distinct measure only for transition areas. The current 5b parts of the region, which are limited in extent, will in future have transition status. As such, a special measure for rural development is planned for them, nesting within a wider programme which has a strong industrial bias.

4.5 Assessment of the new programmes

As Section 3 described, many regions are still in the early stages of detailed programme preparation. A large number of issues of programme form and content are still open, and in the process of being determined through analysis discussion and consultation.

The most widespread progress has been made in setting the context for new programmes, with regional economic analysis and evaluations of previous programming activity. In terms of programme content, the strongest trend observable at this early stage is for broad continuity with past policy orientations, although frequently with evolutionary changes planned which, for the most part, are directly connected to trends initiated in previous programming periods. These include: further reductions in the emphasis placed on infrastructure in many cases; an increasingly committed, focused and demanding approach to raising technology and innovation levels; and increased spatial and sectoral targeting. Frequently, the changes in programmes will be subtle, often with refinements at the interior of measures drawn from experience during the 1994-99 period.

The following are among the more interesting trends emerging from early preparations:

- In some cases, policies and the mechanisms ensuring that they will be delivered successfully are being designed in parallel. This extends as far as detailed discussions about the design of technical assistance measures.

- Attention is being given to ensuring lasting impacts from the new programmes, as these may be the last of their scale. This involves consolidating or completing former interventions, or ensuring that the strategy development phase prioritises the primary issues still to be addressed.
- There is increased sectoral targeting linked to strategies capitalising on unique regional knowledge and skills, and increased spatial targeting driven by one of the more distinctively new impulses for many programmes - the emphasis on addressing urban and exclusion issues.

The horizontal priorities of 'sustainable development' and 'gender mainstreaming' are now accepted as routine dimensions of programmes, and are being addressed universally, but with differing degrees of depth and sophistication. Most programmes are going through an incremental process of change, but at different rates. Programmes' responses are shaped by two key factors: first, the meaning and scope which they apply to the two concepts, and second, how actively they integrate them into programmes.

The sectoralisation of Objective 2 programmes has been a largely unanticipated outcome of reform whose consequences are still not yet clear. There has been a decoupling from some aspects of rural development policy which have been transferred into the new Rural Development Programmes, and some have made the choice not to include an ESF dimension in their programmes, instead seeking complementarity with the parallel Objective 3 programmes. Both of these trends are creating a new programming landscape in some cases where ensuring coherence and synergy between policies may be increasingly challenging.

5. PROGRAMME MANAGEMENT

The research undertaken for this paper suggests that the management arrangements for the new programmes are being discussed extensively. In part, the discussions reflect the new regulatory requirements affecting management and monitoring. They are also responding to the lessons and pressures of previous experience with programme management, project delivery and partnership. In general, decisions about new management arrangements are still some way off, but there are some interesting trends in the thinking about future programme management at national and regional levels across Member States. The following section reviews the current status of programme deliberations concerning management arrangements, programme delivery, monitoring systems and the role of Monitoring Committees in the new programmes.

5.1 Management arrangements

5.1.1 *Regulatory context*

The new Regulations have created a management framework which changes the respective roles of the Commission and the Member States. The Commission will step back to take a more strategic role, focusing on the establishment of EU-wide priorities and the approval of goals and priorities in each programming document. This is reflected, for example, in the non-voting status of the Commission in the new Monitoring Committees. Member States will be solely responsible for the detailed content of programmes, and their management, monitoring, evaluation and control.

One important change in the management arrangements introduced by the new Regulations is the appointment by the Member State of a *Managing Authority* for each programme. The Managing Authority will be responsible for the supervision of the implementation, on-going management and effectiveness of the programme (see Figure 5.1). The European Commission and the Managing Authority will meet at least once a year to review the main outcomes of the previous year, after which the Commission may make suggestions for improving implementation arrangements. A representative of the Managing Authority, or of the Member State, will also be responsible for chairing the Monitoring Committee.

