



KOMMISSION DER EUROPÄISCHEN GEMEINSCHAFTEN

Brüssel, den 28.10.2004  
KOM(2004) 721 endgültig

**BERICHT DER KOMMISSION**

**15. JAHRESBERICHT ÜBER DIE DURCHFÜHRUNG  
DER STRUKTURFONDS**

**Durchführungsjahr 2003**

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Eine ausführlichere Erläuterung der Informationen dieses Berichts finden Sie im technischen Dokument der Kommission (Anhang I in EN).

Der vorliegende Bericht stützt sich auf Artikel 45 Absatz 2 der Verordnung (EG) Nr. 1260/1999 mit allgemeinen Bestimmungen über die Strukturfonds. Dieser fünfzehnte Jahresbericht über die Durchführung der Strukturfonds erstreckt sich auf die Strukturfondstätigkeiten im Jahr 2003.

## **1. VEREINFACHUNG**

Im Anschluss an die 2001 und 2002 begonnenen Arbeiten wurden 2003 eine Reihe von Maßnahmen zur Vereinfachung der Durchführung der von den Strukturfonds finanzierten Programme eingeleitet. Die Mitteilung „Vereinfachung, Klärung, Koordinierung und Flexibilität der Verwaltung der Strukturpolitik - 2000-2006“ (C(2003) 1255) wurde von der Kommission am 25. April 2003 angenommen. Die Kommission hat diese Mitteilung in Partnerschaft mit den einzelstaatlichen Behörden ausgearbeitet, um mit ihnen gemeinsam über mögliche Verbesserungen bei der Verwaltung der Strukturpolitik zu entscheiden.

Seit Annahme dieser Mitteilung haben einige Maßnahmen des „Vereinfachungspakets“ 2003 bereits sichtbare Ergebnisse gezeitigt. Dies gilt insbesondere für die Maßnahmen zur Änderung der Programme, die Kontrollen, die Ergebnis- und Wirkungsindikatoren sowie die leistungsgebundene Reserve. So haben mehrere Mitgliedstaaten ihre Durchführungs-, Ergebnis- und Wirkungsindikatoren sowie ihre Liste der Indikatoren für die Zuweisung der leistungsgebundenen Reserve vereinfacht.

## **2. BILANZ**

### **2.1. Haushaltsvollzug**

#### *2.1.1. Mittelbindungen*

Das Mittelbindungsprofil von 2003 entsprach den in Berlin festgelegten Jahrestanchen. Es wurden insgesamt 31 109 Mio. EUR gebunden, also praktisch 100 % der zur Verfügung stehenden Mittel.

#### *2.1.2. Zahlungen*

Im Jahr 2003 erreichten die tatsächlich geleisteten Zahlungen mit 26,2 Mrd. EUR den höchsten Stand in der gesamten Geschichte der Strukturfonds. Im Haushaltsvollzug wurden bei allen Zielen und Programmplanungszeiträumen signifikante Fortschritte erzielt. 2003 brachte eine deutliche Verbesserung hinsichtlich der unzureichenden Ausführung von Zahlungsermächtigungen, die stets kennzeichnend für die Ausführung der Strukturfonds-Mittel war. Die Gesamtrate der Nichtausschöpfung der Zahlungsermächtigungen ist von 29 % im Jahr 2002 auf 11 % im Jahr 2003 gesunken. Dies ist hauptsächlich eine Folge der guten Fortschritte bei den Programmen vor Ort.

2003 wurden insgesamt 26 243 Mio. EUR (89 %) ausgezahlt, d.h. 3 311 Mio. EUR wurden nicht ausgeschöpft. Dies war hauptsächlich auf die früheren Programme zurückzuführen (73 % des gesamten Überschusses). 2002 betrug die

Mittelverwendungsrate im Vergleich 71%. 96 % der für die Programme des Zeitraums 2000-2006 verfügbaren Zahlungsermächtigungen wurden in Anspruch genommen, was hinsichtlich der unzureichenden Mittelausschöpfung in den vergangenen Jahren eine beträchtliche Verbesserung gebracht hat und somit das wichtigste Merkmal des Haushaltsvollzugs im Jahr 2003 ist.

Für die Programme des Zeitraums 2000-2006 werden die Mitgliedstaaten aufgefordert, ihre Auszahlungsanträge dreimal im Laufe des Jahres gebündelt einzureichen. Das Profil der tatsächlichen Zahlungen lässt darauf schließen, dass die Anwendung dieses Verfahrens nicht reibungslos verläuft.

Am effektivsten war der Haushaltsvollzug für Ziel 1 (95 %). Beim Programm PEACE lag die Verwendungsrate 2003 aufgrund von Verzögerungen infolge der Aushandlung einer neuen Entscheidung und der entsprechenden Ergänzung zur Programmplanung bei nur 48%. Durchaus verbessert hat sich auch die Lage bei Ziel 2 mit einer Mittelverwendungsrate von 91 % im Vergleich zu 48 % im Jahr 2002. Die Gemeinschaftsinitiativen weisen mit einer Ausschöpfungsrate von nur 48 % noch immer einen Rückstand auf.

Anders als 2002 gab es auch eine signifikante Verbesserung beim Abschluss der Programme des Zeitraums 1994-1999, auch wenn es nicht möglich war, die meisten der RAL für die früheren Programme im Jahr 2003 wie geplant abzuwickeln. Ende 2003 standen die noch abzuwickelnden Mittelbindungen bei 9,2 Mrd. EUR; das sind 59 % weniger als die RAL Ende 2002. Allerdings wurden mit der Verabschiedung eines Berichtigungshaushalts im Jahr 2003 Zahlungsermächtigungen in Höhe von 5 Mrd. EUR von der Mittelausstattung abgezogen. Die Abschlusszahlungen waren weniger als geplant, da die abschließenden Zahlungsanträge zum großen Teil erst direkt vor dem endgültigen Fristablauf am 31. März 2003 eingingen, was zu einer starken Häufung von Zahlungsanträgen führte, und vielen Zahlungsanträgen lagen nicht alle erforderlichen Belege bei. Die Aufhebungen von Mittelbindungen für die RAL der Programme des Zeitraums 1994-1999 beliefen sich im Jahr 2003 auf 2 848 Mio. EUR.

Im Vergleich der Ziele sticht die Mittelverwendungsrate der Ziel-1-Programme und der Ziel-2-Programme besonders hervor. Dies steht im Gegensatz zu der erheblich geringeren Verwendungsrate bei den Programmen des ehemaligen Ziels 5a/FIAF (außerhalb von Ziel 1) und insbesondere bei den Gemeinschaftsinitiativen, die beträchtlich hinter den Kernprogrammen zurückbleiben. Bei den Programmen des vorherigen Planungszeitraums war die Mittelverwendungsrate für Ziel 3 und die Gemeinschaftsinitiativen nach wie vor sehr niedrig.

Die Kommission hat 2003 einige wenige Mittelübertragungsvorschläge vorgelegt, die von der Haushaltsbehörde akzeptiert wurden. Es gab keine Übertragungen bei den Verpflichtungsermächtigungen. Bei den Zahlungsermächtigungen waren die vorgenommenen Übertragungen hingegen relativ umfangreich. Die Übertragung aus der Gemeinschaftsinitiative Interreg macht 66 % ihrer ursprünglichen Dotation an Zahlungsermächtigungen aus, ein Zeichen für den sehr schlechten Haushaltsvollzug im Jahr 2003 bei dieser Gemeinschaftsinitiative. Die Übertragung von Zahlungsermächtigungen aus der Gemeinschaftsinitiative EQUAL war ebenfalls recht hoch (38 % der ursprünglichen Dotation). Die Übertragung auf das Finanzinstrument für die Ausrichtung der Fischerei (FIAF) – Ziel 1 entsprach fast

46 % seiner ursprünglichen Dotation. Die höchsten Übertragungen erhielt der EFRE (Ziel 1), nämlich Übertragungen in Höhe von 1,5 Mrd. EUR, was 17 % seiner ursprünglichen Dotation entsprach. Ein Teil davon, nämlich 515,4 Mio. EUR, wurde durch Übertragungen von außerhalb der Strukturfonds finanziert. Die meisten Übertragungen erfolgten jedoch zwischen den verschiedenen Haushaltslinien der Strukturfonds.

## 2.2. Ausführung der Programme

Alle Ziele und Fonds zusammen betrachtet, verteilen sich die Interventionen der Strukturfonds<sup>1</sup> gleichmäßig auf drei große Kategorien: Basisinfrastrukturen, produktives Umfeld und Humanressourcen. Eine **Analyse nach Bereichen** lässt jedoch ein Übergewicht von zwei Bereichen erkennen, auf die zusammen über ein Viertel der für den Zeitraum 2000-2006 programmierten Mittel entfallen: „Verkehrsinfrastrukturen“ (15%) und „Förderung von KMU und Handwerk“ (11%). Bereiche wie z.B. „Positive Maßnahmen für Frauen auf dem Arbeitsmarkt“ und „Telekommunikationsinfrastrukturen und Informationsgesellschaft“ nehmen dagegen nur 2% bzw. 3% der programmierten Mittel in Anspruch. Diese Unterschiede sind zumindest teilweise auf die großen Unterschiede zwischen den Projektkosten je nach Bereich oder Art des Projekts zurückzuführen.

Die relative Priorität der Bereiche zeigt sich auch in der Ausführungsrate (bescheinigte Ausgaben im Vergleich zu den Beträgen in der Ergänzung zur Programmplanung). Während die Bereiche mit der höchsten Mittelausstattung wie z.B. „Verkehr“ auch die besten Ausführungsraten aufweisen, ist bei den weniger gut ausgestatteten Bereichen wie z.B. „Telekommunikationsinfrastrukturen und Informationsgesellschaft“ auch die Ausführung am langsamsten. Auch hier lassen sich diese Unterschiede teilweise auf die Art der Projekte zurückführen. Es ist aber festzustellen, dass der Bereich „Informationsgesellschaft“ nur schwach repräsentiert ist und zugleich große Probleme bei der Durchführung erkennen lässt, was umso beunruhigender ist, nun da die Themen Wettbewerbsfähigkeit und Wachstum, mit denen die Informations- und Kommunikationstechnologien eng verknüpft sind, zu einer Priorität der Kohäsionspolitik werden.

### 2.2.1. Ziel 1

Im Rahmen von Ziel 1 wurde bei der Programmplanung der Schwerpunkt klar auf die Basisinfrastrukturen gelegt, auf die 41% der zugewiesenen Mittel entfallen. Bei dieser Kategorie ist zugleich auch die zügigste Durchführung zu verzeichnen (Ausführungsrate von 28%), was vor allem auf die Verkehrsinfrastrukturen zurückzuführen ist, die allein 20% der Ziel-1-Mittel in Anspruch nehmen und eine Ausführungsrate von knapp 35% aufweisen.

Neben den Verkehrsinfrastrukturen haben zwei weitere Bereiche eine Ausführungsrate von über 30%: „Förderung von KMU“ und „Förderung von großen Unternehmen“ (31%).

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<sup>1</sup> Der Analyse der Programmplanung liegt die Verteilung der Ergänzungen zur Programmplanung auf die verschiedenen Bereiche zugrunde, während sich die Analyse der Ausführung auf die von den Mitgliedstaaten gemeldeten bescheinigten Ausgaben stützt.

Eine Ausführungsrate zwischen 25% und 30% ist in zwei Bereichen der Kategorie „Basisinfrastrukturen“ (soziale Infrastrukturen und öffentliche Gesundheit: 29%; Umweltinfrastrukturen: 25%) sowie in zwei Bereichen der Kategorie „Produktives Umfeld“ (FuE und Innovation: 28%; Forstwirtschaft: 26%) zu verzeichnen.

### 2.2.2. Ziel 2

Gegenüber Ziel 1 weist Ziel 2 ein relativ anderes Programmplanungsprofil auf. Die erste Kategorie sind hier nicht die Basisinfrastrukturen, sondern das produktive Umfeld, auf das allein über die Hälfte der programmierten Finanzmittel entfallen:

Auf Ebene der Bereiche ist eine klare Konzentration der Mittel zu erkennen. So sind 2/3 der Finanzmittel auf die vier Bereiche „Förderung von KMU“, „Erschließung und Sanierung von Geländen“, „FuE und Innovation“ und „Fremdenverkehr“ konzentriert. 1/3 der programmierten Mittel entfallen allein auf den Bereich „Förderung von KMU und Handwerk“.

Da die Programmplanung für Ziel 2 gegenüber derjenigen für Ziel 1 zeitlich versetzt erfolgt ist, wäre eine niedrigere Ausführungsrate als bei Ziel 1 zu erwarten gewesen. Dies ist aber durchaus nicht der Fall. Was das Ausführungstempo der Programme anbelangt, so liegt Ziel 2 mit einer Rate von 24% auf demselben Niveau wie Ziel 1.

Die höchste Ausführungsrate (36%) liegt im Bereich „Soziale Infrastrukturen und öffentliche Gesundheit“ vor, doch kommt diesem Bereich im Rahmen von Ziel 2 insgesamt nur eine marginale Rolle zu (1%). Der Bereich „Förderung von KMU“, der mit einer Ausführungsrate von 32% an zweiter Stelle liegt, hat dagegen ein erheblich größeres Gewicht (ein Drittel der Ziel-2-Mittel).

Zwei weitere Bereiche weisen mit 28% ebenfalls eine signifikant über dem Durchschnitt liegende Ausführungsrate auf: „FuE und Innovation“ (10% der Ziel-2-Mittel) und „Umweltinfrastrukturen“. Der Bereich „Verkehrsinfrastrukturen“ hat die niedrigste Ausführungsrate (15%).

### 2.2.3. Ziel 3

In jüngster Zeit hat sich die Tätigkeit des ESF – entsprechend der neuen Europäischen Beschäftigungsstrategie (EBS) und den beschäftigungspolitischen Empfehlungen - gleichmäßiger auf die verschiedenen beschäftigungspolitischen Leitlinien verteilt. Der ESF hat bei der Durchführung der EBS und der nationalen Aktionspläne auf nationaler und regionaler Ebene in den Mitgliedstaaten eine wichtige Rolle gespielt und sich in erheblichem Maße an den gesamten öffentlichen Ausgaben für beschäftigungspolitische Maßnahmen beteiligt.

## 2.3. Beitrag der Strukturfonds zur Strategie von Lissabon und Göteborg

Der Hauptverknüpfungspunkt zwischen den Strukturfonds als Finanzierungsinstrumenten und der Strategie von Lissabon besteht darin, dass die Strukturfonds Investitionen in Bereichen kofinanzieren, die Prioritäten dieser Strategie darstellen, und dass sie die Entwicklung von dezentralen Durchführungsrahmen für diese Politiken fördern. Der letztgenannte Beitrag der Strukturfonds zu den Prioritäten von Lissabon wird im Anschluss an die Erweiterung der EU signifikanter werden.

In den Leitlinien für die Halbzeitüberprüfung vom August 2003 forderte die Kommission die Mitgliedstaaten auf, den Prioritäten von Lissabon und Göteborg bei der anstehenden Halbzeitüberprüfung der Strukturfondsinterventionen besonderes Augenmerk zu widmen.

### **3. PROGRAMMPLANUNG DER NEUEN MITGLIEDSTAATEN**

2003 erfolgte auch die Programmplanung für die Mittel in Höhe von 16 Mrd. EUR, welche den Beitrittsländern, die am 1. Mai 2004 Mitglieder der Europäischen Union geworden sind, zugewiesen worden waren. Die Verhandlungen fanden im Jahr 2003 statt und wurden in diesem Jahr allesamt abgeschlossen, so dass die strategischen Programmplanungsdokumente im Dezember 2003 fertig gestellt werden konnten. Die Einhaltung der Frist des 31. Dezember 2003 war gemäß der Beitrittsakte eine unabdingbare Voraussetzung für die Zuschussfähigkeit der Ausgaben ab 1. Januar 2004.

Von den 41 betroffenen Regionen (NUTS 2) fallen 38 unter das Ziel 1 und drei unter das Ziel 2 (Prag, Bratislava und Südzypern). Angesichts der kurzen Zeit, die für die Durchführung der Programme bleibt (Mai 2004 – Dezember 2006), hat die Kommission den Mechanismen für die Programmdurchführung in den Verhandlungen besondere Bedeutung eingeräumt. Damit wird an die großen Anstrengungen angeknüpft, die von der Union in der Vergangenheit unternommen wurden, um die Verwaltungskapazitäten der neuen Mitgliedstaaten zu verstärken.

### **4. KOHÄRENZ UND KOORDINIERUNG**

#### **4.1. Kohärenz mit den anderen Gemeinschaftspolitiken**

##### *4.1.1. Wettbewerb*

Die Verordnung (EG) Nr. 1260/1999 sieht insbesondere vor, dass die von der Kommission genehmigten Interventionen alle Angaben enthalten müssen, die für die Ex-ante-Bewertung der Vereinbarkeit der staatlichen Beihilfen mit dem gemeinsamen Markt erforderlich sind. In diesem Zusammenhang hat sich die Kommission 2003 auf die Prüfung der vertraglichen Vereinbarkeit der in den operationellen Programmen und einheitlichen Programmplanungsdokumenten für die Strukturfondsinterventionen in den neuen Mitgliedstaaten im Zeitraum 2004-2006 vorgesehenen Maßnahmen sowie auf die Beurteilung bestimmter gemäß den Artikeln 25 und 26 der genannten Verordnung förderfähiger Großprojekte konzentriert.

##### *4.1.2. Umwelt*

Im Rahmen der Programmplanung 2000-2006 sind rund 25 Mrd. EUR für umweltgerechte Maßnahmen im weiteren Sinne bestimmt; das sind 13% des Gesamtbetrags der Ergänzungen zur Programmplanung (196 Mrd. EUR). Interessanterweise liegt das Durchführungstempo dieser Umweltmaßnahmen über dem Gesamtdurchschnitt der Strukturfonds (20%). Diese Feststellung gilt insbesondere für die Investitionen in rein umweltbezogene Infrastrukturen (25%).

In der Vergangenheit wurde die Einleitung bestimmter Maßnahmen in einigen Mitgliedstaaten hinausgezögert oder gestoppt, da kein den einschlägigen Bestimmungen entsprechender umweltrechtlicher Rahmen vorlag. Diese Situation dauerte 2003 an, auch wenn Verbesserungen wie im Bereich der Abfallwirtschaft zu verzeichnen waren. Wenig zufrieden stellend ist die Lage dagegen weiterhin in anderen Bereichen wie der Behandlung von kommunalem Abwasser und der Anwendung der Nitratrichtlinie sowie der geänderten Richtlinie 85/337/EWG über die Umweltverträglichkeitsprüfung.

#### 4.1.3. Binnenmarkt

Um die Vereinbarkeit der Verfahren mit den Gemeinschaftsnormen zu gewährleisten, fördert die Kommission Maßnahmen wie die Schulung des mit der Vergabe von Aufträgen befassten Personals sowie die Erstellung von Leitfäden und Vademekums für die Auftragsvergabe. Die Kommission trägt außerdem dafür Sorge, dass die Verfahren für die Auftragsvergabe mit dem Gemeinschaftsrecht im Einklang stehen. In diesem Zusammenhang hat sie im Jahr 2003 mehr als 430 potenzielle Fälle einer fehlerhaften Umsetzung oder Anwendung der einschlägigen Gemeinschaftsrichtlinien untersucht. Die Prüfung von *Ad-hoc*-Fällen kann aufgrund von Beschwerden oder auf Initiative der Kommissionsdienststellen erfolgen, insbesondere bei den Audits, die regelmäßig im Rahmen der Kontrolle der kofinanzierten Projekte vorgenommen werden.