Figure 5.1: Specific Regulatory Responsibilities of the Managing Authority

<p>Responsibilities listed in the General Regulation Article 34.1</p> <ul style="list-style-type: none"> a) Setting up a system to gather financial and statistical information for monitoring and evaluation; forwarding data to the Commission, using computer systems where possible b) Adjustment and implementation of the programme complement c) Preparation and submission of annual implementation reports, after the approval of the Monitoring Committee d) Organisation of the mid-term evaluation (with the Commission and Member State) e) Ensuring appropriate accounting systems are used by management and implementation bodies f) Organisation of internal control systems g) Ensuring compliance with other EC policies eg. award of public contracts h) Compliance with information and publicity requirements
<p>Responsibilities drawn from the Regulation text (Article 34.2 and 34.3) but not in the 'list of responsibilities'</p> <ul style="list-style-type: none"> a) Annual review meetings with the Commission b) Implementation of adaptive actions or corrective measures arising from annual review, demonstration of steps taken c) Adjustment to the programme complement at the request of the Monitoring Committee or on its own initiative (without changing amount granted to priorities or targets) and informing the Commission within one month

5.1.2 Member State response

The constitutional and institutional structures of individual Member States, the differing division of powers and policy responsibilities between national and sub-national authorities, and the relationship between the Structural Funds and national regional policy all contribute to the wide variety of approaches in Structural Fund management and implementation across the European Union. This diversity means there is no uniformity in the implications for the creation of a Managing Authority for programme management arrangements. The regulatory requirements are the same, but their practical application will reflect national institutional structures. Further, many countries have not yet begun the serious debate about the future operation of the Managing Authority (see Table 5.1) focusing rather on more immediate issues such as the finalisation of the assisted areas map and the completion of their draft programmes.

In most countries, it is more likely that the Managing Authority will be part of existing administrative arrangements rather than comprise an entirely new organisation. However, the specified tasks and responsibilities of the new body could result in important shifts in relations between national and regional authorities. The diversity in approach makes generalisation difficult, but the following types of management structure could emerge in the coming programming period.

- *Regionalisation of responsibility within the Structural Fund management structure.* In some countries, a clear shift in responsibility for Structural Fund programme management towards the regions will occur, with the allocation of the Managing Authority role to regional bodies. In Sweden,

for example, the Managing Authority role is being allocated to the County Administrative Boards (CABs). While the CABs were responsible for programme management in the current programming period, national level bodies (NUTEK in the case of ERDF funding) were responsible for the final assessment of project applications and the paying out of Structural Fund awards. These responsibilities will pass to the CABs under the new system, creating a fully regionalised management structure. In Finland, proposed changes to the composition and working rules of the Regional Management Committees could significantly alter the relationship between the regions and the central administration, currently a strong force in the Objective 2 programmes. The exact effect of such a change cannot be fully outlined until the finalisation of the proposals.

- *Broader regionalisation of regional development responsibilities.* In some countries, wider domestic reform and institutional change have increased the role of the regional level in parallel with Structural Fund developments. In these cases, there is a self-reinforcing element to the new Managing Authority arrangements. In Italy, for example, the recent Bassanini Law and its implementation regulations have strongly reinforced regional planning functions.¹⁹ Similarly in the UK, recent constitutional reform has fundamentally changed the role of devolved bodies in Scotland and Wales, with the Management Authority role residing with the Scottish Executive and Welsh National Assembly respectively. More detailed management arrangements will also be more directly decided at this level. In England, the creation of the Regional Development Agencies in April 1999 has also changed the institutional landscape. While the Managing Authority role rests officially with national level Ministries, in practice administrative functions will be delegated to the regional Government Offices and strategic functions to the new RDAs. From the start of 2001, it is anticipated that the RDAs will also take over the chair of the Monitoring Committees and lead on contact with national and Commission authorities on strategic issues of programme implementation.