#### 4.1.4. Verkehr

2003 entschied die Kommission über die Finanzierung von 117 TEN-Projekten im Verkehrsbereich (626,6 Mio. EUR) und 13 TEN-Projekten im Energiebereich (18,64 Mio. EUR).

In ihrer Mitteilung vom 23. April 2003 (KOM(2003) 132) hat die Kommission den Aufbaustand der Infrastrukturen des transeuropäischen Netzes und seine Finanzierung verdeutlicht und die Notwendigkeit aufgezeigt, eine Reihe von Maßnahmen (einschließlich der Unterstützung von öffentlich-privaten Partnerschaften) zu ergreifen. Die Kommission hat auch die Überarbeitung der TEN-Finanzierungsverordnung fortgesetzt, damit der Anteil an der Finanzierung bestimmter Abschnitte von Verkehrsvorhaben von europäischem Interesse von 10% auf 20% erhöht werden kann.

Die Arbeiten zur Revision der Leitlinien für den Aufbau eines transeuropäischen Verkehrsnetzes wurden 2003 fortgesetzt. Auf der Grundlage der Empfehlungen der Hochrangigen Gruppe, die sich aus Vertretern der heutigen und künftigen Mitgliedstaaten sowie der EIB zusammensetzt, und der Ergebnisse der anschließenden öffentlichen Befragung legte die Kommission einen neuen Vorschlag<sup>2</sup> vor, mit dem die Liste der vorrangigen Vorhaben durch neue Vorhaben

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<sup>2</sup> KOM(2003) 564 endg.: Vorschlag für eine Entscheidung des Europäischen Parlaments und des Rates zur Änderung des geänderten Vorschlags für eine Entscheidung des Europäischen Parlaments und des Rates zur Änderung der Entscheidung Nr. 1692/96/EG über gemeinschaftliche Leitlinien für den Aufbau eines transeuropäischen Verkehrsnetzes. Dieser Vorschlag führte zur Annahme der Entscheidung Nr. 884/2004/EG des Europäischen Parlaments und des Rates zur Änderung der



auf insgesamt 30 Vorhaben für die Hauptverkehrsachsen ergänzt wird und verbesserte Instrumente für die Koordinierung zwischen den Mitgliedstaaten, insbesondere bei grenzübergreifenden Vorhaben, vorgesehen werden.

## **4.2. Koordinierung der Instrumente**

### *4.2.1. Strukturfonds und Kohäsionsfonds*

Hauptinstrument für die Koordinierung der Interventionen des Kohäsionsfonds und der Strukturfonds ist der strategische Rahmenplan. Die Entscheidungen über die Finanzierung von Vorhaben durch den Kohäsionsfonds werden überprüft, um Überschneidungen (Doppelfinanzierungen) mit den im Rahmen der Strukturfonds genehmigten Programmen zu vermeiden. Die Beitrittsländer, die alle im Rahmen des Kohäsionsfonds förderfähig sind, haben 2003 mit der Ausarbeitung ihrer Rahmenpläne sowie ihrer Strukturfondsprogramme begonnen.

Zu bemerken ist ferner, dass Irland seit dem 1. Januar 2004 aufgrund seines Pro-Kopf-BIP nicht mehr für eine Förderung aus dem Kohäsionsfonds in Betracht kommt.

Schließlich fanden 2003 zwei Informationssitzungen mit den Mitgliedstaaten und Beitrittsländern statt, die mit den Sitzungen des Ausschusses für die Entwicklung und Umstellung der Regionen koordiniert wurden. Hierdurch wird die Kohärenz zwischen diesen Finanzinstrumenten weiter gestärkt.

### *4.2.2. Strukturfonds und EIB/EIF*

Die Aktion der Kommission erstreckte sich im Jahr 2003 hauptsächlich auf die *Wachstumsinitiative* und die Quick-Start-Projekte, die ebenso wie die Innovation-2010-Initiative und die FuE von gemeinsamem Interesse sind und Gegenstand von Kooperationstreffen waren.

Im Jahr 2003 hat die Europäische Investitionsbank Darlehen von insgesamt 42,3 Mrd. EUR vergeben. In den zehn Beitrittsländern erreichte die Darlehensvergabe den Rekordbetrag von 4,6 Mrd. EUR, und in den Mittelmeer-Partnerländern (einschließlich der Türkei) wurden 2,1 Mrd. EUR bereitgestellt. In den EU-15-Mitgliedstaaten wurden für Projekte in Förderregionen 16,3 Mrd. EUR in Form von Einzeldarlehen sowie etwa 6,5 Mrd. EUR als Kreditlinien an Partnerbanken (für die Finanzierung von KMU-Projekten und kleineren öffentlichen Investitionen) bereitgestellt. Unter Einbeziehung der Beitrittsländer erreichten die Darlehen für Regionalentwicklungsprojekte insgesamt 27,3 Mrd. EUR; das sind 70% des gesamten Darlehensvolumens, das die EIB im Jahr 2003 in EU-15 und den zukünftigen Mitgliedsstaaten vergeben hat.

Innerhalb der EIB-Gruppe ist der Europäische Investitionsfonds (EIF) nun ausschließlich für alle Garantien für Portefeuilles von KMU-Darlehen und Risikokapitalfonds (Mittel der Europäischen Gemeinschaft und EIB/EIF-Mittel) zuständig. Der Schwerpunkt seiner Tätigkeit lag auf Frühphasenfinanzierungen, dem

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Entscheidung Nr. 1692/96/EG über gemeinschaftliche Leitlinien für den Aufbau eines transeuropäischen Verkehrsnetzes, ABl. L 167 vom 30.4.2004, S. 1.

Hochtechnologiesektor und der wissensbasierten Gesellschaft. Der EIF beteiligte sich mit 135 Mio. EUR an Risikokapitalfonds und gewährte Garantien für KMU-Finanzierungen im Gesamtbetrag von 2,2 Mrd. EUR.

## **5. BEWERTUNG**

### ***Halbzeitbewertung der Programme des Planungszeitraums 2000-2006***

Gemäß Artikel 42 der Verordnung (EG) Nr. 1260/1999 mussten die Mitgliedstaaten der Kommission bis 31. Dezember 2003 einen Bericht über die Halbzeitbewertung vorlegen, deren Qualität und Relevanz die Kommission zu prüfen hatte. Diese Arbeiten wurden von der Kommission in Zusammenarbeit mit den Verwaltungsbehörden vorgenommen.

Die Prüfung der Berichtsentwürfe ergab im Wesentlichen, dass praktische Recherchen vor Ort, eine klare Darstellung der materiellen und finanziellen Daten sowie klar fundierte Schlussfolgerungen und praktische Empfehlungen erforderlich sind. Die Qualität der vor Jahresende eingereichten Berichtsentwürfe und Abschlussberichte war im Vergleich zu den vorangegangenen Bewertungen deutlich besser. Der Jahresbericht für 2004 wird eine umfassende Analyse der Bewertungsergebnisse enthalten.

### ***Bewertung der Programme und Gemeinschaftsinitiativen des Planungszeitraums 1994-1999***

Zwei Studien haben ergeben, dass die Strukturfondsinterventionen in den Ziel-1- und Ziel-2-Regionen signifikante positive Auswirkungen haben. Ferner wurde in diesen Studien festgestellt, dass die F&E-Tätigkeiten in den Ziel-1-Regionen und die Maßnahmen im Rahmen der Strategie von Lissabon in den Ziel-2-Regionen mehr gefördert werden sollten.

### ***Halbzeitüberprüfung der Einhaltung des Zusätzlichkeitsprinzips***

Durch das Zusätzlichkeitsprinzip wird vermieden, dass die Gemeinschaftsmittel an die Stelle der zuschussfähigen nationalen öffentlichen Ausgaben in denselben Interventionsbereichen treten. Gemäß Artikel 11 der Verordnung (EG) Nr. 1260/1999 überprüft die Kommission zur Halbzeit des Programmplanungszeitraums 2000-2006 die Einhaltung dieses Prinzips. Diese Überprüfung hat ergeben, dass das Zusätzlichkeitsprinzip in acht Mitgliedstaaten (B, E, FIN, GR, NL, PT, A, S) eingehalten wurde, in drei anderen (D, I, IRL) dagegen nicht. Nachdem sie jeden Fall einzeln untersucht hatte, hielt die Kommission es jedoch nicht für erforderlich, das Ausgabenziel für den restlichen Planungszeitraum herunterzuschrauben, da diese Mitgliedstaaten noch genügend Zeit hatten, um den Rückstand aufzuholen. Zwei Mitgliedstaaten (F, UK) haben die erforderlichen Informationen für die Überprüfung nicht fristgerecht geliefert.

## **6. KONTROLLEN**

### ***OLAF***

Im Rahmen seiner Ermittlungen hat das OLAF 2003 13 Kontrollbesuche in den Mitgliedstaaten durchgeführt. Sechs dieser Kontrollbesuche betrafen Kontrollen und Überprüfungen vor Ort durch die Kommission zum Schutz der finanziellen Interessen der EG vor Betrug und Unregelmäßigkeiten. Die sieben anderen Besuche dienten zur Unterstützung der nationalen Verwaltungsbehörden oder Gerichtsbehörden.

Acht Besuche betrafen den ESF (vier davon Fälle, die 2003 eingeleitet worden waren und vier in den Vorjahren eingeleitete Fälle). Drei Besuche betrafen den EFRE und galten Fällen, die in den Jahren 2000, 2002 und 2003 eingeleitet worden waren. Ein den EAGFL-Ausrichtung betreffender Besuch und ein das FIAF betreffender Besuch bezogen sich auf 2003 eingeleitete Fälle. Bei den Ermittlungen wurden Fälle von falscher Rechnungslegung und falschen Ausgabenerklärungen im Zusammenhang mit fehlenden Belegen aufgedeckt.

Des Weiteren haben die Mitgliedstaaten der Kommission gemäß der Verordnung (EG) Nr. 1681/1994 für das Jahr 2003 2439 Fälle von Unregelmäßigkeiten mitgeteilt, die einen Betrag in Höhe von insgesamt 340 173 487 EUR betrafen. Gegenüber dem Jahr 2002 haben sich die Zahl der mitgeteilten Unregelmäßigkeiten und der betroffene Betrag um etwa die Hälfte verringert.

### ***EFRE***

2003 konzentrierte sich die Prüftätigkeit auf zwei Prioritäten. Erste Priorität war die Prüfung der gemäß Artikel 8 der Verordnung (EG) Nr. 2064/1997 beim Abschluss der EFRE-Programme des Zeitraums 1994-1999 erstellten „Gültigkeitsvermerke“. Geprüft wurden 744 Vermerke, d.h. praktisch sämtliche Programme. 229 der Vermerke wurden abgelehnt, weil zusätzliche Kontrollen verlangt wurden oder weil ergänzende Informationen erforderlich waren. Zweite Priorität war die Prüfung der Ausgabenmeldungen der Mitgliedstaaten für den Programmplanungszeitraum 1994-1999. Dabei werden eine Stichprobe von durch die Mitgliedstaaten ausgewählten Programmen und die Konformität und Zuschussfähigkeit der von den Mitgliedstaaten gemeldeten Ausgaben durch die Kontrolle einer repräsentativen Anzahl von Projekten geprüft. Für 17 Programme in zwölf Mitgliedstaaten wurden 36 Kontrollbesuche durchgeführt.

### ***EAGFL***

Wie beim EFRE konzentrierte sich die Prüftätigkeit auf die Gültigkeitsvermerke. Von 381 Vermerke wurden 360 geprüft und davon 226 akzeptiert. Zweite Priorität war die Prüfung der Verwaltungs- und Kontrollsysteme der Mitgliedstaaten für den Programmplanungszeitraum 2000-2006. Ende 2003 war die Systemprüfung bei 100 von insgesamt 144 Programmen erfolgt. Bei 33 dieser 100 geprüften Programme wurde eine Vor-Ort-Kontrolle vorgenommen.

### ***ESF***

2003 standen im Mittelpunkt die Modernisierung der Auditverfahren des ESF, insbesondere die Ausarbeitung einer mehrjährigen Prüfstrategie, die sich auf eine quantifizierte Risikoanalyse stützt, und der Beginn der Tätigkeiten im Zusammenhang mit der Erweiterung (Prüfungen der Systeme in den neuen Mitgliedstaaten). Für den Programmplanungszeitraum 2000-2006 wurden 34 Kontrollbesuche durchgeführt, die eine praktische Vor-Ort-Überprüfung der von den Mitgliedstaaten gelieferten Systembeschreibungen ermöglichten (Artikel 5 der Verordnung (EG) Nr. 438/2001). Darüber hinaus fanden drei Kontrollen für den Abschluss des Planungszeitraums 1994-1999 statt.

### ***FIAF***

2003 wurden insgesamt 14 Kontrollbesuche vorgenommen. Acht Kontrollbesuche betrafen den Abschluss der Programme des Planungszeitraums 1994-1999 in sieben Mitgliedstaaten, drei die Prüfung der Verwaltungs- und Kontrollsysteme für den

Programmplanungszeitraum 2000-2006 in zwei Mitgliedstaaten und bei drei Kontrollbesuchen wurden in zwei Mitgliedstaaten gleichzeitig Prüfungen für den Abschluss und Systemprüfungen vorgenommen. Das Finanzvolumen der für den Abschluss geprüften Programme betrug 1,114 Mio. EUR und das der geprüften Verwaltungs- und Kontrollsysteme 814 Mio. EUR. 2003 wurden insgesamt 58 Strukturprojekte aus den beiden Programmplanungszeiträumen im Betrag von 18,2 Mio. EUR geprüft. Bei einer Gemeinschaftshilfe in Höhe von 1 Mio. EUR hat sich herausgestellt, dass kein Förderanspruch bestand, und ein noch festzulegender Betrag ist daher bei Abschluss der Programme der beiden betreffenden Mitgliedstaaten abzuziehen.

## 7. STELLUNGNAHMEN DER AUSSCHÜSSE

### *Ausschuss für die Entwicklung und Umstellung der Regionen*

In seiner Funktion als Verwaltungsausschuss befasste sich der Ausschuss für die Entwicklung und Umstellung der Regionen 2003 hauptsächlich mit zwei Dossiers: Zuschussfähigkeit (Änderung der Verordnung (EG) Nr. 1685/2000<sup>3</sup>) und Auslegung der Regel über die automatische Freigabe von Mittelbindungen, insbesondere in den Ausnahmefällen gemäß Artikel 31 der Verordnung (EG) Nr. 1260/1999.

### *Ausschuss des Europäischen Sozialfonds*

Der ESF-Ausschuss nahm 2003 an den Arbeiten zur Revision der Verordnung (EG) Nr. 1685/2003 über die Zuschussfähigkeit teil. Auch untersuchte er regelmäßig die Auswirkungen der europäischen Beschäftigungsstrategie auf die Durchführung des ESF.

### *Ausschuss für Agrarstrukturen und die Entwicklung des ländlichen Raums (STAR)*

Der STAR-Ausschuss trat 2003 neun Mal zusammen. Er gab befürwortende Stellungnahmen zu 38 Entwicklungsplänen für den ländlichen Raum gemäß Artikel 44 Absatz 2 der Verordnung (EG) Nr. 1257/1999 und zu 14 Änderungen von Entwicklungsplänen für den ländlichen Raum gemäß Artikel 4 der Verordnung (EG) Nr. 1268/1999 ab.

### *Ausschuss für Fischerei- und Aquakulturstrukturen*

Der Ausschuss wurde 2003 fünf Mal zu verschiedenen Themen (darunter die Revision der Verordnung (EG) Nr. 1685/2000) konsultiert.

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<sup>3</sup> Verordnung (EG) Nr. 1685/2000 der Kommission vom 28. Juli 2000 mit Durchführungsbestimmungen zur Verordnung (EG) Nr. 1260/1999 des Rates hinsichtlich der Zuschussfähigkeit der Ausgaben für von den Strukturfonds kofinanzierte Operationen, ABl. L 193 vom 29.7.2000, S. 39.

**TECHNICAL ANNEX TO THE 15<sup>TH</sup> ANNUAL REPORT ON IMPLEMENTATION OF  
STRUCTURAL FUNDS (2003)**

**Annex 1 – a general analysis of activity**

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## ANNEX 1 – A GENERAL ANALYSIS OF ACTIVITY

### 1. INTRODUCTION

2003 was marked by an acceleration in the implementation of the programmes, with significant progress made across them all. In all, 96% of payment appropriations available in 2003 for the programmes of the 2000-06 generation were used, up from 91% the previous year.

#### *Simplification*

Following the work begun in 2001 and 2002, 2003 saw the introduction of a number of measures to simplify implementation of the programmes financed by the Structural Funds. The Commission wished to respond positively to the Member States' request to ease the procedures and to facilitate the management and implementation of the appropriations. To this end, it decided to enter into dialogue with the national administrations through the Structural Funds Committees, with a view to identifying the extent and nature of the problems that needed solving. This work resulted in the Commission proposals put to the Member States in September 2002 in a document entitled "Note on the simplification, clarification, coordination and flexible management of the structural policies 2000-06". This document was discussed thoroughly in Brussels on 7 October 2002, when Mr Barnier, Ms Diamantopoulou and Mr Fischler met the Ministers responsible for regional policy in the 15 Member States. Following this meeting, the Commission worked in partnership with the national administrations in order to decide together on the improvements that could be made to the management of the structural policies. As a result of this work, on 24 April 2003 the Commission adopted the "Communication on the simplification, clarification, coordination and flexible management of the structural policies 2000-06" (C(2003) 1255).

Following adoption of this Communication, the impact of some of the measures in the "simplification package" was already clear in 2003. These included the measures on amending programmes, inspections, result and impact indicators and the performance reserve. Some Member States thus simplified their output, result and impact indicators (Italy and Greece in particular), by reducing their number and focussing on the most important ones. In the case of the allocation of the performance reserve, some Member States (Greece, Belgium, Finland, Spain and Portugal) used to good advantage the measures in the communication to simplify the list of indicators chosen for allocating the reserve.

The quantitative impact of the simplification measures on the mid-term review and the allocation of the performance reserve can be measured only in 2004, however, when those two particular tasks will have been completed. While it is too early to gauge the quantitative impact of this simplification, the qualitative impact of a more flexible decision-making process and the appreciable reduction in the time needed to amend the programmes and programme complements has had a beneficial effect on programme implementation by lessening the administrative burden on the authorities managing the programmes part-financed by the Structural Funds.

2. ASSESSMENT

2.1. Budgetary implementation

2.1.1. General overview

As Chart 1 shows, the commitment appropriations entered in the budget for 2003 are in line with the consolidation of the Structural Fund allocations as determined by the Berlin European Council.