Conversely, some domestic policy decisions may inhibit greater regionalisation. In Spain, for example, the locus of the Managing Authority is a subject of considerable debate. In theory, the national government could decentralise the role of Managing Authority and delegate it to the Autonomous Communities (a move which would be welcomed at least in *Catalonia*) but currently appears unlikely to adopt this route.

- *Maintenance of the status quo.* Most of the above examples of regionalisation are taken from countries that historically have tended to manage Structural Funds centrally. In other countries, regionalisation has often already occurred, at least partially. In Denmark, for example, the current balance of powers between national and regional level will probably remain broadly similar. The present decentralised approach is likely to continue, with the Managing Authority probably not concentrated in a single organisation. DATI is likely to continue to act as the secretariat for the Monitoring Committee at national level, with a separate national

¹⁹ L. 59/97; regulations no. 112/98 and 123/98

organisation (NLMA) probably responsible for ESF interventions, and the regional actors taking the lead in more detailed programming and project evaluation. In the Netherlands, the present programme management structure is likely to remain in place with the interesting feature of a slightly increased role for the national Ministry of Economic Affairs through its regional office.

- *Externalisation of programme management.* As noted in previous *IQ-Net* papers, some regions have externalised different aspects of programme management to separate organisations (such as executives) The use of external organisations, including banks, to undertake the Managing Authority role has also been considered in some regions. Some of the difficulties with this approach relate to the administration by private-sector organisations of public sector funds as well as the importance of experience with the intricacies of Structural Fund implementation. This has certainly been one of the factors underlying the decision to re-internalise programme management in *Wales* for the next programming period, abolishing the Welsh European Programme Executive Ltd which currently is responsible for managing the Welsh Structural Fund programmes.

Table 5.1: Progress in appointing Managing Authorities

Country	Managing authority
Austria	Not decided but will almost certainly be at <i>Land</i> level
Belgium	
➤ Flanders	➤ Not decided – will be sub-regional rather than Flanders level
➤ Wallonia	➤ Not clear
Denmark	Danish Agency for Trade & Industry (ERDF) and National Labour Market Agency (ESF)
Finland	Ministry of Interior (ERDF) and Ministry of Labour (ESF) - delegated to Regional Management Committees
France	<i>Préfecture</i> but with an enhanced role for the regional council
Germany	Not universally decided: <i>Land</i> ministries in some, other options include banks
Italy	Regions – probably the Regional President
Netherlands	Not decided
Spain	Not finalised. If there is a national CSF, it is likely to be the Ministry of Economy and Finance. If SPDs are chosen, then it could either be this Ministry or the Autonomous Communities.
Sweden	County Administrative Boards
UK	
➤ England	➤ Department of Environment, Transport & the Regions (ERDF), Department for Education and Employment (ESF). In practice, delegated to regional Govt Offices.
➤ Scotland	➤ Scottish Executive
➤ Wales	➤ National Assembly for Wales. In practice, delegated to new WEPP secretariat.

5.1.3 Managing Authority: legal and financial issues

In considering the Managing Authority role among Member States, there are various legal and financial concerns that have been raised. Often country-specific, they include the following.

- *Institutional issues.* The ‘sectoralisation’ of strategies in some countries (see section 4.4) raises issues for the Managing Authority, particularly as regards the management responsibilities of ERDF and ESF. An institutional divide between the organisations in charge of ERDF and ESF complicates the operation of a single Managing Authority in a dual-Fund programme.
- *Financial management.* One of the tasks of the Managing Authority is the creation of a system for the collation of financial statistics. This does not always fit easily with the existing Structural Fund management structures. In Germany, for example, financial management is undertaken by a department which is separate from the programme management function and it is currently unclear how the two sets of responsibilities might be integrated. In Spain, a different issue relating to financial management has arisen. It is planned to pass financial management responsibilities to the Autonomous Communities in the coming programming period. However, in the possible absence of the Managing Authority role, this would mean that the Communities gain additional responsibilities but not the authority.
- *Financing of the Managing Authority.* The responsibilities and tasks of the Managing Authority are likely to increase personnel and resource requirements, and there is widespread uncertainty as to how these additional resources will be financed.
- *Legal issues.* In some countries, the legal implications of the Managing Authority are unclear. This is an issue in Austria, where the Structural Funds are channelled through existing funding agencies and co-financed through aid schemes, each of which has dedicated regulatory guidelines. The creation of any new decision-making structures will potentially have significant legal implications for the Austrian approach.