**Chart 1: Commitment and payment appropriations entered in the budget<sup>4</sup> from 1994 to 2003 (€ million)**

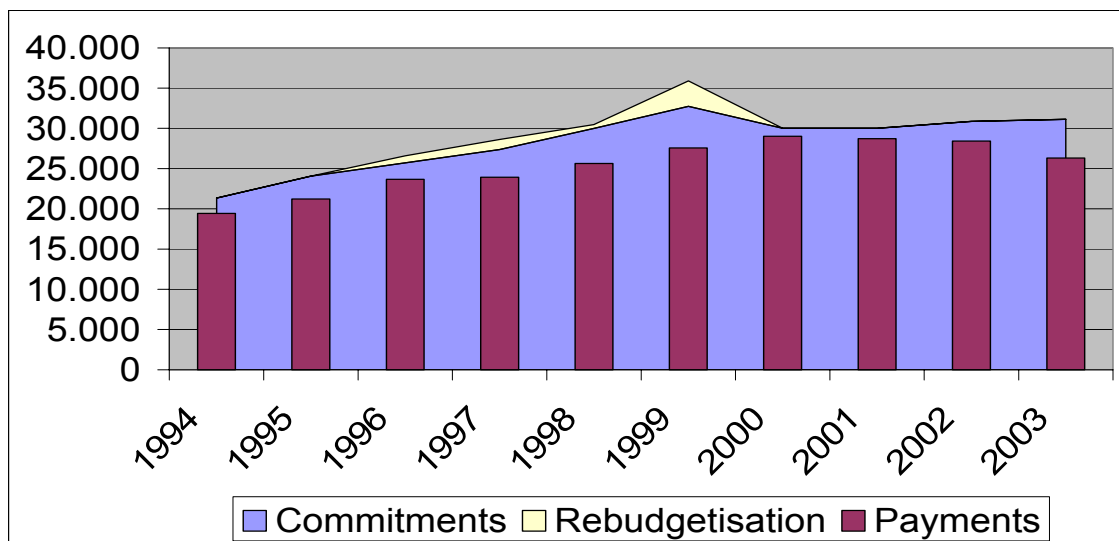
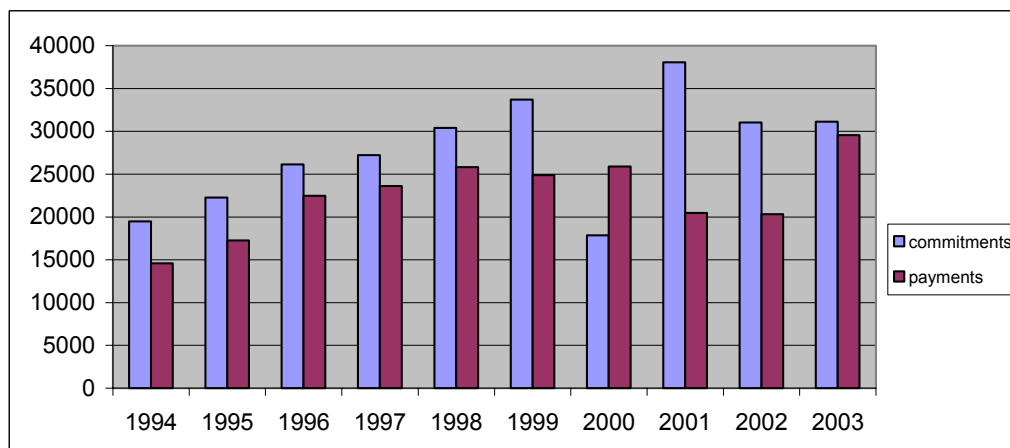


Chart 2 shows the actual implementation of commitments and payments (including the amounts carried forward) each year from 1994 to 2003.

**Chart 2: Commitments and payments (all types of appropriations from 1994 to 2003 (€ million)**



<sup>4</sup> Including all transfers during the year but excluding amounts carried over.



While the commitment profile of 2000 and 2001 was skewed by the delays in the adoption of the new programmes at the beginning of the 2000-06 programming period, in 2002 and 2003 the commitments were back to the normal annual instalment level corresponding to the Berlin profile.

Those delays (in the adoption of the programmes), as well as the slower than anticipated closure of the programmes of the pre-2000 period, were behind the low level of payments in 2001 and 2002 (around €20 billion). However, in 2003 the implementation of payments reached the highest level ever for the Structural Funds, amounting to €26.2 billion. This reflects some progress in the closure of the pre-2000 programmes, but essentially is due to good implementation of the 2000-06 programmes.

**Annex 4** contains a detailed table of outturn in commitments and payments.

### *2.1.2. Implementation in commitments*

In 2003 the commitment appropriations for the Structural Funds totalled €31 129 million, i.e. 91% of the appropriations for structural operations and 32% of the budget. On top of these budget appropriations, carryovers of €1 million brought the total appropriations available to €31 130 million.

Table 1 gives details of the appropriations available by Objective and by Fund, making a distinction between the appropriations entered in the budget and those carried over.

*Table 1: Appropriations available in 2003 (including any transfers)*

	ANNUAL APPROPRIATION					CARRYOVERS					TOTAL
	EAGGF	FIFG	ERDF	ESF	TOTAL	EAGGF	FIFG	ERDF	ESF	TOTAL	
Objective 1	2.755	392	13.426	4.895	21.468					0	<b>21.468</b>
<i>Peace</i> <sup>5</sup>	9	1	70	29	109					0	<b>109</b>
Objective 2			3.284	368	3.652					0	<b>3.652</b>
Objective 3				3.719	3.719					0	<b>3.719</b>
FIFG (outside Objective 1)		172			172					0	<b>172</b>
CI	354		1.003	510	1.866	0				0	<b>1.867</b>
M & TA	2	4	92	45	143			1		1	<b>143</b>
<b>TOTAL</b>	<b>3.120</b>	<b>569</b>	<b>17.875</b>	<b>9.566</b>	<b>31.129</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>31.130</b>

The appropriations available increased slightly relative to 2002, when the available appropriations totalled €30 868 million. As for the carryover of appropriations, the pattern of 2003 is back to normal (the carryovers of the preceding years, €8 226 million from 2000 to 2001, and €172 million from 2001 to 2002, were due to delays in the adoption of programmes in the first years of the 2000-06 programming period).

Table 2 gives details of implementation by Fund and by Objective. Commitments made total €31 109 million, practically 100% of the total available appropriations, as would be expected under the essentially automatic commitment procedures<sup>6</sup>; only €21 million in appropriations was not committed eventually. All appropriations carried over were committed.

This very high rate of utilisation reflects the fact that the vast majority of the programmes for the new period were adopted before the end of 2001. Small amounts under the Community Initiatives, innovative measures and technical assistance were not committed either in 2002 or 2003. Some €314 million in under-used appropriations in innovative measures was carried forward to 2004.

<sup>5</sup> Peace is an Objective 1 programme in the United Kingdom

<sup>6</sup> Each of the annual instalments entered in the financing tables for the programmes is committed at the start of the year with no requirement beyond the initial Commission decision. Therefore, after adoption of the programmes, total or near-total utilisation of commitments is to be expected

*Table 2: Implementation of the commitments in 2003*

	ANNUAL APPROPRIATION					CARRYOVERS					TOTAL
	EAGGF	FIFG	ERDF	ESF	TOTAL	EAGGF	FIFG	ERDF	ESF	TOTAL	
Objective 1	2.755	392	13.426	4.895	21.468					0	<b>21.468</b>
<i>Peace</i>	9	1	70	29	109					0	<b>109</b>
Objective 2			3.284	368	3.652					0	<b>3.652</b>
Objective 3				3.719	3.719					0	<b>3.719</b>
FIFG (outside Objective 1)		172			172					0	<b>172</b>
CI	347		1.003	504	1.854	0				0	<b>1.854</b>
M & TA	1	3	92	39	135			1		1	<b>136</b>
<b>TOTAL</b>	<b>3.112</b>	<b>568</b>	<b>17.875</b>	<b>9.554</b>	<b>31.108</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>31.109</b>
%	100%	100%	100%	100%	100%	100%		100%		100%	100%

The automatic commitment rules do not apply in practice to Chapter B2-16 (Innovative measures and technical assistance), where new decisions are taken each year. That said, the utilisation rate for these instruments was again very good, even if it has slightly decreased when compared with the two previous years (96% in 2001, nearly 100% in 2002 and 94.5% in 2003).

### 2.1.3. Implementation in payments

#### a) Overview

The storyline of the 2003 budget implementation is best illustrated by Chart 3. It shows that the under-utilisation of payments, which used to be one of the most distinctive features of Structural Funds implementation both in absolute amounts and in relative terms, has taken a very significant turn for the better in 2003. The overall level of under-utilisation has fallen to 11% from last year's 29%<sup>7</sup>. While this is due in part to more pro-active budget management, it is also a direct consequence of the good progress of the programmes on the ground. This is suggested by the headline increase in the absolute amount of payments: €26 243 million<sup>8</sup>, up from €20 312 million in 2003, an increase of almost 30%.

<sup>7</sup> This trend is similar to the one in the earlier programming period, where the first two years (1994 and 1995) were also marked by substantial under-utilisation, especially when measured in relative terms

<sup>8</sup> Over €1 billion in acceptable payment claims were received after 31 October in 2003 and only paid out in 2004 – these are not accounted for here. While the Commission endeavours to settle payment claims

**Chart 3: Under-utilisation of payment appropriations from 1994 to 2003**

(Left-hand scale: absolute amounts in million, and right-hand scale: relative rate)

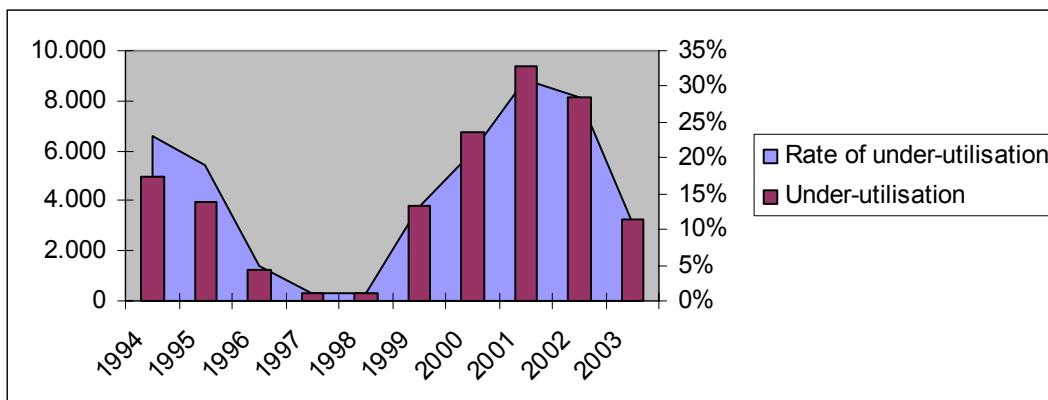


Table 3 shows the payment appropriations available by Chapter and by Fund (all appropriations together). A distinction is made between appropriations for payments on programmes in the current period 2000-06 and payment appropriations for programmes from earlier periods. The appropriations available totalled €29 554 million<sup>9</sup>.

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received after 31 October before the end of the year, this is not always possible. Article 32(3)(f) of Regulation (EC) No 1260/1999 requires Member States to present their interim payment claims to the Commission in batches three times a year, the last application being presented no later than 31 October. Member States are also requested to include any payment claims to be presented after the 31 October of any year in their payment forecasts for the following year

<sup>9</sup>

The appropriations in the initial budget amounted to €33 688 million (of this amount, €3 254 million for the payment of earlier programmes had been carried over from 2002). Over the year, a net transfer of appropriations reinforced the Structural Funds budget by €866 million. Unavoidable delays in settling many of the final payment claims for the earlier programmes, the bulk of which were received, often incomplete, just before the final deadline of 31 March 2003, led to deducting from the budget, in amending budget No 6, €5 billion of the associated appropriations.

**Table 3: Payment appropriations available (all appropriations together and including transfers)<sup>10</sup>**

	NEW PROGRAMMES					OLD PROGRAMMES	TOTAL
	EAGGF	FIFG	ERDF	ESF	TOTAL		
Objective 1	2.167	430	10.513	3.739	<b>16.849</b>	3.091	<b>19.940</b>
Peace	13	1	78	3	<b>95</b>		<b>95</b>
Objective 2			2.569	253	<b>2.822</b>	1.128	<b>3.950</b>
Objective 3				2.925	<b>2.925</b>	502	<b>3.427</b>
FIFG (outside Objective 1)		138			<b>138</b>	156	<b>293</b>
CI	146		264	243	<b>653</b>	1.032	<b>1.686</b>
M & TA	3	3	70	36	<b>113</b>	49	<b>162</b>
<b>TOTAL</b>	<b>2.329</b>	<b>572</b>	<b>13.494</b>	<b>7.199</b>	<b>23.595</b>	<b>5.959</b>	<b>29.554</b>

The outturn (see table 4 below) is €26 243 million, or 89%, leaving €3 311 million unused, most of which involves earlier programmes (all Objectives combined). In fact, the amount unused in the earlier programmes (€2 431) accounts for 73% of the total surplus<sup>11</sup>. Seen another way, this means that 96% of the payment appropriations available for the 2000-06 programmes was used, which is a significant departure from the under-implementation of recent years, and indeed the major highlight of implementation in 2003.

Overall budget implementation was best for Objective 1 (95%). The implementation of Objective 2 shows quite an improvement - to 91% of the available appropriations (48% in 2002). The Community Initiatives are still lagging behind, with an implementation rate of only 48%.

Relative to 2002, the 2003 performance improvement extended beyond the 2000-06 programmes. There was also a significant improvement in the payments for the earlier programmes, which increased from €1 174 million to €3 528 million. However, it has not been possible to clear most of the outstanding commitments for the earlier programmes in 2003, as had been planned. This was because the bulk of the associated final payment claims was received just before the final deadline of 31 March 2003, and this extreme concentration of payment claims, together with the fact that many of them

<sup>10</sup> Most of the "completion of earlier programmes" lines and the Peace line are shared between a number of Funds, with no specific budget appropriation voted by the budgetary authority for the different Funds; hence their inclusion in the table as an aggregate figure

<sup>11</sup> An amount of €61 million of unused appropriations in the earlier programmes was carried forward to 2004.

did not include all the required supporting documentation, slowed down the payments procedure. Thus the Commission was unable to pay in 2003 all the final payment claims received for the earlier programmes, and €5 billion of the associated payment appropriations was deducted from the budget in Amending Budget No 6. It is expected that the outstanding commitments for these programmes will be cleared in 2004, save for the small amounts associated with cases undergoing legal proceedings.

***b) Analysis by Objective and by Fund***

Table 4 gives a breakdown of outturn by Objective and by Fund. The rates of implementation relative to available appropriations are shown in the last column and row.

***Table 4: Payments in 2003***

	NEW PROGRAMMES					OLD PROGRAMMES	TOTAL	%
	EAGGF	FIFG	ERDF	ESF	TOTAL			
Objective 1	2.167	401	10.512	3.693	<b>16.773</b>	2.166	<b>18.939</b>	<b>95,0%</b>
<i>Peace</i>			44	2	<b>46</b>		<b>46</b>	<b>48,4%</b>
Objective 2			2.569	233	<b>2.802</b>	785	<b>3.587</b>	<b>90,8%</b>
Objective 3				2.415	<b>2.415</b>	133,5	<b>2.548</b>	<b>74,4%</b>
FIFG (outside Objective 1)		87			<b>87</b>	89	<b>176</b>	<b>60,1%</b>
CI	88		243	162	<b>492</b>	309	<b>801</b>	<b>47,5%</b>
M & TA	2	2	70	26	<b>99</b>	46	<b>145</b>	<b>89,5%</b>
<b>TOTAL</b>	<b>2.257</b>	<b>490</b>	<b>13.438</b>	<b>6.531</b>	<b>22.715</b>	<b>3.528</b>	<b>26.243</b>	
%	97%	86%	100%	91%	96%	59%	89%	

Significant progress in budgetary implementation was achieved in 2003, across all Objectives and programming periods. The overall implementation rate across all programmes (89%) was considerably higher than in 2002, when it stood at 71%. The new programmes reached an implementation rate of 96%, although the Peace programme, where no payments were made last year, consumed only 48% of its appropriations in 2003 due to delays caused by the negotiation of a new decision and corresponding programme complement.

Table 5, comparing payment rates in 2002 and 2003, illustrates this situation clearly.

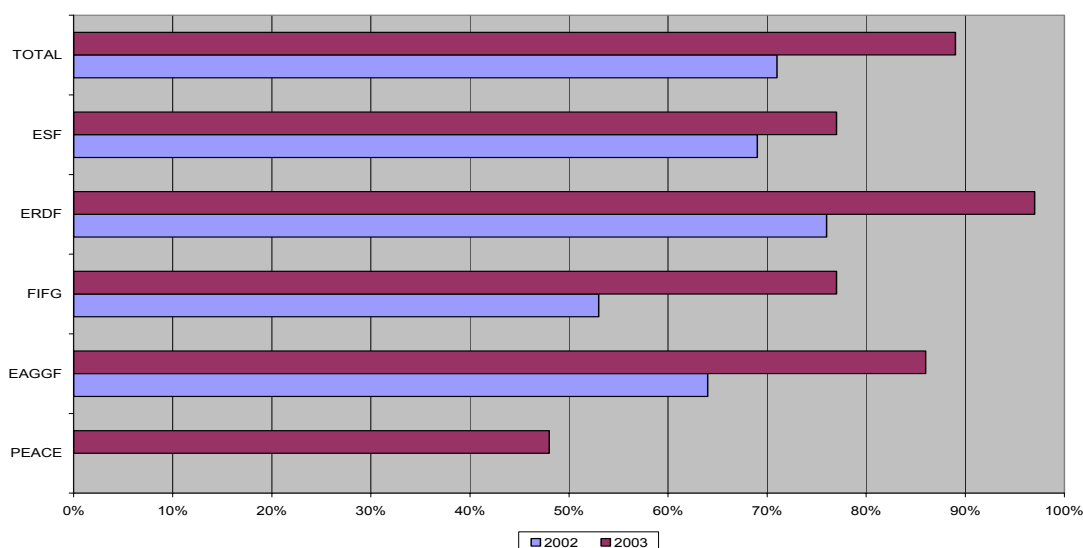
**Table 5: Comparison of payment rates in 2002 and 2003**

	2002			2003		
	old	new	total	old	new	total
Objective 1	18%	96%	<b>82%</b>	70%	99%	<b>95%</b>
Objective 2	15%	77%	<b>48%</b>	70%	99%	<b>91%</b>
Objective 3	0%	84%	<b>72%</b>	27%	83%	<b>74%</b>
Ex-obj 5a/ FIFG						
(out. Obj. 1)	33%	54%	<b>41%</b>	57%	63%	<b>60%</b>
CI	12%	52%	<b>25%</b>	30%	75%	<b>48%</b>
IM & TA	56%	91%	<b>76%</b>	94%	88%	<b>90%</b>
<b>TOTAL</b>	<b>16%</b>	<b>91%</b>	<b>71%</b>	<b>59%</b>	<b>96%</b>	<b>89%</b>

In terms of Objectives, programme implementation for Objectives 1 and 2 stands out as excellent. This is to be contrasted with the considerably lower implementation of the programmes under former Objective 5(a)/FIFG (outside Objective 1) and the Community Initiatives, which lag considerably behind the implementation of the main programmes. The implementation of programmes from earlier periods has remained very poor in the case of Objective 3 and the Community Initiatives.

Chart 4 compares utilisation by Fund in 2002 and 2003, including that relating to the “completion of old programmes” lines. The ERDF is still the best at implementation, but there were significant improvements across all Funds.

**Chart 4: Utilisation rate by Fund in 2002 and 2003**



### **c) Analysis of under-utilisation in 2003**

The under-utilisation in 2003 was mainly due to the earlier programmes. Table 6 summarises the outturn. Budgetary implementation issues clearly differ between the programmes of the earlier periods and those of the current period, so justifying a separate analysis.