5.2 Programme delivery

The outcome of the debate on new management arrangements is still far from finalised in many Member States. Programme delivery is clearly affected by these debates, but experience of the current and previous programmes has resulted in certain common motivations with respect to administrative efficiency, improvements in project quality and the delegation of programme delivery.

5.2.1 Efficiency of administration

There is a widespread desire to improve the efficiency and effectiveness of programme administration and delivery. In some countries, this implies a streamlining of the administrative structures. In Sweden, for example, Structural Fund management involves regional Decision Groups, chaired by the county governor and principally comprising politicians and civil servants at regional level, with county council and municipality politicians being in the majority. The regional CAB provides a secretariat function to this group, undertaking the initial assessment of projects and making recommendations, but with the final decision-making power resting with the Decision Group. The national government is currently proposing that these Decision Groups, while broadly retaining their composition, should function within the CAB as

a single entity, rather than as two separate bodies. This more formalised position is designed to provide a more straightforward, transparent system.

The administrative burden commonly associated with the implementation of the Structural Funds is another reason for attempting greater efficiency. In Austria, the experience of the current implementation arrangements using a large number of individual funding agencies, has encouraged decision-makers to reduce the number of administering organisations for the 2000-06 period; one possibility is have a single funding agency for each measure in the SPD. Similarly, the volume of application processing in some English regions has been a major burden for programme secretariats, motivating the search for a more streamlined system of administration. Current suggestions include the rationalisation of the amount of paperwork, the transfer of some of the work to partners, and the possible use of new forms of the 'action plan' or 'package' approach for decentralising administration.

In some regions, the pre-determination of projects from the outset is an attempt to improve the efficiency of the subsequent implementation. This is a common approach in Spain, where the majority of projects to be funded under the Structural Fund programmes are known from the start. The policy linkage of the new Structural Fund programmes with wider domestic strategic plans and initiatives (see section 4.2) may facilitate this to some degree in other countries, helping to identify key projects which could usefully receive co-financing. The approach of promoting larger or framework projects is also increasingly popular (eg. UK and Sweden).

In *Nordrhein-Westfalen*, the issue of administrative efficiency is being addressed through the possible integration of programme administration and financial management structures. Currently, these tasks are undertaken by separate departments and, following an analysis of the internal organisation, a proposal has been made to create a larger unit merging planning and financial management.

5.2.2 *Improvements in project quality*

There is a desire in many regions to improve project quality and generate better projects with a stronger underlying strategic rationale. This overlaps with the motivation for administrative efficiency, particularly in the move for more framework projects and larger initiatives. However, there is also a clear aspiration to use Structural Fund programmes to focus interventions more on activity which is of genuine, strategic and long-lasting benefit to the region.

A number of approaches to the issue of project quality can be highlighted. In the current *Bergslagen* Objective 2 region in Sweden, for example, the 'Sekretare' (administrative officers) system which has been developed is likely to be refined and continued in the coming programming period. The *Bergslagen* programme encompasses five counties and one Sekretare is based in each CAB. They are responsible for the receipt and initial sifting of project applications from within their counties as well as publicity work and follow-up of accepted projects. The five Sekretare meet once a month to discuss project applications and ensure that projects of particularly high quality and strategic importance are recommended for funding. This system has had a number of advantages, including the ability to assess applications on the basis of their

strategic relevance across the programme region as a whole, utilising the local level experience of the Sekretare. This has promoted a joint and more spatially integrated approach to development as well as providing better direct links to the grassroots level.

In *Lower Austria*, one proposal is to use an external organisation to evaluate key project proposals, discuss the proposals with the applicants where improvements are possible and remain involved in the follow-through should the projects be funded. This could help ensure that projects are more directly in line with the strategic aims and objectives of the SPD, raise the quality of individual applications and ensure the maintenance of this quality in their implementation. Under the current system, personnel constraints in the funding agencies often make these goals difficult to achieve, even where the underlying motivation exists.

Similarly in the UK, the secretariats in some regions have been overwhelmed by the administrative burden of implementation. Assuming that better administrative systems could be put in place, regions would like to shift the balance of resources towards project development, reducing downstream problems by increasing the quality of projects. One priority would be ‘front-end project development’, helping projects to see themselves as part of a strategy. In part, this would be addressed through education and information for applicants, including improved guidance material and application forms and more direct interaction with client groups. Programme managers would ideally spend more time visiting projects and meeting applicants to help them be more strategic and responsive. In Denmark, similar moves are planned, including a more flexible approach to project applications, a more proactive role for the programme secretariat with regard to project generation and more support for the advisors of private sector applicants to the programme.

One key issue facing many regions, and mentioned in the Austrian case above, is the constraint on personnel and financial resources. This inevitably has a direct impact on the time available to ensure that quality projects are generated and sufficiently supported. In France, for example, the financial resources allocated for staffing the operation of the Structural Funds are inadequate at national and regional levels following cutbacks in the size of the civil service.

5.2.3 *The delegation and decentralisation of programme delivery*

There are moves in some regions to delegate or decentralise aspects of programme delivery. Where this is under consideration, a key factor is ensuring that the organisations taking on delegated responsibilities are able to meet the necessary regulatory requirements and that sufficient investment (in time and resources) is put into required capacity building.

A number of examples can illustrate this approach to programme delivery. In France, there is a proposal to increase the use of global grants, which could be administered through regionally-based public organisations delegated by the *Préfectures*. In Austria, a regional management office in *Styria* is proposing that a proportion of the programme budget under the so-called ‘integrated regional development’ measure could be decentralised to the regional management office for them to administer themselves. In Italy, domestic legislative change has transferred many administrative and management

functions which traditionally belonged to the regions to the local level. The sub-regional level is therefore likely to be more directly involved in project implementation, as well as project selection. Plans also exist to involve the private sector to a greater extent in programme delivery. In Lombardia, for example, a procedure is currently being elaborated to determine what skills and qualifications are required by external structures for them to manage standard macro-projects or integrated parcels of projects. As mentioned above, the action plan or package approach is also again being investigated in the UK context.

In Spain, the majority of the projects included in the OP are part of national or regional public sector organisations' mainstream annual spending plans. The exception is local projects, generated on a competitive basis and financed either from local budgets or resources allocated to the local level by the regional level. In *Catalonia*, locally driven selection procedures for this type of project were newly introduced in the 1997-99 programme and will remain in place for the coming period, but with additional resources being allocated to this type of project. This marks a reinforcement of a trend for decentralisation, with greater involvement of more local actors.

In *Wales*, a new three-fold system of project appraisal is being proposed, which includes a greater degree of decentralisation. This would comprise:

- *national strategies*, run by national organisations (eg. the national tourist board) which would be allocated specific sums of money, leaving the Managing Authority with a policy and monitoring role only;
- *local strategies*, run in parallel and allocated on a competitive bidding basis to spatially defined groups of local actors – potentially based on local authority areas, smaller areas, or a combination of local authorities; and
- *individual projects*, organised through a flexible fund, retained to react to changing circumstances.