**Table 6: Payments on old and new programmes**

	Appropriations available	Outturn	%
Old programmes	5.959	3.528	59%
New programmes	23.595	22.715	96%
<b>Total</b>	<b>29.554</b>	<b>26.243</b>	<b>89%</b>

(\*) Appropriations available are after transfers and Amending Budgets in the course of the year

*Payments on old programmes*

Only €3 528 million was paid out of €11 023 million of payment appropriations initially available. The actual payments for the year were quite low, particularly given that the appropriations available corresponded to the amounts Member States had forecast they would claim before the final deadline for the presentation of final payment claims for this programming period.

The reasons for the low outturn are twofold. First, the bulk of the final payments claims were received just before the final deadline of 31 March 2003. Second, many payment claims lacked the required supporting documentation. This slowed down considerably the final payments and closure of the programmes. The Commission reacted quickly, proposing in the autumn an amending budget to return to the budget €5 billion in payment appropriations that could not be used in 2003 (eventually adopted by the budgetary authority in December as Amending Budget No 6). Decommittments of outstanding commitments amounted to €2 848 million (the 1994-99 rules had no "n+2" or similar clause, meaning that the bulk of decommitments associated with unexecuted programmes occurs at the end of the programming period, at the closure of the programmes). Thus the outstanding commitments at the end of 2003 stood at €9.2 billion, 59% below the level of outstanding commitments at the end of 2002 (€15.6 billion).

The Commission now expects to clear the bulk of these outstanding commitments in 2004, either through final payments or decommitments. This will necessitate a significant increase in the relevant appropriations in the 2004 budget, originally intended only for programmes undergoing legal proceedings.

*Payments on programmes for the 2000-06 period*

From an allocation of €23.6 billion, €22.7 billion, i.e. 96% of the appropriations available, were paid. In 2002, only some €400 million of the total payments made were payments on account (for programmes whose adoption was delayed to late 2001 or 2002). In 2003, the payments on account amounted to €17.9 million. All of these payments were made to Community Initiative programmes (Interreg, Urban and Leader+).

The implementation of new programmes on the ground has continued to pick up strongly in 2003. That said, the budgetary implementation of payments is still lagging behind original expectations for the programmes in this period. This is illustrated in Table 7, which compares actual implementation with the assumptions implicit in the original financial perspective. At the end of 2003, accumulated payments are trailing initial expectations by around €20 billion.



The “backlog” of payments in relation to the estimates contained in the financial perspective has again increased in 2003. However, the annual increase of the backlog has been lower than in the two preceding years.

**Table 7: Comparison between assumptions in financial perspective, budgets and budget outturn**

€ billion	2000	2001	2002	2003	TOTAL
Financial Perspectives	9,2	19,6	25,6	27,6	82,0
-of which, payments on account	8,0	6,0	0,0	0,0	14,0
-of which, reimbursements	1,2	13,6	25,6	27,6	68,0
Outturn	5,9	14,7	19,2	22,7	62,5
-of which, payments on account	5,9	7,7	0,4	0,0	14,0
-of which, reimbursements	0,0	7,0	18,8	22,7	48,5
Differences vis-à-vis FP	-3,3	-4,9	-6,4	-4,9	-19,5
-of which, payments on account	-2,1	1,7	0,4	0,0	0,0
-of which, reimbursements	-1,2	-6,6	-6,8	-4,9	-19,5

The schedules on which the financial perspective and the first budgets were based have not been able to account fully for the time lags caused by the new payments rules. In the current programming period, after the initial payment on account, interim payments are based on the reimbursement of actual expenditure on the ground. However, programmes have taken off at a slower rate than originally anticipated, which is probably linked to the trough in the economic cycle that started in 2001.

This led the Commission, with the support of the budgetary authority, to revise payment appropriations downward to accommodate the slower than expected progress of the programmes in the new period. Table 7A illustrates this point.

**Table 7A – Differences between (original) Financial Perspective and Budgets**

billion €	2001	2002	2003	2004
F P	19,6	25,6	27,6	30,2
B u d g e t s	21	21,1	23,6	26,3

Budget 2001 was the only one above the financial perspective assumption. However, this was entirely due to the initial delays in the adoption of many programmes, and consequently in the disbursement of substantial payments on account in 2001 rather than in 2000. The total payment on account for the new period is some €14 billion, of which only €5.9 billion was paid in 2000. This left payments on account of €8.1 billion for 2001. Deducting this from the budget, the budget for interim payments (disbursements) was already lower than the one implicit in the original financial perspective (€12.9 billion against €13.6 billion).

The relaxation of the macro-economic constraints will probably mean that the forthcoming period will be marked by better financial implementation of the programmes. This expectation has already been reflected, to some extent, in the 2004 budget. The Preliminary Draft Budget for 2005 should confirm this trend.

2003 was also the first (real<sup>12</sup>) year of application of the N+2 rule on decommitments.

*d) Transfers made in 2003*

A few transfers were proposed by the Commission in 2003 and accepted by the budgetary authority (see table 8). There were no transfers in commitment appropriations, but relatively significant transfers of payment appropriations were made.

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<sup>12</sup> We say "real" because the advance payments made in 2000 and 2001 cancelled out to a significant extent the practical impact of the rule at the end of 2002

**Table 8: Transfers between the Structural Funds in 2003**

<b>Transfers 2003 in the Structural Funds In Euro</b>		Commitment appropriation	% of initial budget	Payment appropriation	% of initial budget	To/From
<b>Budgetary Authority transfers (decision)</b>						
Innovative measures & technical assistance	B2-164			-189.051	-0,22%	To : B2-602 : Completion of other regional measures
Financial Instrument for Fisheries Guidance (FIFG) - Obj. 1	B2-101			135.400.000	45,91%	
European Regional Development Fund (ERDF) - Obj. 1	B2-102			1.500.000.000	16,64%	From Internal Policies (340 Meur) and from External Actions (175.4 Meur)
European Social Fund (ESF) - Obj. 1	B2-103			-200.000.000	-5,19%	
European Social Fund (ESF) - Obj. 2	B2-111			-50.000.000	-16,53%	
Community initiative - Interreg III	B2-1410			-370.000.000	-65,69%	
Community Initiative - Equal Cohesion Fund	B2-142 B2-300			-150.000.000 -350.000.000	-38,15% -13,21%	
	<b>TOTAL</b>			<b>0</b>		
<b>Other transfers</b>						
			%		%	
European Regional Development Fund (ERDF) - Obj. 1	B2-102	-15.420.000	-0,11			To: Obj1/ESF +0,31%
European Social Fund (ESF) - Obj.2	B2-111	-699.500	-0,18			To: Obj2/ERDF +0,02%
IM & TA (ESF)	B2-1630	-1.422.265	-3,02			To: IM & TA (Earlier progr)
European Social Fund (ESF) - Obj.2	B2-111	-631.968	-0,16			To: Obj2/ERDF +0,02%
IM & TA (ERDF)	B2-162	-34.435	-0,04			To: IM & TA (Earlier progr)
IM & TA (ERDF)	B2-164			-10.000.000	-15,7	To: IM & TA (ERDF) +19,9%
IM & TA (ESF)	B2-1630	-218.201	-0,46			To: IM & TA (Earlier progr)
IM & TA (ERDF)	B2-164			-10.000.000	-24,1	To: IM & TA/ERDF +19,9%
IM & TA (EAGGF)	B2-160	-3.400.000	-68,7			To: IM & TA (ERDF) +3,9%
European Social Fund (ESF) - Obj.1	B2-103	-16.499.378	-0,34			To: Obj1/ERDF +0,12%
European Social Fund (ESF) - Obj.2	B2-111	-14.927.919	-3,88			To: Obj2/ERDF +0,46%
IM & TA (ERDF)	B2-164			-102.900	-0,2	To: IM & TA (ERDF) +0,2%
European Social Fund (ESF) - Obj.1	B2-103			89.000.000	2	From: PEACE/ESF 45.000.000 Earlier programmes Obj1 44.000.000
European Social Fund (ESF) - Obj.2	B2-111	-255.530	-0,07			To: Obj2/ERDF +0,01%

The transfer from the Interreg Community Initiative accounts for 66% of its initial payments budget, which again illustrates its poor budget implementation in 2003. The transfer of payment appropriations from the Equal Community Initiative was also quite significant (38% of its initial budget).

The transfer to the Financial Instrument for Fisheries Guidance (FIFG) – Objective 1 was almost 46% of its initial budget. ERDF Objective 1 received the highest transfer amount, €1.5 billion representing 17% of its initial budget. Part of this amount, €515.4 million, was funded by transfers from outside the Structural Funds (Internal Policies and External Actions). However, most transfers were made between the different Structural Funds budget lines.

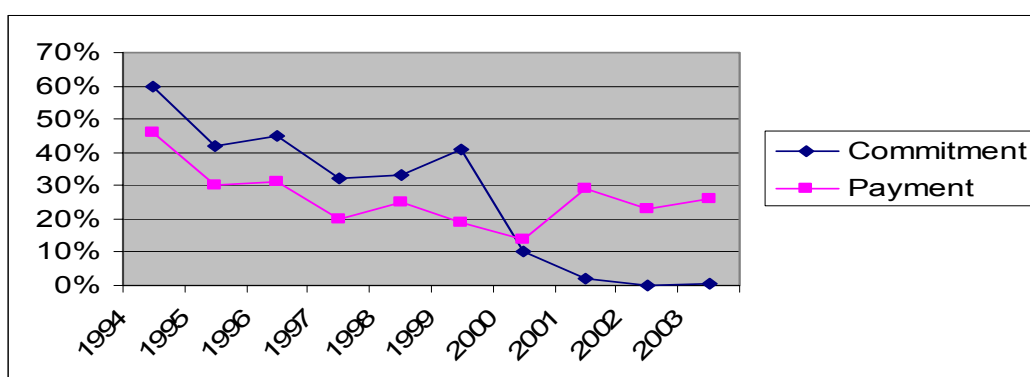
The Commission also made some transfers within Structural Funds budget chapters (see Table 8). These reflect inevitable but relatively minor budget adjustments during the year.

#### 2.1.4. End-of-year concentration

Structural Funds implementation is typically concentrated at the end of the budget year. As regards commitments, this concentration has virtually disappeared in the 2000-06 programming period. Indeed, under the Structural Funds Regulation for the new period, commitments are made by 30 April each year, i.e. almost automatically after the annual instalments decided for each adopted programme. As regards payments, improvements are still needed.

Chart 5 illustrates the point. It shows that the end-of-year concentration for commitments did disappear. However, it also shows that the concentration in payments has not changed much since 1996. From 2002 to 2003 there was even a slight increase in the clustering of payments in December.

**Chart 5: Concentration of commitment and payment appropriations in December (percentage implemented in December)**

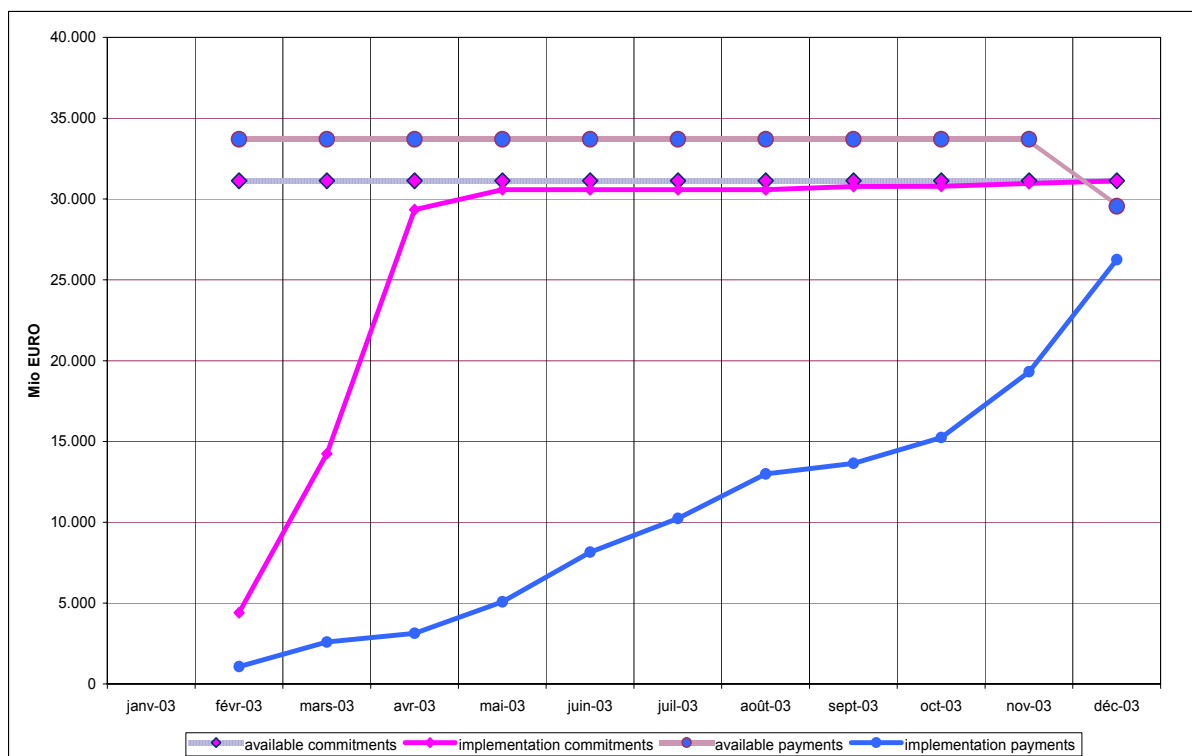


The monthly implementation pattern in Chart 6 offers a more comprehensive view. Again, that chart illustrates clearly that commitments are now made in the first four months of the year.

As for payments, the chart shows the obvious concentration in the last months of the year – half of the payments are made after August and over one-quarter are made in

December. For the 2000-06 programmes, Member States are invited to group their payment applications in three batches over the year with the last application to be sent, in accordance with Article 32(3) of Regulation (EC) No 1260/1999, by 31 October each year. The pattern of actual payments suggests that this procedure has been followed in a less than smooth way<sup>13</sup>. A more regular batching of payment claims is desirable in the interests of a more efficient payments profile.

**Chart 6: Monthly implementation pattern in 2003 (€ million)**



### 2.1.5. Implementation by Member States

Chart 7 shows the commitments and payments made in 2003 by Member State (all appropriations combined).

Because of the cross-border nature of some operations for which there is often a single accounting commitment per programme (Interreg, Peace, Border regions), commitments and payments in these operations cannot be allocated to a specific Member State in the accounts, hence the existence of the “other” column in the chart. Certain technical assistance operations are similarly not attributable to a Member State.

For Spain and Portugal, and to a lesser extent, Austria and Sweden, the volume of payments in 2003 nearly exceeded the volume of commitments, with a corresponding absolute decrease in outstanding commitments. For Finland, payments were equal to new commitments. It is interesting to note that it was the first time, after the beginning of the 2000-06 programming period, that outstanding commitments decreased for some

<sup>13</sup> Indeed, in many cases the Commission has received payment claims of quite significant amounts after October (which it has striven to pay as quickly as possible)

Member States, which confirms previous observations that implementation in 2003 improved significantly over previous years.

*Chart 7: Commitments and payments in 2003 by Member State*

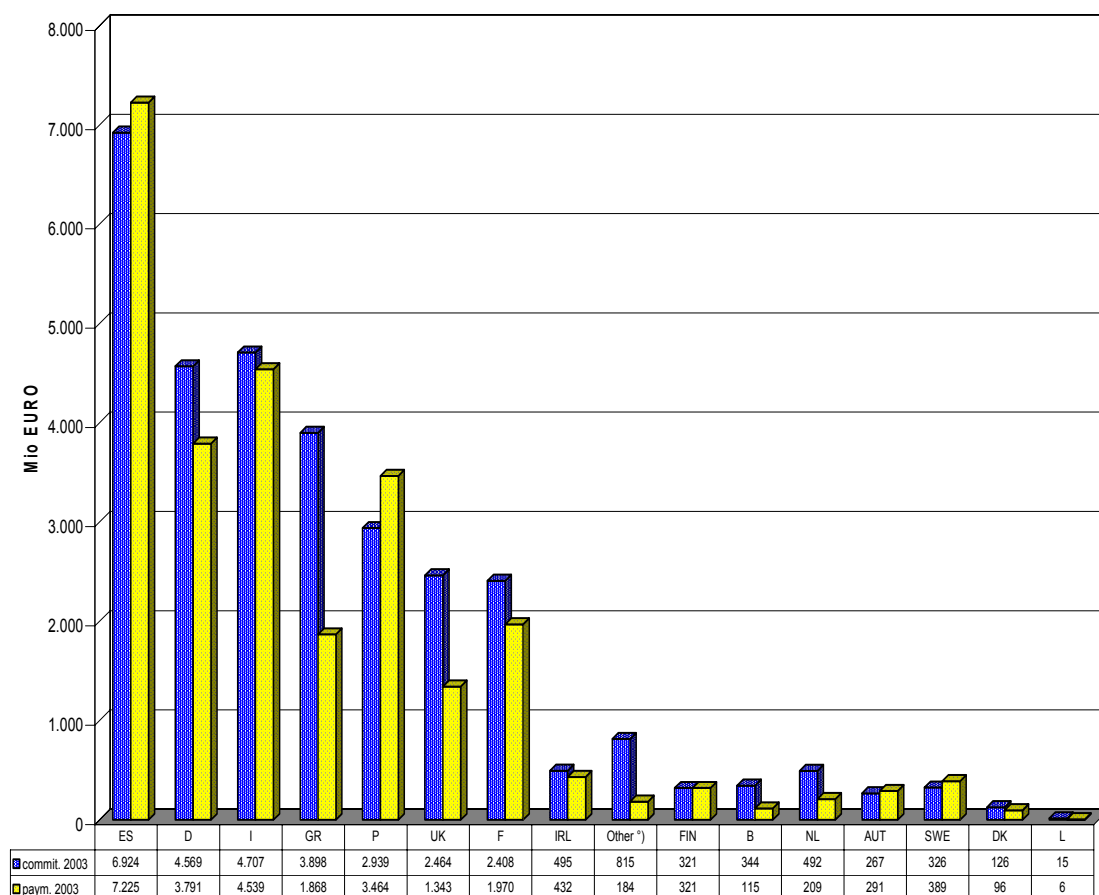
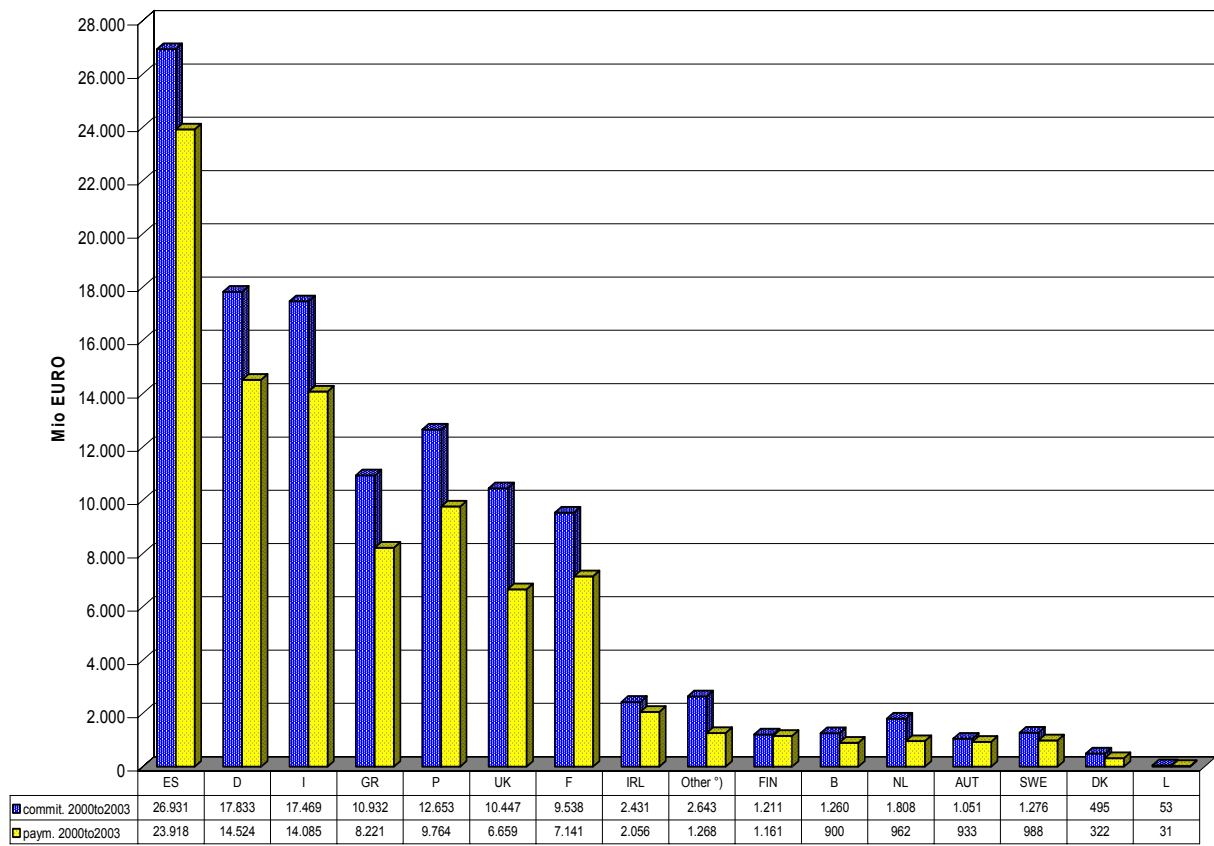


Chart 8, which shows total commitments and payments from the beginning of the 2000-06 period, provides a more realistic picture of the current relative weight of the different Member States in the Structural Funds.

**Chart 8: Commitments and payments from 2000 to 2003 by Member State  
(€ million)**



Looking at payments, Spain has by far the largest share, accounting for one quarter of total payments. Spain, Germany, Italy, Portugal and Greece, the five biggest shares in order of rank, absorb three quarters of all payments.

While this information is undoubtedly useful, it cannot be used to analyse the relative performances of individual Member States in the implementation of the Structural Funds programmes. The annual amount of commitments and payments for a given Member State depends directly on the share of that Member State in the Structural Fund allocations or the outstanding commitments. The analysis of the relative performance in implementation should therefore be made by reference to the country's allocation<sup>14</sup> (though the difference, in relative terms, between commitments and payments also suggests how effective Member States have been in implementing the programmes on the ground<sup>15</sup>).

<sup>14</sup> See the section of the report dedicated to the 2000-06 programming period for this analysis

<sup>15</sup> Note however that payments include all payments, including those for the programmes from previous periods, while most commitments are for the 2000-06 programmes. Thus the relative gap between commitments and payments is only a rough yardstick of effectiveness.

## 2.2. Programme implementation

### *The main areas of assistance and the contribution of the Structural Funds to the Lisbon and Gothenburg Strategy*

The European Council held in Lisbon on 23-24 March 2000 defined a new strategic objective for the European Union in the coming decade of becoming “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”. In June 2001, the European Council adopted in Gothenburg a sustainable development strategy for the EU. The sustainable development strategy is a response to the political commitments of the Lisbon strategy to achieve sustainable development.

In the long term the Lisbon Strategy and the Structural Funds have converging objectives. Growth and greater economic and social cohesion are in fact two sides of the same coin. The main link between the Structural Funds as a financial instrument and the Lisbon Strategy is that the Structural Funds provide joint financing of investments in areas which are priorities of the Lisbon Strategy. In addition, the Structural Funds provide a decentralised framework for delivering these policies. In this regard they stimulate the development of institutional and administrative capacities at the regional and national level, which also contributes to the achievement of the Lisbon targets. This important contribution of the Structural Funds to the Lisbon priorities will become more apparent after EU enlargement.

Structural Funds assistance has been codified into identifiable sectors<sup>16</sup>. These sectors are grouped into three major categories, each of which accounts for about a third of all Structural Funds programming. The breakdown below has been established on the basis of the programme complements:

Basic Infrastructure 33.1%

Productive Environment 32.6%

Human Resources 31.5%

to which must be added

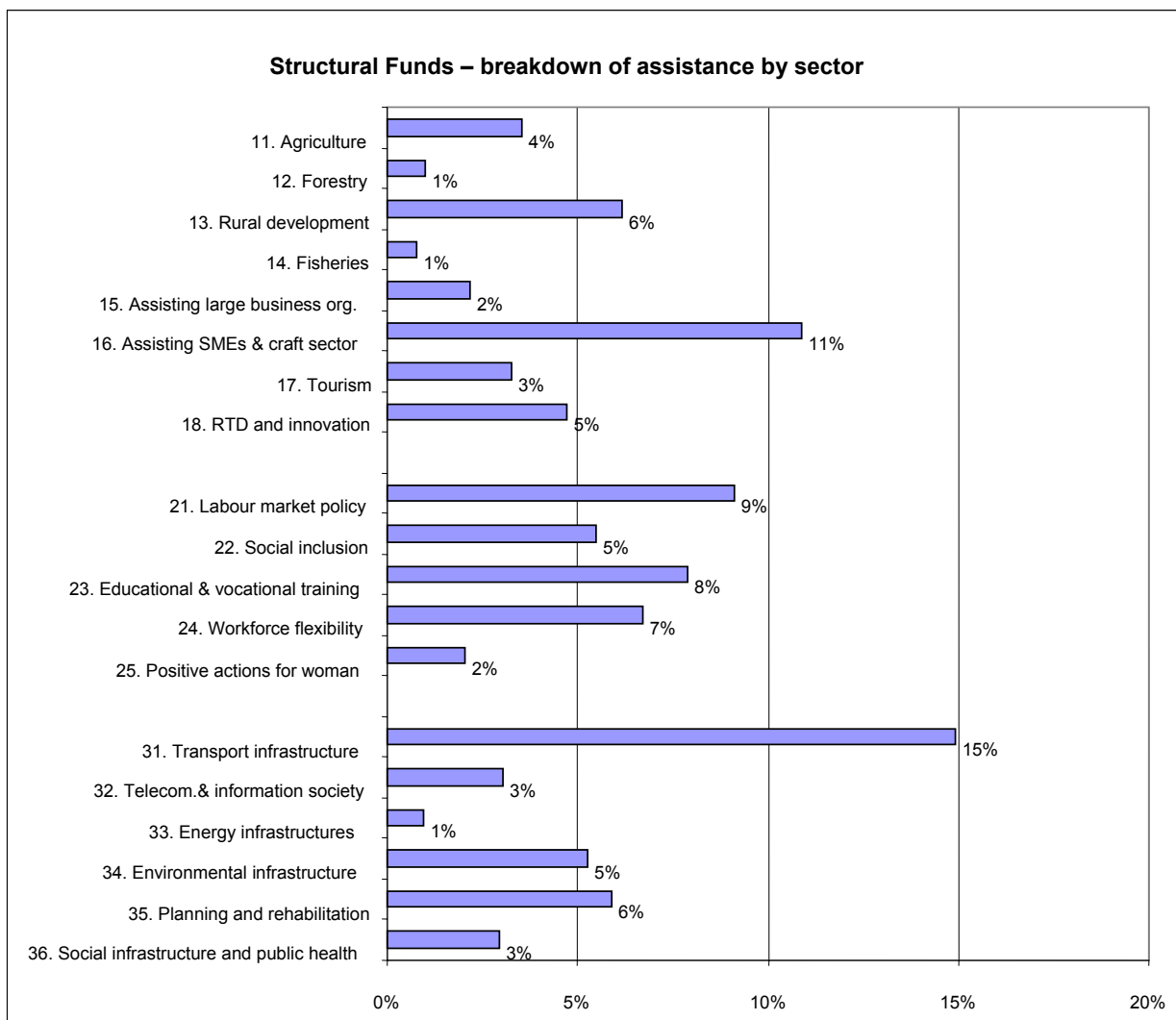
Technical assistance and innovative measures (2.8%).

In the chart below the share for each sector (and for all Objectives) is calculated on the basis of the funding allocated to all the programme complements.

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<sup>16</sup> The assistance is codified at measure level. A measure involving two different sectors will be given two different codes corresponding to those two sectors. Each code is allocated a percentage corresponding to its share of the budget allocated to the measure. This codification provides an initial indication of the relative importance of the various areas of Structural Funds assistance. It does not offer a complete view, however, since a measure classified under one sector can also be beneficial to another. For example, the building of multi-modal transport infrastructure is classed under ‘transport infrastructure’ but also benefits the environment.

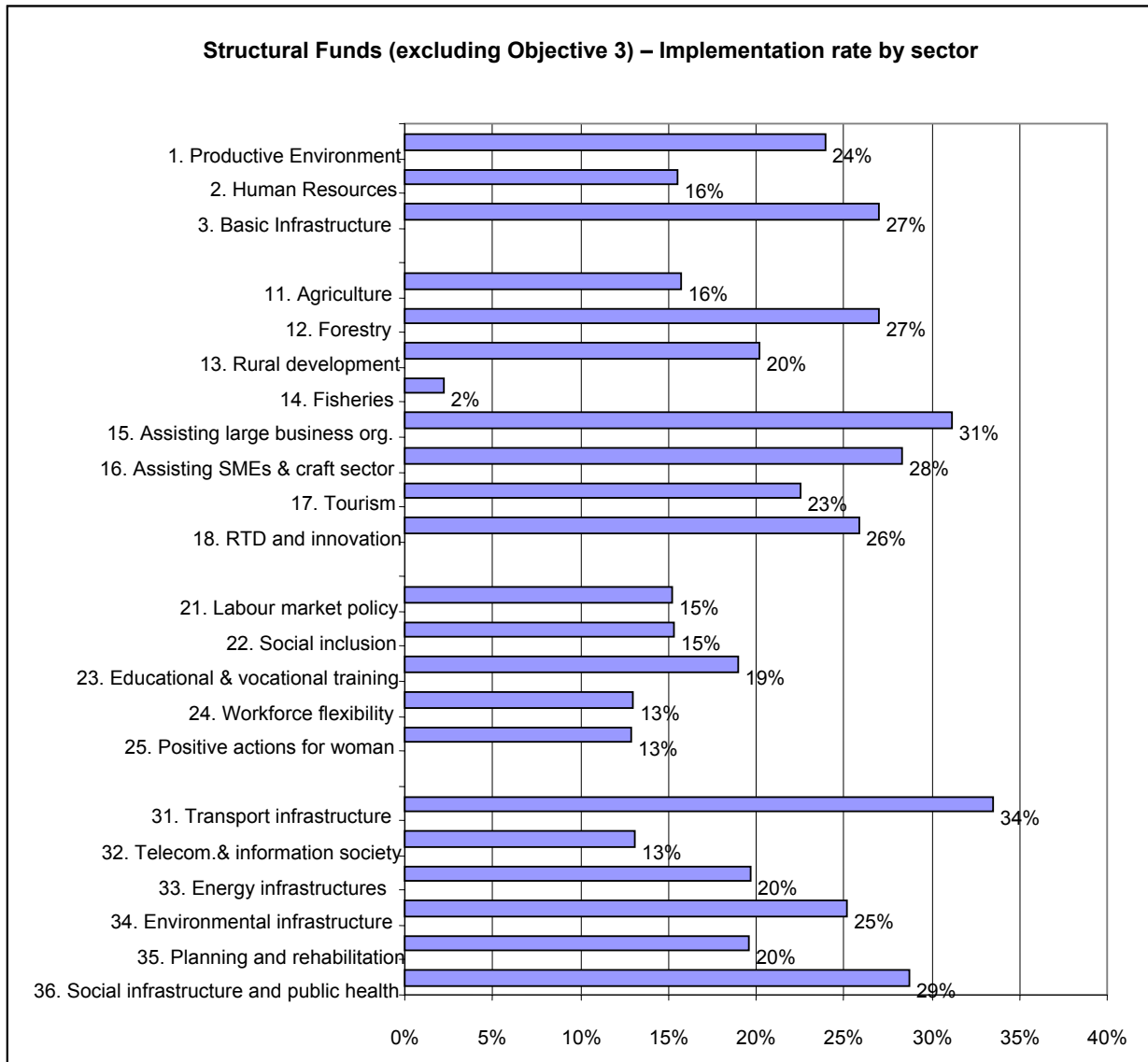




The chart shows that the Structural Funds mostly assist transport infrastructure and SMEs, these two sectors being the only ones to exceed 10% of the funding allocated to all the programme complements. Next come seven sectors whose allocations range between 5% and 10% of the total: rural development, planning and rehabilitation, all of the ‘human resources’ sectors (with the exception of positive actions for women on the labour market) and environmental infrastructure.

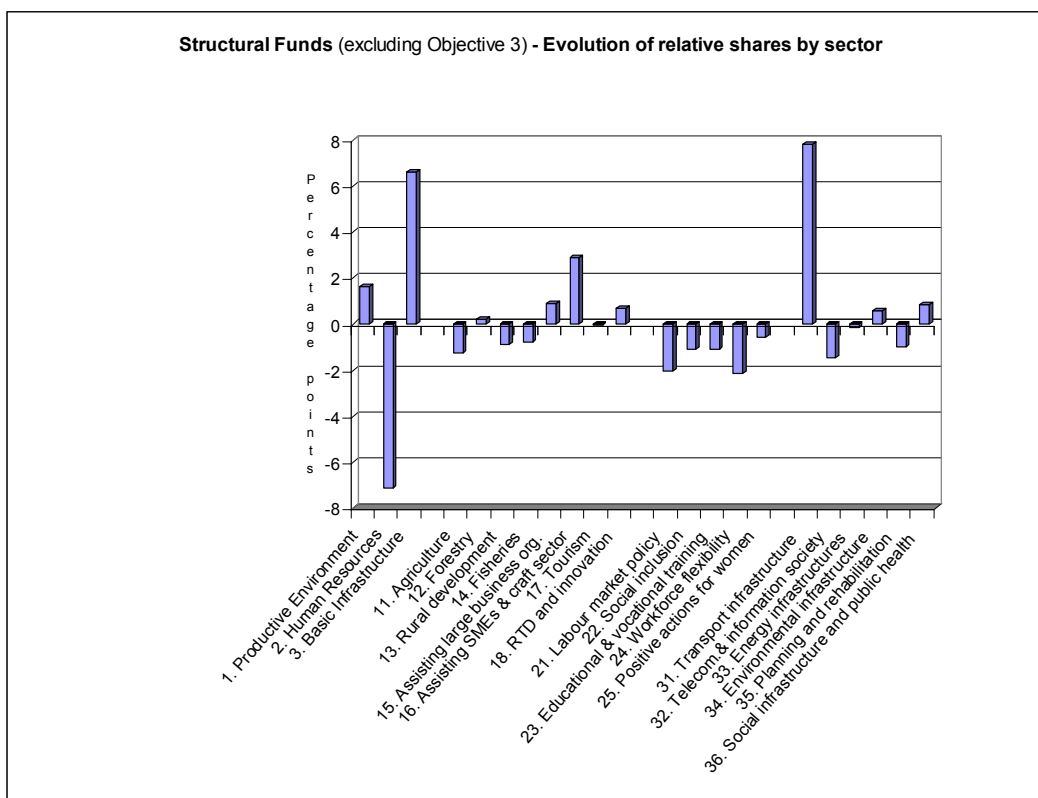
An analysis of certified expenditure on 31 December 2003 (excluding Objective 3) showed appreciable differences in the pace of implementation between the various sectors of assistance. For all the Structural Funds (not counting Objective 3), certified expenditure on 31 December 2003 accounted on average for 23% of the amounts programmed for 2000-06. The implementation rate was 27% for Basic Infrastructure, 24% for Productive Environment and 16% for Human Resources.

By assistance sector, implementation rates ranged from 2% for fisheries to 34% for transport infrastructure. Two sectors achieved implementation rates above 30%: transport infrastructure (34%) and assistance to large businesses (31%). None of the Human Resources sectors had reached the 20% mark. Telecommunications infrastructure and the information society was the only sector under Basic Infrastructure to fail to reach the 20% mark.



These different rates of implementation obviously have an impact on the relative share of each sector: rapid implementation sectors, i.e. those above the average for the Funds, are able to improve their relative standing in the total, while the others see their relative share decline. The above chart shows the gap between the relative shares at the programming stage (all programme complements other than Objective 3) and the relative shares of certified expenditure on 31 December 2003 (excluding Objective 3).

The relative shares enjoying the biggest increases are transport infrastructure and assistance to SMEs. Transport infrastructure has increased by almost 8 percentage points and, with 25% of certified expenditure, occupies pole position in terms of Structural Funds spending. Assistance to SMEs and the craft sector has also strengthened its hold on second place, with a relative share rising from 12.5% to 14.5%. Matters are more complicated in the case of the sectors that can be directly linked to the Lisbon and Gothenburg objectives: while RDT and environmental infrastructure have both improved their relative standings, the same cannot be said for telecommunications or the information society.



In the August 2003 guidelines for the mid-term review of the Structural Funds programmes, the Commission asked Member States to pay special attention to the Lisbon and Gothenburg priorities in the forthcoming mid-term review of Structural Funds assistance. The re-programming of the Structural Funds is a potential opportunity to consolidate the Community contribution to this strategic objective, particularly through the joint financing of investments aimed at improving employment, economic and social cohesion and the competitiveness of the Union's various regions. This aim could be pursued by adapting the programming documents so as to put more emphasis on competitiveness factors such as accessibility, the knowledge society, innovation, research and development, the environment, employment, social integration and life-long education and training, especially in a context of economic and social restructuring resulting from technological changes and a process of economic catch-up in the Union.