The main motivation behind this proposal is to promote a more strategic use of the Funds and avoid a 'pepper-pot' approach. The first stage comprises the presentation of strategies to the Welsh European Programme Partnership (WEPP – the proposed new programme management organisation) by national or local organisations/partnerships, with their financial requirements and monitoring indicators and targets. The strategies would then be appraised and approved on the basis of the monitoring criteria and the 'packages' agreed with the devolved organisations. The partnerships would then deliver their strategies against agreed targets, with their lead organisation becoming the accountable body held responsible for spending.

5.3 Monitoring systems

5.3.1 Regulatory context

The new Regulations have given responsibility for programme monitoring to the newly appointed Managing Authorities. In comparison with the current round of programmes, the new monitoring requirements have been strengthened. The information requirements have been designed to provide a wider range and increased transparency of monitoring information. This

includes specific indicators for inclusion in the OP, SPD or programme complement showing, where possible, quantified targets, progress and results of programme implementation and developments within the financial plan. In addition to this, the Managing Authority must produce an annual implementation report containing detailed programme information for submission to the Commission.

5.3.2 *Reactions to the new requirements*

Although the new monitoring requirements will be an increased administrative burden for many regions, the logic behind stricter monitoring is understood and attempts are actively being made to improve current monitoring systems. In some cases, proposed changes are an attempt to adhere to the conditions provided by the new Regulations, whereas in others, especially where the current system already meets Commission requirements, changes are proposed which will improve efficiency or ease of operation.

As with many of the management arrangements, monitoring systems post 2000 are far from being finalised. Final details are unlikely to emerge until closer to the launch of programmes. One of the options encouraged in the new Regulations, and which has been explored by many regions, was the creation of computer systems for data exchange with the Commission.

Whilst most countries have considered using an adjusted version of their current monitoring system, a new national monitoring system has been created in France. The system, called PRESAGE (*Programme Régional et Européen Suivi-Analyse Gestion Evaluation*), will be installed in every region for the new programming period. It is not only for Structural Fund programmes, but will also track implementation of state programmes and the *Contrats de Plan*. It will make it easier for national ministries to track what is going on in the regions, and at the same time enable the stronger monitoring requirements of the new Structural Fund programmes to be met by actors at all levels. The system contains cascading levels allowing the analysis of whole programmes, measures, sub-measures and/or individual projects. At the regional level, it will be adapted according to how *Préfectures* want to operate it. For example, they can decide who to make the network available to, and what permissions to give to those with access. In theory, a wide range of organisations could input information directly to the database, and extract information from it, reducing duplication of effort and enabling databases to be fully exploited.

National influence over monitoring is apparent also in other countries, such as Austria and the Netherlands. In the Netherlands, a monitoring system will be created by the national administration for implementation at regional level. It will employ common indicators for all three types of Objective 2 programme (industrial, urban and rural), supplemented by specific indicators relevant to each type of programme. By creating national monitoring indicators, the Ministry of Economic Affairs (MEZ) will be in a better position to oversee developments. A similar approach will be used in Austria, where the selection of core indicators will be a national task. These will be passed to the *Länder* to ensure they are practical for use in their programmes. The final indicators chosen are likely to be a combination of core national indicators supplemented

by programme-specific indicators but the monitoring system overall will remain broadly similar to the current approach.

In many countries, new monitoring systems will be based strongly on current ones, with adjustments aiming to improve overall co-ordination. In Spain, monitoring is currently undertaken at sub-national level. For the most part, the established system works well, especially in terms of financial monitoring. Physical monitoring has not yet reached the high standard set by financial monitoring, largely because financial monitoring is simpler, but plans to improve physical monitoring are being made for the new programmes.

Technical assistance was used to create regional monitoring structures in Italy for the current programmes. The existing systems should be able to absorb the new regulatory requirements without too many changes, but more resources may be required because of the increased importance of this activity. One issue which will need to be addressed relates to the measure-level orientation of the existing monitoring system which will have to shift to a project-based approach in future; the Ministry of the Treasury and Budget is organising meetings and working sessions with the regions in order to support them in the transition and to aid the connection of the regional systems to a central one.