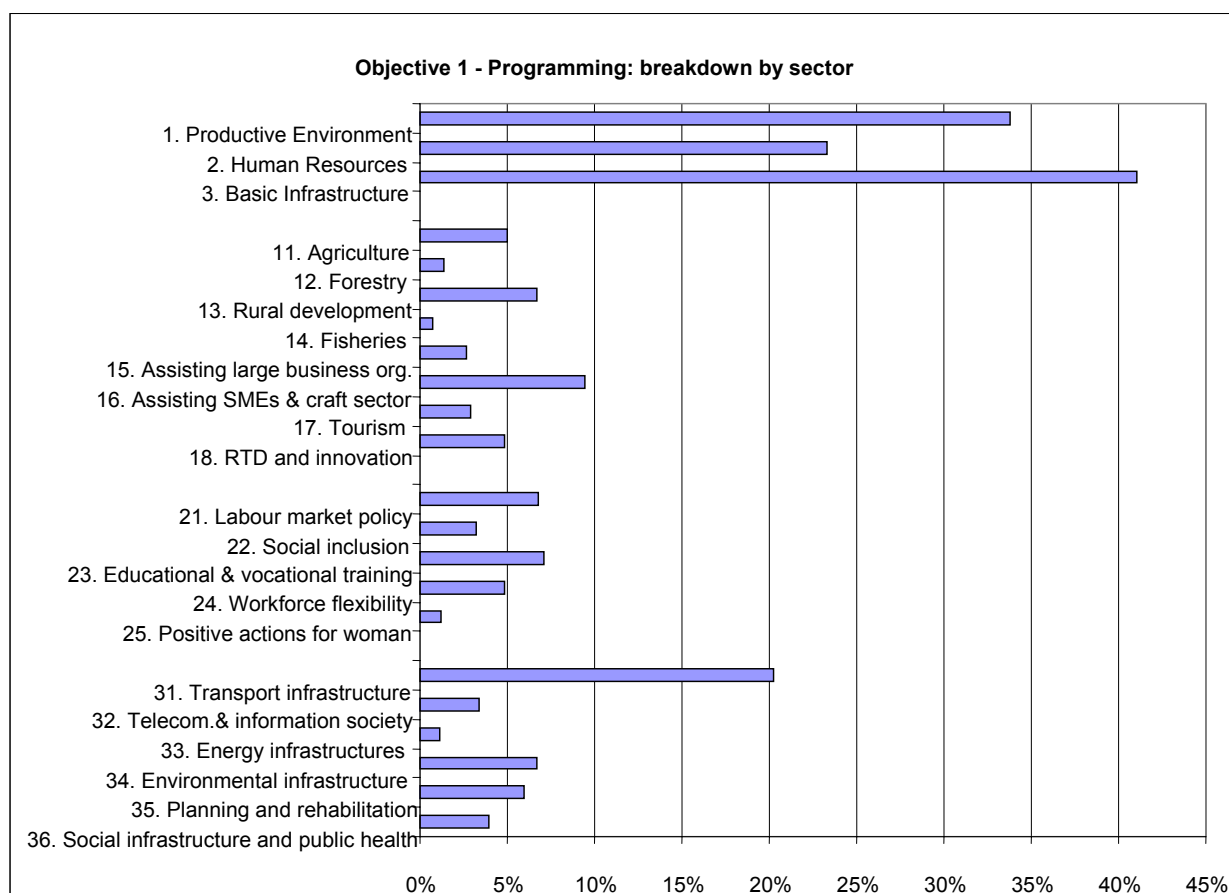
### 2.2.1. Objective 1

#### **Programming**

Objective 1 is less well balanced by category than the Structural Funds as a whole. The Basic Infrastructure category predominates, accounting for 41%, while Human Resources accounts for 23% of the entire Objective.

Transport infrastructure alone accounts for 20% of Objective 1. The second sector is assistance to SMEs (10% of the total). Next come four (4) sectors whose relative share is around 7%: training, active labour market policies, rural development and environmental infrastructure. The sectors with the smallest budgets are fisheries, with a relative share below 1% of the entire Objective, positive actions in favour of women and energy infrastructure, each with a relative share of just above 1%.

The chart “Objective 1 – Programming: breakdown by sector” compares the share of each category and sector relative to all the programme complements for Objective 1.



### Implementation

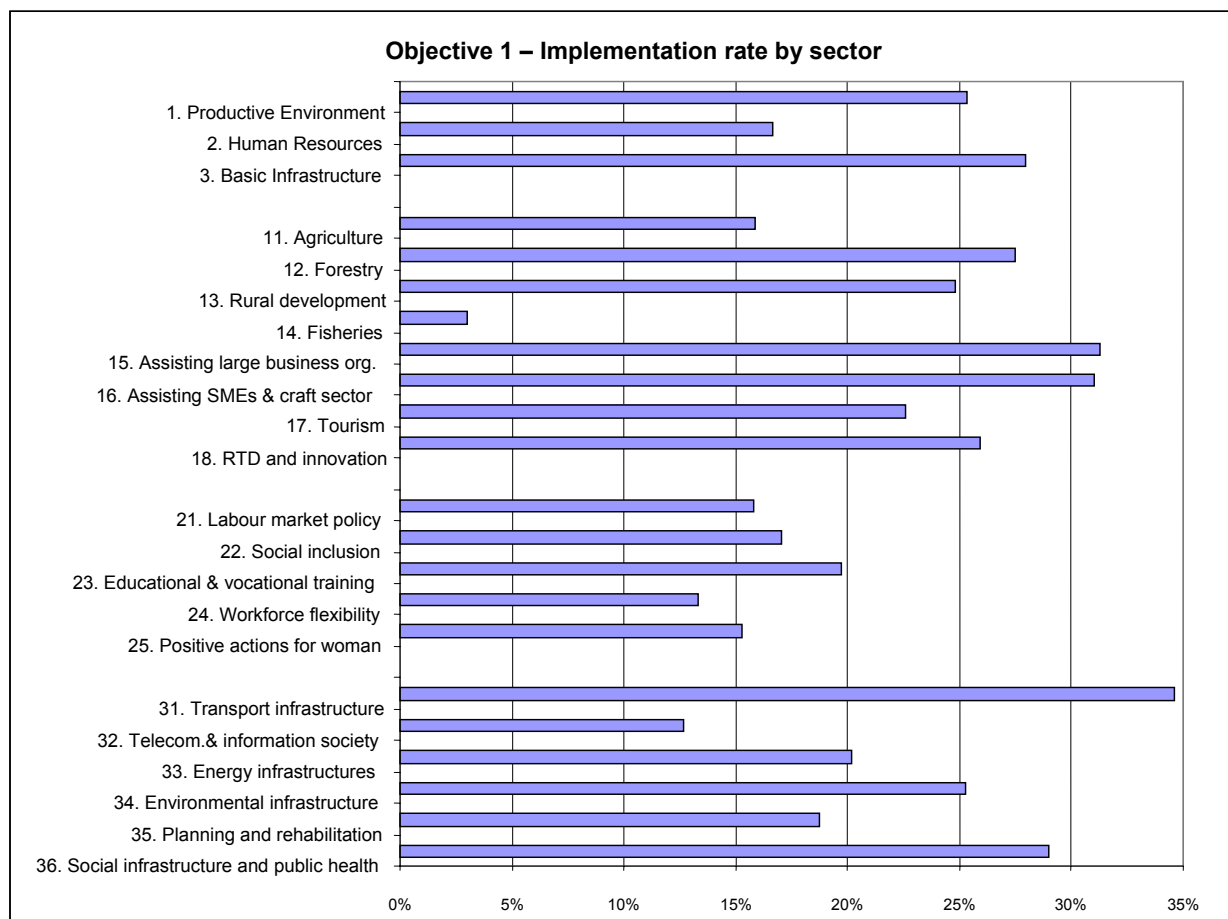
In terms of the pace of programme implementation (the amount of expenditure certified as against the amount indicated in the programme complements), Objective 1’s rate of 24% places it slightly above the Structural Funds average (23%).

	Structural Funds	Objective 1
<b>Productive environment</b>	24%	25%
<b>Human resources</b>	16%	17%
<b>Basic infrastructure</b>	27%	28%

The main Objective 1 category, i.e. Basic Infrastructure (41% of the entire Objective) also enjoys the fastest implementation rate (28%). This is mainly because transport infrastructure alone accounts for 20% of Objective 1 and has an implementation rate of almost 35%.

Apart from transport infrastructure, two other sectors had implementation rates above 30%: “aid to small firms” and “aid to large firms” (31%).

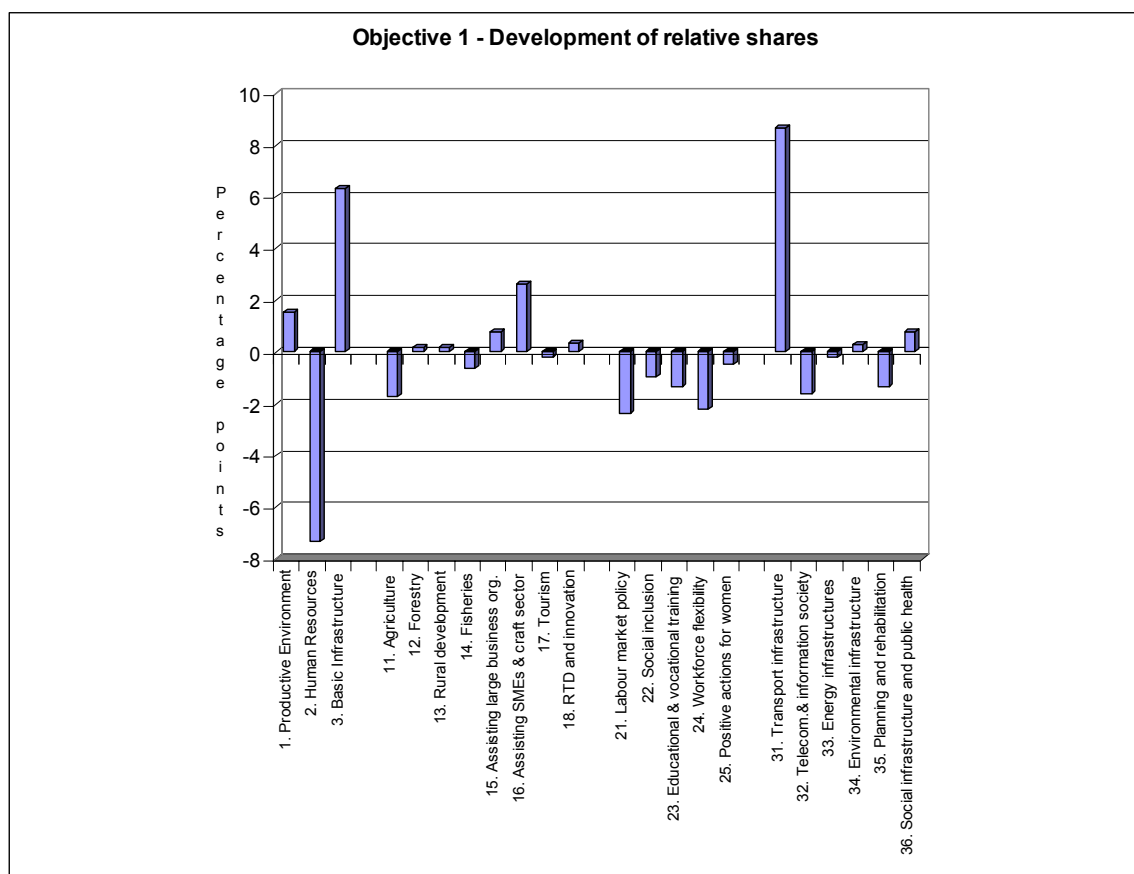
Two sectors in the Basic Infrastructure category enjoy implementation rates of between 25% and 30% (social infrastructure and public health: 29%; environmental infrastructure: 25%), as do two sectors in the Productive Environment category (RTD and innovation: 28%; forestry: 26%). At nearly 20%, the leading sector under Human Resources is “education and vocational training”.



These differences in implementation rates obviously have an impact on the relative shares of the categories in Objective 1 as a whole. Thus, Human Resources, which accounted for 23% of all programming under this Objective, accounts for no more than 16% of the expenditure actually incurred and the relative shares of all the sectors in this category have fallen. In contrast, the relative share of the Basic Infrastructure category has risen from 41% to 47%.

This increase in the standing of Basic Infrastructure is due exclusively to transport infrastructure, whose share in terms of implementation is 43% higher than programmed. Of the four other sectors in this category, the increase in the two growth sectors (social infrastructure and environmental infrastructure) is not enough to offset the fall of the two in decline.

The situation is more balanced in the other growth category (Productive Environment). Two sectors stand out in this category: assistance to SMEs, whose relative share increases from 9.5% in the programming to 12.1% in implementation, and agriculture, whose share falls back from 5% in the programming to 3.3% in actual implementation.



### ***ERDF***

Activity in 2003 was built around three priorities: programme monitoring, the mid-term evaluation and allocation of the performance reserve, and application of the N+2 (automatic decommitment) rule

As all the programming work has been completed, programme management has now reached cruising speed. As a result, except in a few minor cases, it has been possible to avoid automatic decommitments under Article 31 of Regulation (EC) No 1260/1999.

In some cases programming had to be adjusted to take account either of special items linked to programme implementation (e.g. infrastructure programmes associated with the preparations for the Olympic Games in Athens in 2004) or exceptional events such as the floods in Germany or the fires in Portugal.

Debates on future cohesion policy also took place in many cases in the Monitoring Committees or at the annual meetings.

### ***ESF***

ESF activities in Objective 1 regions continued satisfactorily in 2003, focussing principally on supporting measures to promote human capital development in these regions in line with the European Employment Strategy.

## **FIFG**

2003 was the first year of implementation of the reformed CFP, as adopted in December 2002. Some programmes were amended as a result, to take account of the CFP reform. The Commission has committed the fourth tranche for the 37 programmes of the Objective 1 regions, amounting to EUR 391.7 million. Payments were especially significant in 2003, reaching EUR 401.2 million. Of particular note is the Spanish programme's very high level of spending, given the use of FIFG funding to counter the effects of the *Prestige* disaster.

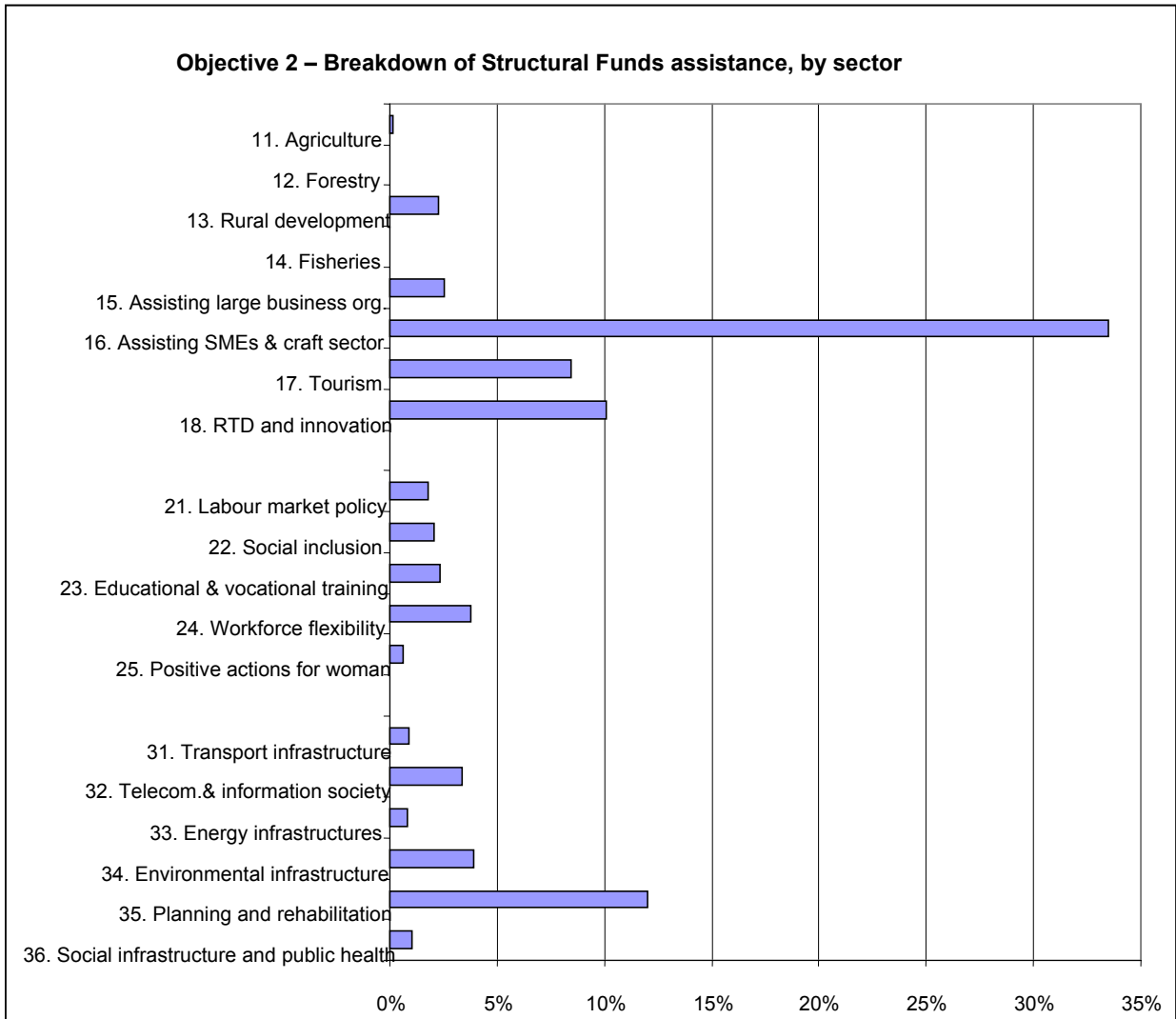
### 2.2.2. *Objective 2*

#### **Programming**

Objective 2 has a somewhat different programming profile from that of Objective 1. The leading category is no longer Basic Infrastructure but the Productive Environment, which alone accounts for over half the financial resources programmed.

	<b>Objective 1</b>	<b>Objective 2</b>
<b>Productive environment</b>	<b>24%</b>	<b>57%</b>
<b>Human resources</b>	<b>23%</b>	<b>11%</b>
<b>Basic infrastructure</b>	<b>41%</b>	<b>28%</b>

There is a clear concentration of resources at sector level. Two-thirds of the financing is concentrated in four sectors: assisting SMEs, planning and rehabilitation, RTD and innovation and tourism. The sector "assisting SMEs and craft sector" alone accounted for one-third of the programming.



***Implementation***

Since the programming of Objective 2 began later than that of Objective 1, its implementation rate might be expected to be slower. This is far from being the case. In terms of the pace of programme implementation (the amount of expenditure certified as against the amount indicated in the programme complements), Objective 2’s rate of 24% places it squarely on the same level as Objective 1. There is some slippage between the categories however, although the discrepancies are less marked overall:

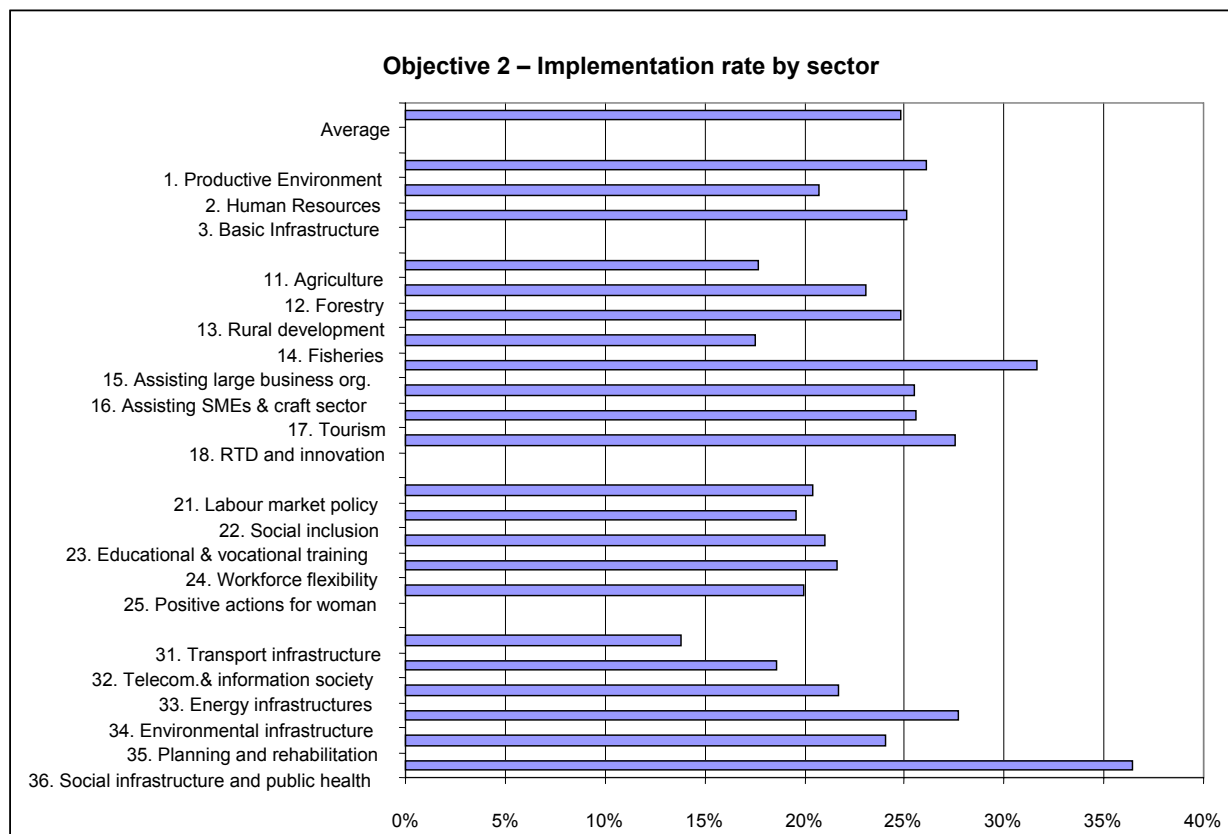
	<b>Objective 1</b>	<b>Objective 2</b>
<b>Productive environment</b>	<b>25%</b>	<b>26%</b>
<b>Human resources</b>	<b>17%</b>	<b>21%</b>
<b>Basic infrastructure</b>	<b>28%</b>	<b>25%</b>

In terms of sectors, “social infrastructure and public health” has the highest rate of implementation (36%) but accounts for only a small percentage (1%) of the Objective as a whole. By contrast, the second sector, “assistance to SMEs”, with an



implementation rate of 32%, is much more significant because it accounts for one-third of the Objective.

Two other sectors have significantly above-average (28%) implementation rates. These are RTD and innovation (10% of Objective 2) and environmental infrastructure. The implementation rate for transport infrastructure is the slowest (15%).

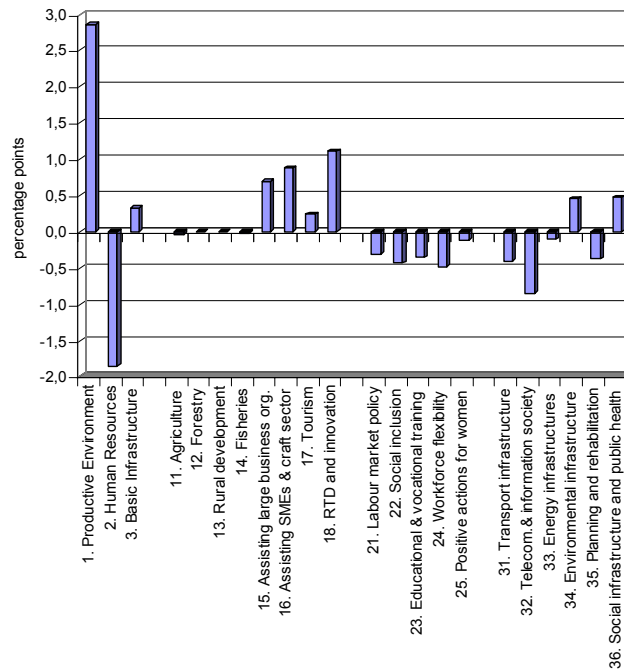


Like Objective 1, the different implementation rates affect the relative share of the sectors and categories within the Objective as a whole. Movements up and down are limited, however, since the differences in implementation rates are less marked here than in Objective 1.

The share allocated to the Human Resources category has fallen relative to the other two, the Productive Environment in particular. Unlike Objective 1, the category making most headway in relative terms is the Productive Environment, not Basic Infrastructure.

All of the Human Resources sectors have seen a fall in their relative shares, whereas the Productive Environment sectors have all maintained or improved their positions.

### Objective 2 - Evolution of relative shares by sector



### **ERDF**

In general, the programming of Objective 2 began later than that of Objective 1, with the result that programmes were late in getting under way. In some cases, as in Luxembourg, the first projects could not be selected until 2003. Despite these initial delays, all the programmes were able to avoid automatic decommitments under the N+2 rule.

Although they started late, most programmes were amended in the course of 2003. While the bulk of amendments were of a technical nature, such as a change in the list of State aid schemes or an adjustment to take account of changes in national legislation, some affected the programme content. Such amendments involved a transfer of resources between measures, or between priorities, resulting in some cases in a reduction in ESF assistance and an increase in ERDF assistance.

During the meetings of the Monitoring Committees or the annual meetings, reference was made on several occasions to the difficulties encountered in implementing the programmes, as a result of either the budgetary constraints of the Member States or the slowdown in economic activity. The effect of those difficulties was either an inadequate number of project proposals from the private sector or too little part-financing from the national governments.

### **ESF**

ESF assistance under Objective 2 was generally satisfactory during the year although in some Member States there were some transfers of resources from ESF to ERDF due to implementation problems for some operational programmes. In the context of the mid-

term review, it was noted that in some cases, better coordination between ESF and ERDF activities should be sought.

### 2.2.3. *Objective 3*

ESF activities during 2003 focused on the conclusions of the mid-term evaluation and the preparation of the mid-term review. To this end a series of national seminars were held in each Member State during the autumn, with the aim of bringing together all ESF stakeholders in order to take stock of the main achievements to date, assess the priorities for the second half of the programming period, and identify the challenges for future ESF assistance in the framework of the Lisbon agenda and the revised European Employment Strategy (EES). The ESF national seminars highlighted a general agreement on the fact that the added value of ESF assistance stems mainly from its distinctive feature: it is the only Community Fund which, on the one hand, provides direct support to individuals with a view to their integration in the labour market and, on the other hand, underpins the European Employment Strategy by supporting policies aimed at achieving full employment, increasing quality and productivity at work, and promoting social cohesion.

The ESF has played a significant role in supporting and implementing the European Employment Strategy (EES) in the Member States. The seminars and evaluation reports underlined the links and coherence between ESF assistance and the EES: the new policy framework provided by the EES - and translated into the National Action Plans for employment (NAPs) - has improved the strategic dimension of the ESF.

These links have become increasingly important during the implementation of ESF programming: across the EU, the ESF supports key policy initiatives presented in the NAPs and the Member States' efforts to implement the Employment Recommendations, with a catalyst effect for initiating national policies. As a result of this, the Employment Recommendations and the ESF are perceived in some Member States as the main policy driver and financial incentive for undertaking changes to and reforms of national and regional employment and labour market policies.

At the beginning of the programming period, ESF assistance focused on supporting employability, and in particular on the introduction of a preventive approach to unemployment, on the strengthening of active measures, and on the modernisation and improvement of public employment services. More recently, there has been a trend towards more balanced support across the different employment guidelines, in line with the emerging priorities of the renewed EES and the Employment Recommendations.

In those Member States where the ESF provides a substantial percentage of overall public expenditure on employment policies, the Fund has played a significant role in the implementation of the EES and the National Action Plans, through active labour market policies (ALMPs) at both national and regional level. In some Member States, ESF funding currently represents more than half of the overall public investment in areas such as vocational training, and has been an essential factor in the modernisation of public employment services and education systems.

In those Member States where the ESF represents a smaller percentage of overall expenditure on ALMPs, it has provided added value by complementing national programmes, particularly by targeting and enhancing support in areas or groups which

experience a higher level of labour market disadvantage (e.g. unemployed single parents, the very long-term unemployed or ethnic minorities), and by supporting activities not covered – or not significantly funded - by national programmes. The ESF has also helped promote innovative approaches to traditional labour market measures, mapping out alternative methods to promote employment and support social inclusion.

In Member States where regions are endowed with genuine power, ESF programming has helped make national and regional priorities more consistent through part-financing arrangements and the setting-up of a common policy framework.

Overall, the ESF has played an essential role in implementing labour market and employment policies, and in the fight against social exclusion at regional and local level.

The national seminars also generally highlighted the fact that the ESF has contributed to enhancing good governance and promoting awareness of the EES, through its decentralised approach towards carrying out the programmes, its emphasis on bottom-up comprehensive partnerships and its contribution to the overall development of the institutions and networks involved in implementing employment policy.

The increased synergies between the EES, the NAPs and ESF programming have resulted in greater attention to performance and results, notably through a clearer definition of indicators, and in better monitoring of assistance granted under the Fund. However, while the quality of ESF assistance has generally been enhanced through well-formulated strategies and policy priorities, in some cases there is still too much emphasis on absorption and financial implementation, at the expense of a more policy-driven approach.

The complexities of the Structural Funds and ESF legal framework and delivery system, and the need for clearer and simpler implementing rules, have been strongly underlined across the national seminars. Many final beneficiaries have criticised the administrative burden involved in obtaining ESF subsidies, which discourages promoters from applying for such support. In this context, the present division of responsibilities between the Commission and the Member States is often mentioned as a source of difficulties in the delivery of the ESF.

By enhancing the responsibility of all actors in the implementation and programming of part-financed assistance, the ESF has had a positive effect in the development and forging of partnerships, mostly at local level. Partnership has been widely recognised as a fundamental contribution of the ESF and of the Funds as a whole, and as a key condition for the success of interventions.

The contribution of the ESF to the dissemination of a programming and evaluation culture, notably at regional and local level, has been acknowledged particularly in the Member States benefiting from Objective 1 funding.

The overall strategy and ESF policy priorities for 2000-06 were adopted in a context of greater economic expansion than present conditions allow; however, the general view is that they remain valid and fully responsive to the current economic downturn. Therefore, adjustments rather than radical changes in the policy priorities and specific measures selected for the implementation of the strategy are being proposed.

Seven broad policy areas have emerged as those which should receive increased emphasis between 2004 and 2006 across the EU, to better support the EES and the objectives of the Lisbon agenda:

Throughout the Union, ESF support for skills development and in-house training should be intensified and consolidated, taking greater account of the needs of undertakings and the development of adequate human capital strategies within companies, in order to raise skills levels and productivity, and increase competitiveness. Using the ESF to support schemes which enable enterprises to prepare for and manage change was also stressed.

- Greater attention will be given to the development of life-long learning policies and strategies, for instance by modernising and developing systems of education and vocational training, by promoting better links between the educational system and the productive sector and by improving upper secondary education.
- Increased emphasis on the fight against discrimination and on providing greater support to the socially excluded and those facing greatest difficulties, including migrants. Social entrepreneurship could be an effective form of support for the most vulnerable groups.
- Further efforts - notably in the least-developed areas - to ensure efficient functioning of labour market institutions and improve the skills of unemployed persons, through stronger focus on individualised measures targeted at the needs of each beneficiary.
- In line with the Employment Recommendations, particular attention will be paid to attracting more people into the labour market, by supporting the integration of the economically inactive into work and by preventing early retirement through active ageing policies.
- Enhancing the participation of women in the labour market by facilitating access to child-care.
- Fostering entrepreneurship by strengthening entrepreneurial skills and the conditions for entrepreneurship. In those Member States where the ESF significantly supports research activities, there will be emphasis on placing researchers in enterprises rather than awarding them traditional post-graduate grants, with a view to encouraging the dissemination of innovation and research within companies.

#### 2.2.4. *FIFG outside Objective 1 regions*

The Commission committed appropriations totalling €171.9 million for the fourth tranche of the eleven programmes for regions outside Objective 1. The rate of financial execution remains low. The mid-term evaluation highlighted certain problems which lie at the root of this under-use. The mid-term review must enable this shortcoming to be remedied in part and allow more efficient use of FIFG funds.

### 2.2.5. *Community Initiatives and innovative actions*

#### ***Leader***

Leader+ is aimed at encouraging and supporting integrated pilot strategies for local rural development.

At the end of 2003, the procedure for selecting local action groups (LAGs) was still being finalised in some Member States. Of the 915 LAGs provided for under Leader+, 845 had already been chosen. The selection of LAGs had been completed in all Member States except Italy .

The first finding which may be made is that there has been some degree of continuity in the territorial implementation of the Leader Community Initiative, since most of the LAGs currently selected were already selected under Leader I and/or Leader II. It may also be noted that 36% of LAGs are entirely or partially on Objective 1 territory. The majority of LAGs (61%) have the legal status of a non-profitmaking association.

The LAGs selected cover an area of 1 399 293 hectares and have a population of 45 792 316.

"Making the best use of natural and cultural resources" is the most popular theme, alone accounting for almost a third of LAG priorities, followed by "quality of life" (25%), then "adding value to local products" (20%) and "new technologies" (11%).

The national networks are all in place except in Ireland, Luxembourg and Belgium.

Two meetings of the Leader+ Steering Committee were held in 2003. This Committee, which was chaired by the Commission, brought together the representatives of the national authorities and networks. It examined the progress achieved in implementing the Community Initiative, particularly as regards cooperation.

At the end of 2003, several Member States submitted their mid-term evaluations.

The total Community assistance for Leader+ in 2000-06 is €2 105.1 million. For 2003, an amount of €346 million was committed.

#### ***Interreg***

The last of the 72 programmes originally provided for were approved in 2003, namely the Archimed transnational cooperation programme involving Greece and Italy, and the two cross-border cooperation programmes involving Greece and Italy, and Greece and Turkey respectively.

During 2003, negotiations began with a view to approving nine new programmes for the new internal and external frontiers, and amending twenty-three programmes (to integrate the ten new Member States). They will be adopted during 2004.

In addition, the approval of the Commission Communication on paving the way for a New Neighbourhood Instrument<sup>17</sup> allowed a swift improvement in coordination between Interreg and external policy instruments (even for the period 2004-06). The Commission embarked on an in-depth discussion on future arrangements for cooperation at external frontiers.

The practical implementation of the seventy-two programmes adopted continued and intensified on the ground. The Commission took part in several monitoring and steering committee meetings, as provided for in the Fund regulations. It also monitored the mid-term evaluation exercise carried out under each of the programmes, as provided for in Article 42 of Regulation (EC) No 1260/1999. Most of the reports were submitted to the Commission by the managing authorities before the end of 2003. This exercise will form the basis of the mid-term review of programmes, which will take place during 2004.

In 2003, the Commission continued to close the pilot projects for the period 1994-99 within the context of Recite (47 projects) and Terra (15 projects). All the projects have been closed apart from two Terra and two Recite projects, which will be closed in the course of 2004.

### ***Urban***

Implementation of the Urban II programmes gathered pace and all 70 met their N+2 spending targets for December 2003. In fact, 100% of the 2003 appropriations were already committed and 92% of the 2003 payments budget implemented by the end of the year.

In addition, the Urbact programme for exchange of experience between European cities started this year. Thirteen thematic networks were launched and another three were proposed. They cover topics as diverse as local economic development, citizen participation, inclusion of immigrants, inclusion of young people, crime prevention and reduction of urban insecurity.

Finally, a new round of the Urban Audit was launched in cooperation with Eurostat and national statistical offices. A comprehensive set of social and economic indicators covering all aspects of urban life is being collected for 258 cities in the EU27.

### ***Equal***

In 2003, the Community Initiative Equal focussed on the continued execution of Development Partnership (DP) projects on the ground, and identified and capitalised on the initial results of the Initiative.

In both its objectives and its architecture, the Equal Initiative gives pride of place to capitalising on the innovative elements and their dissemination in employment and training policies.

In the context of this mainstreaming<sup>18</sup>, the European Thematic Groups (ETGs), in partnership with the national thematic networks, pursued their task of evaluating the

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<sup>17</sup> Communication COM(2003) 393 " Paving the way for a New Neighbourhood Instrument".

<sup>18</sup> Mainstreaming = Dissemination and integration into policy-making.

most promising practices and findings, and integrating them into policy-making. The ETGs met according to their own schedules on numerous occasions and all held concurrent meetings in October 2003 in Brussels, when several hundred key players from the grassroots, administrations and world of politics took part.

From the start of the new session, the Commission, in partnership with the Member States, got down to the task of defining the second call for proposals for Equal (2004) on the basis of the lessons learned from the national and European evaluations. This exercise yielded a new Communication on Equal (*COM(2003) 840 of 30 December 2003*<sup>19</sup>). The Communication reviews some of the early results of Equal, pointing to promising practices which can already contribute new ways of tackling discrimination and inequality on the labour market.

It also sets the scene for the second round of Equal, confirming the principles and architecture, whilst simplifying the administrative implementation in order to enhance its effectiveness. Member States are granted more flexibility, while the need to capitalise on and disseminate the benefits and results is reinforced.

Preparations for including the new Member States in the Equal programme were made throughout 2003. The programming documents (Community Initiative Programmes – CIPs) will be adopted during the first half of 2004. The twenty-five Member States<sup>20</sup> will participate in the programme within the context of an enlarged Europe.

Lastly, in 2003, the Commission closed the Community Initiative Programmes for the period 1994-99.

#### *Innovative actions*

#### ***FIFG***

Two calls for proposals were published on 15 May 2003 with a deadline of 11 July 2003. Fifty-nine proposals were received, five of which were ineligible. The 54 other proposals were assessed and 19 were chosen for Community funding totalling €1 824 807.

In addition to innovative aspects connected with socio-economic diversification in areas dependent on fishing, enhancement of the value of fishery and aquaculture products, and improvement of the image of the industry, a special effort was made in 2004 to reinforce the role of women in the fishing industry. Consequently, seven of the 19 proposals selected were specifically aimed at increasing the standing of women in the industry.

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<sup>19</sup> **Guidelines for the second round (2004-06):** Communication from the Commission establishing the guidelines for the second round of the Equal Community Initiative concerning transnational cooperation to promote new means of combating all forms of discrimination and inequalities in connection with the labour market – "Free movement of good ideas".

<sup>20</sup> But twenty-seven CIPs: Belgium and the United Kingdom each have two CIPs (Flemish-speaking Belgium, and French- and German-speaking Belgium; Northern Ireland and Great Britain).



## ***ERDF***

During 2003, a further 13 new ERDF part-financed regional programmes of innovative actions were approved, bringing the total number of programmes to date to 139 (out of 156 eligible regions). The total ERDF contribution to those 139 programmes is €346 million and their total value is over €1 billion. Regional authorities were encouraged to adopt a more strategic approach to promoting innovation at regional level in partnership with all the relevant regional actors including the private sector and social partners. The objective of the programmes is to boost regional competitiveness by experimenting with pilot projects under one or more of the following three strategic themes: regional economies based on knowledge and technological innovation, e-EuropeRegio: the information society at the service of regional development, and regional identity and sustainable development. Over two-thirds of the regions opted for measures under one or both of the first two themes, while just over one-third opted for the third theme.

### **3. PROGRAMMING IN THE NEW MEMBER STATES**

#### **3.1. Background and main milestones**

The accession negotiations resulted in a financial allocation for the new Member States of €24.5 billion for Structural Funds and Cohesion Fund in the period 2004-06. Two-thirds of this amount is earmarked for Structural Funds, which corresponds to almost €16 billion. The acceding countries and the European Commission agreed during the accession negotiations that most of the necessary preparations for the implementation of the Structural Funds would be carried out before the end of 2003 in order to allow expenditure under the Structural Funds and Cohesion Fund to be eligible from 1 January 2004, as provided for in the Act of Accession, once all conditions are met.

An important element was the timely agreement on funding programmes, namely the Community support framework and the related operational programmes, and the single programming documents. In this connection, the Commission agreed with the acceding countries on a time-schedule which would lead to a preliminary agreement on the main programming documents before the end of 2003. It is, however, important to note that the formal approval of the documents can take place only when the acceding countries become Member States.