Programme monitoring is typically undertaken by secretariats in the UK regions. The stricter monitoring requirements are likely to mean the dedication of more resources to this area. New approaches to monitoring are also emerging. In the West Midlands, for example, the process of creating a monitoring system has been integrated into the programme development process. Partners were asked to provide ideas on strategic objectives, priorities and measures at the strategy development stage and to give additional information on how these could be measured. This provided a basis for creating realistic indicators and targets. In order to keep the indicators practical, they will be clarified before programme implementation rather than fitting into an existing programme. In addition, monitoring information requirements will be sent to funding applicants in order to familiarise them with this concept and the related terminology.

Although the general trend is for regions and Member States to make some form of adjustment to their monitoring systems in order to achieve improvements in the new programmes or, as in the French case, to overhaul the system completely, other states such as Denmark and Finland do not regard monitoring as an area requiring attention. In Denmark, the current monitoring arrangement appears set to continue in its present form in the new programming period and is not currently being treated as a major issue. In Finland, although the current monitoring arrangements have not been operating optimally, there are no immediate plans to introduce changes. The fragmented national monitoring systems will persist. At the same time, at regional level, uncertainty about how to respond to the new requirements has resulted in preparations for monitoring being given a low priority at this stage.

5.4 Monitoring Committees

The Monitoring Committees (MC) in the new programming period will undergo changes in most Member States. These changes are, for the most

part, a reaction to ensure compliance with the new Regulations which stipulate that the new MC:

- be chaired either by a representative of the Member State or the Managing Authority;
- have balanced participation of men and women; and
- have an expanded role to include approval of programme complements before submission to the Commission, as well as approval of all adjustments to the programme or to the programme complements.

The composition of the MC, and how it will operate in practice, are not priority issues in many regions at the moment. The form and function of the MC will not generally be finalised until after the approval of the Objective 2 maps. One of the changes, however, which will affect the operation of all the MCs is the new Commission role. The Commission will no longer have a vote on the MCs of the new programmes, but will remain present as an observer. In some Member States, this is being viewed with regret. In the Netherlands, for example, the vote of the Commission was viewed as a positive aid for decision-making. It provided the regions with confidence that the decisions reached by the MC were sound and also helped with the clarification of problems. In Spain too, the vote of the Commission provided a certain safeguard against future unwelcome Commission decisions or interventions. Some regions also saw the Commission vote as reinforcing their opinion against that of national government. However, other countries and regions welcome the new observer role that the Commission will have, especially where the Commission's presence was viewed less positively. The Commission's vote made some regions feel restricted in the implementation of their ideas and they now see the reduced role as giving them increased flexibility in decision-making and the opportunity for freer flowing discussion.

The structure and role of the new Monitoring Committees is viewed by some as increasing their power, particularly at the stage of agreeing the programme complement. The MCs have significant potential to influence the final content of the programme complements, given that MC approval is required prior to their submission to the European Commission.

As mentioned, the composition and functioning of MCs are, as yet, broadly undecided. However, some of the concrete decisions and ideas which have emerged at this stage include:

- *Regionalisation of Monitoring Committees.* In Germany, an innovation in the new programming period will be the regionalisation of Monitoring Committees. In the past, the MC meetings were held nationally, and comprised mainly civil servants. Regions will now be able to create their own MCs which can include regional partners and will have the opportunity to discuss strategic issues.
- *Increased strategic discussion.* A common feature of MC meetings at present is their dominance by technical issues. Increasingly, regions would like to see the role of the MC becoming more strategic and thematic in character – a particular concern in Austria, Sweden, Germany and the UK. There is also some recognition of the need to invest in the management of the MC if it is to be used effectively.

In terms of the possible future structure of the Monitoring Committees, initial stages of planning have shown varying approaches including:

- *Widening partner representation:* a widening of representation on the Monitoring Committee to include local economic and social partners is planned in some countries. In Germany, where the structure of the Monitoring Committees will be completely new following a complete restructuring of the current system, the scope for wider representation is at its greatest. The current national MC comprises only civil servants, but many of the new regional MCs plan to include local social and economic partners, including environment and equal opportunities representatives. For some of the smaller regions, the inclusion of an equal opportunities representative is problematic because there is no regional organisation representing this issue. In Spain, the expansion of Monitoring Committees is desired in some regions, but there is concern that this would complicate the work of the Monitoring Committee. Likewise in Denmark, non-government organisations may be included, although they may instead be given a greater role within the regions.
- *Reducing partner representation:* This is not an option being widely considered, but it is part of the streamlining approach being discussed in different parts of the UK. The aim is to improve efficiency, but there will inevitably be problems in identifying which partners should no longer be represented on the MC.
- *Changing composition:* In Finland, the MC will remain the same in terms of size, but the composition will change to ensure more systematic representation of the state district offices, local government (the regional councils) and social partners.
- *Changing structure:* In Germany, whilst wider representation is being considered, there is also on-going discussion on how the new structure can operate in practice. Still under deliberation in many regions, the following options are among those being considered:
 - A two-tier Monitoring Committee split according to financial involvement in the funds. One tier would include those partners making a financial contribution, while the second would be partners with an advisory role. In France, a two-tier option along similar lines is being considered, comprising decision-makers and consultative groups to avoid paralysing the system.
 - A two-tier Monitoring Committee which would be function-based, with political representatives discussing policy issues and practitioner representatives discussing technical issues. This is similar to a Finnish proposition to create a working group structure to support the Regional MCs.
 - A weighted voting system, with certain members having more than one vote.

6. CONCLUSIONS

This paper has provided an overview of the context for the new programmes, the processes of plan preparation which are underway, the envisaged strategic orientations of the new programmes and the possible changes to programme management. The situation is one of rapid change. This 'snapshot' will therefore be updated in the course of future *IQ-Net* research in the year 2000. However, in the interim, the paper has enabled a range of common trends and issues to be identified.

First, in terms of context, the area designation process, which has been difficult in some cases, has had outcomes which raise several issues. Among them is the potential impact of the increased fragmentation of Objective 2 coverage, which may present difficulties in maintaining the strategic coherence of programmes. The impact of this will only really become clear once implementation has begun.

Second, turning to the plan preparation process, this has been long in many cases, and characterised by a wider and deeper involvement of partners. Consultation may have improved the quality of programmes and the sense of wider 'ownership' over them, in turn potentially leading to improved conditions for effective implementation. In addition, there appears to have been deeper strategic reflection in many Member States, with more countries developing regional strategies within which to embed their Structural Fund programmes. It will be interesting to see the extent to which this makes a difference to programme effectiveness.

Third, with regard to programme content, the general direction of future programmes appears to be continuity, building on the priorities and achievements of current programmes. Policy innovations appear to be modest, but with this belying a considerable developmental effort to refine targeting and delivery mechanisms. In terms of the horizontal priorities, there are again incremental improvements visible in the anticipated approaches to integrating sustainable development and gender mainstreaming. Approaches are likely to meet the formal regulatory requirements at least, but not necessarily be thought through in terms of their delivery. A final trend is the greater 'sectoralisation' of Structural Fund interventions. Linkages between the ERDF and ESF and between Objective 2 programmes and the rural development plans are proving to be challenging, with little evidence of sufficient provision being made for co-ordination.

Finally, in terms of programme management, an overriding fear is that it will require considerable investment to achieve the objective of simplification. As yet, however, systems for programme delivery are not fully formed, the main current priority being to complete programme development within tight deadlines.