The main milestones agreed were:

- (1) spring 2003: submission of the draft programming documents to the Commission,
- (2) summer 2003: opening of the consultations on the programmes,
- (3) end of 2003: confirmation of the mutual preliminary agreement on the content and structure of the programming documents by an exchange of letters.

At the same time as the programming, the administrative and institutional preparations had to be conducted by the new Member States on the basis of the agreements reached during the accession negotiations. The Commission monitored very closely the

implementation of these negotiation commitments. On 16 July 2004, a special Monitoring Report was communicated (COM(2003) 433), which assessed the progress in implementing the negotiation commitments and the status of preparations for the management of the Structural and Cohesion Funds. In this connection, the report highlighted the progress made by the acceding countries, as well as the outstanding issues still to be tackled. In addition, advice was provided on the necessary steps to be taken to ensure that each country would be able to establish a system for the sound and efficient implementation of the Funds. On 6 October 2003, a high-level meeting was held in Brussels between the Commissioner responsible for Regional Policy and the relevant Ministers in order to discuss the main points of the report, i.e. enhancement of administrative capacity, finalisation of programmes, preparation of projects in good time and preparations for sound financial management.

### **3.2. State of play of programme negotiations**

Of the 41 NUTS II regions in the acceding countries, 38 qualify for Objective 1 support; only the regions of Bratislava and Prague, as well as the southern part of the island of Cyprus have Objective 2 status. All Objective 2 areas and five of the Objective 1 countries have drafted single programming documents, while each of the other four countries with Objective 1 regions has drawn up a National Development Plan with corresponding draft operational programmes.

The Commission received a total of 37 programming documents, all of which – following the redrafting of two - were declared admissible for consultations. Although all programmes are established at central government level, larger countries also submitted an integrated regional programme, to be managed at national level but drawn up in close collaboration with the relevant regional authorities, which will help the regional bodies to become increasingly familiar with Structural Fund assistance. The objectives of promoting or maintaining high economic growth and creating new employment – in line with the Lisbon and Göteborg objectives – are common to all the programmes submitted.

Consultations on the documents gradually got under way with all the countries concerned between June and September 2003. Key criteria in the negotiating mandates were that each document should be completely consistent, other Community policies should be taken into consideration and complied with, any potential overlap should be eradicated and there should be a clear focus on a limited number of priorities. In view of the short time available for implementing the programmes (2004-06 instead of 7 years), the Commission placed a great deal of emphasis during the consultations on the aspects of the programmes concerned with implementation. In particular, it encouraged the new Member States to rely as far as possible on existing structures for implementation and to limit the scope of assistance where the administrative capacity to carry it out had still to be established. All acceding countries agreed that they would submit the first drafts of the programme complements during the programme consultations. The availability of these first drafts of the programme complements contributed to the timely discussion of crucial aspects of implementation.

As envisaged, the main programming documents were agreed upon before the end of 2003. In December 2003, the European Commission confirmed the preliminary conclusion on all Community support frameworks and on all Objective 1 single programming documents. Further, almost all ERDF operational programmes and

Objective 2 single programming documents were concluded in 2003. Only five ERDF programmes and six ESF programmes are to be closed at the beginning of 2004. Four EAGGF programmes - for the Czech Republic, Hungary, Slovakia and Poland - are to be concluded in the first quarter of 2004, while the pre-accession instrument SAPARD provides for EAGGF-type structural support until accession. There is also an FIFG programme for Cyprus.

#### **4. CONSISTENCY AND COORDINATION**

##### **4.1. Consistency with other Community policies**

###### ***Competition***

Monitoring of State aid is a competition policy instrument which may, to the extent that the Commission pays special attention to the potentially beneficial effects of aid aimed at facilitating the economic development of the least-favoured regions, make an effective contribution towards achieving cohesion policy objectives. Since a large part of the assistance from the Structural Funds directly benefits individual businesses, it is essential to ensure that the Community's regional policy is conducted in full compliance with the rules on competition.

In this connection, Regulation (EC) No 1260/1999 states in particular that assistance approved by the Commission must include all the elements required for the *ex-ante* assessment of the compatibility of state aid with the common market. Accordingly, during 2003 the Commission paid particular attention to assessing the compatibility with the Treaty of the measures in the operational programmes and single programming documents involving Fund assistance in the new Member States for the period 2004-06, and to appraising certain major projects eligible under Articles 25 and 26 of that Regulation.

In addition, the Commission carried out a thorough examination of the guidelines for state aid for regional purposes, which must be revised in time to allow the Member States to prepare for the period after 2006. Such a revision must clearly take account of the developments in Community cohesion policy, as well as national and regional policies aimed at attaining the objectives laid down by the Lisbon and Göteborg European Councils. Consequently, one of the essential objectives of this revision will be to scale down state aid in terms of both number and size, but to target it more effectively.

Finally, the Commission departments continued their discussions on the potential for taking greater account of the real economic impact of certain types of aid (significant impact test).

###### ***Environment***

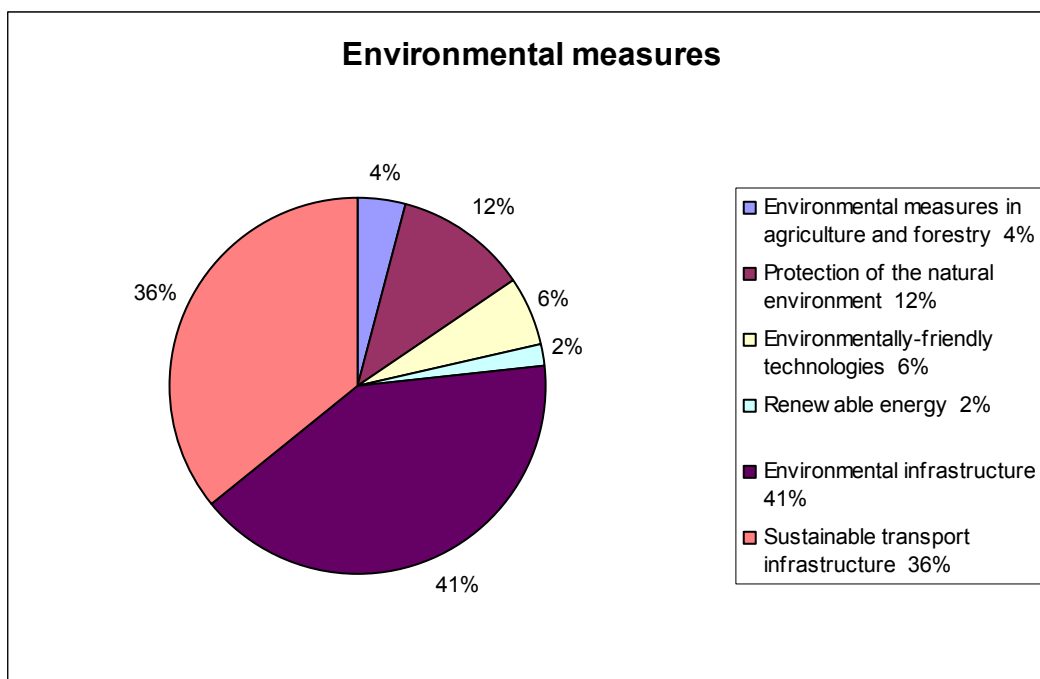
The European Union undertook to guarantee sustainable development and to maintain the protection and improvement of the environment at a high level. This dual requirement is taken into account in the establishment and execution of the Structural Funds both through direct investment aimed at improving the environmental infrastructure and through the integration of an environmental dimension into the

different assistance granted. The promotion of a top quality environment forms part of the development strategy of many regions, which have for example decided to enhance or rehabilitate their territory in order to attract and develop new activities.

#### Direct and indirect investment in the environment

In their programming for 2000-06, the regional and national authorities earmarked an overall amount of approximately €25 billion for measures for the environment in the broadest sense. This is 13% of the €196 billion in the programme complements. It will be used, for example, to finance infrastructure in the field of water supply and treatment, purification of waste water, disposing of and recycling waste, and protecting the soil and natural sites, but also measures aimed at disseminating environmentally-friendly technologies or sustainable transport infrastructure. The following graph gives a breakdown of the €25 billion among the different types of environmental measures.

Most of those investments are provided for in Objective 1 regions. It is interesting to note that the rate of implementation of environmental measures is higher than the general average for the Funds (20%). This is particularly true of expenditure on strictly environmental infrastructure (25%).



#### Compliance with environmental legislation and policy

Operations part-financed by the Funds must comply with Community legislation in force, including environmental legislation. On account of this fact, the part-financing and start-up of certain measures was delayed or blocked in some Member States on account of the absence of an environmental legal framework complying with the legislation in force. In 2003, this situation continued, although some improvements were registered in, for example, the area of solid waste, but it is still unsatisfactory in other sectors such as the treatment of urban waste water and implementation of the nitrates Directive.

For the treatment of urban waste water, specific guidelines were proposed to the Member States regarding applications for financial assistance in the context of infringement proceedings. They concern part-financing applications for facilities which are considered to be useful but to fall short of the requirements of the Directive, and have been challenged by the Commission.

In some instances, a failure to comply with Directive 85/337/EEC, as amended, on evaluation of the environmental impact slowed down the examination of plans for major projects because the impact studies had not been carried out or were incomplete. However, the obligation to comply with the procedure for evaluating the environmental impact meant that heavy infrastructure which was potentially harmful to the environment could go ahead, but with assurances that strict environmental requirements would be met, the competent environmental authorities would be consulted and the general public would be involved.

#### Participation of the environmental authorities

Some Member States have used technical assistance to put in place a network of environmental experts who assume a role alongside the management authorities as environmental authorities and participate to a varying extent in the management of programmes and selection of projects. These networks and task forces participate in the management of funds and ensure, at the most appropriate level, that environmental considerations are taken into account in the implementation of programmes.

#### Mid-term evaluation

Despite wide variations between regions, the mid-term evaluation revealed that the implementation of environmental measures had been affected by start-up difficulties generated by difficult economic circumstances. Accordingly, some more innovative measures involving, for example, the development of renewable energy or nature protection were the subject of commitments which fell far short of the original provisions.

Structural Fund assistance is helping to attain the objectives set in Göteborg – despite the fact that they were scheduled prior to the Göteborg European Council – but much remains to be done if those objectives are to be achieved by 2010, particularly in view of the slowdown in world economic growth.

#### ***Internal market***

Article 12 of the General Regulation on the Structural Funds (Council Regulation (EC) No 1260/1999) stipulates that operations receiving Community funding must "*be in conformity with the provisions of the Treaty, with instruments adopted under it and with Community policies and actions, including the rules on [...] the award of public contracts*". Greater decentralisation has been introduced into the management of the Structural Funds, increasing the responsibility of the Member States and, in particular, of the managing authorities, for the award of contracts financed by the Community Funds.

To ensure that these procedures comply with Community rules, the Commission encourages the national authorities to adopt various preventive measures such as

appropriate training for staff involved in awarding contracts and issuing guide and vademecums on contracting procedures.

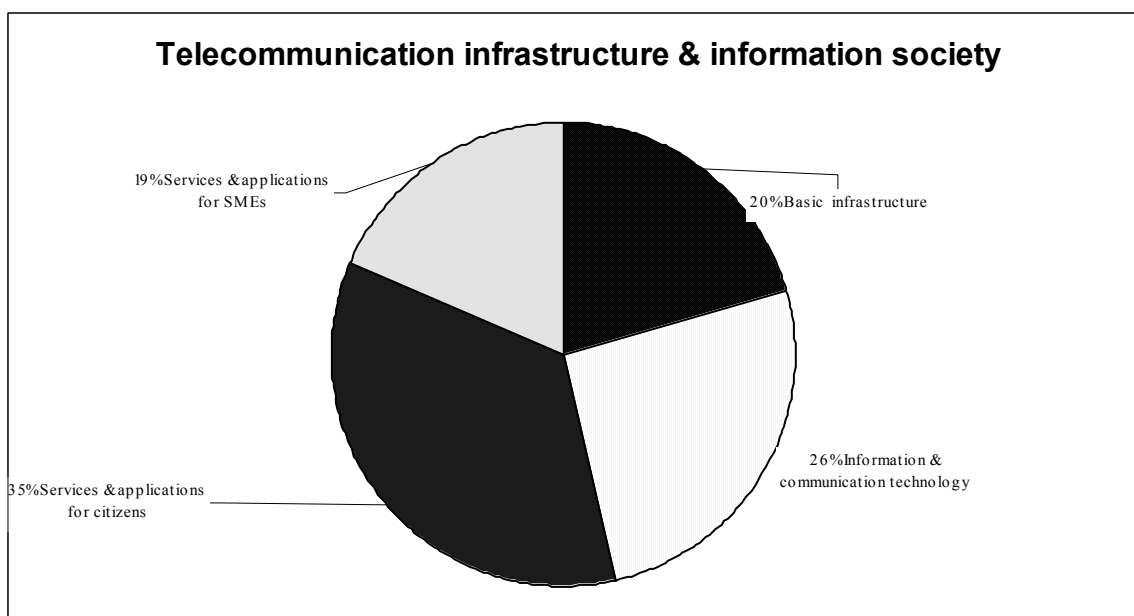
As part of its general tasks, the Commission also ensures that procedures for awarding contracts are in keeping with Community law by checking on the transposition of the relevant Community Directives and by making use of its powers to intervene when Community law is breached. In this context, the Commission examined more than 430 cases in 2003 of inadequate transposition or potential misapplication of the relevant Community provisions.

Compliance is also guaranteed through monitoring by the Commission departments, either at the programming stage or during spot checks. Such checks may be carried out either as a result of complaints or at the Commission's initiative, particularly following the audits carried out regularly as part of the inspection of part-financed projects.

### ***Information Society***

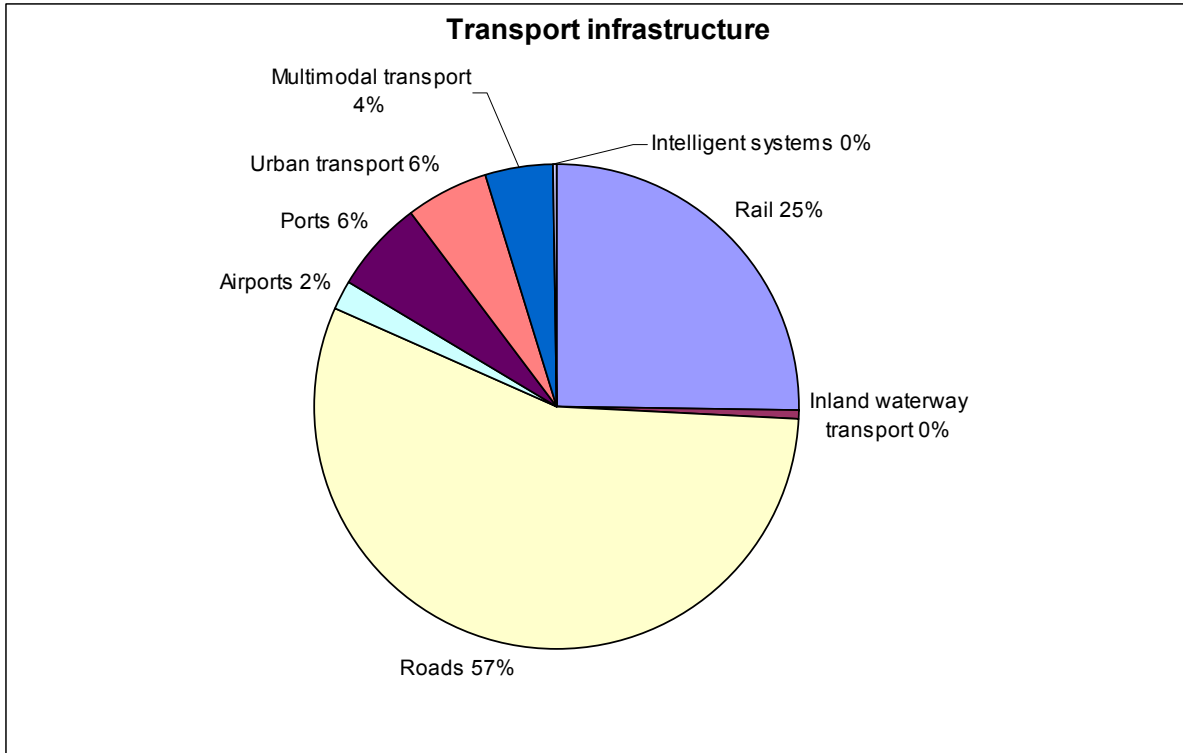
Expenditure directly connected with the Information Society accounts for 3% of the Structural Funds (programme complements) and 2% of expenditure certified at 31 December 2003. Over half of the resources are earmarked for services and applications for citizens (35%) and information and communication technologies (26%).

Overall, measures relating to the Information Society display a rate of execution (13%) substantially below the average for the Structural Funds (20%). The rates of execution range between 11% for "Services and applications for citizens (health, public administration, education)" and 16% for basic infrastructure.



## Transport

The following graph shows that, on the basis of the programme complements, 82% of the funds earmarked for transport infrastructure are intended for roads (57%) and rail (25%).



The overall rate of implementation for transport infrastructure measures (34%) is well above the average for the Structural Funds (23%). Only inland waterway transport and intelligent transport systems show a rate of execution below this average.

Transport infrastructure	execution rate
Road	41%
Urban transport	36%
Multimodal transport	24%
Ports	22%
Rail	22%
Airports	20%
Inland waterway transport	16%
Intelligent transportsystems	6%

## Trans-European Networks

Coordination of the budget for the trans-European transport and energy networks (TENs) with the Structural Funds, in particular the ERDF for Objective 1 and 2 regions, and with the Cohesion Fund is important because these Community financial instruments take into account the need to link those regions suffering from a structural handicap or from their status as islands, landlocked areas or peripheral regions of the Community.

The TENs Financial Regulation<sup>21</sup> does not allow the same phase of a single project to be financed by both the TENs budget and other Community financial instruments but, in some cases, feasibility studies financed through the TENs budget may be followed by support from the ERDF, Cohesion Fund and the EIB, mainly for construction work under the same project. Frequently, in the area of transport, the ERDF finances works designed to give access to the trans-European transport network whereas the actual TEN-T network is financed under the TEN budget line and/or the Cohesion Fund.

While both transport and energy TEN projects of common interest are financed from the TEN budget line, the Cohesion Fund provides assistance especially for transport infrastructure and the ERDF for both transport and energy. Article 2 of the ERDF Regulation (EC) No 1783/1999 provides, *inter alia*, that the ERDF is to contribute to financing investment in infrastructure contributing to the establishment and development of trans-European networks in regions covered by Objective 1. In this connection, the Community also encourages public-private partnerships (PPPs) by, *inter alia*, providing a higher rate of assistance where its aid takes a form other than a cash grant. The endorsement of PPPs is also set out in the Commission Communication of 23 April 2003 (COM(2003) 132). This examines the situation of infrastructure in the trans-European network and its financing, and shows the need to implement, without delay, a set of complementary measures focussed on more effective use of the funding earmarked for trans-European infrastructure. These measures rest on two major pillars:

- better coordination of public and private financing of the trans-European transport network,
- an effective European electronic toll service.

Furthermore, during 2003, the process of amending the TENs Financial Regulation was pursued<sup>22</sup> in order to allow the part-financing ceiling to be raised from 10% to 20% for certain aspects of transport projects of European interest, with the aim of eliminating bottlenecks and/or filling in missing sections, provided that those sections extend across borders or natural barriers and contribute to the integration of the internal market in an enlarged Europe, promote safety, ensure the interoperability of the national networks and/or substantially help reduce imbalances between modes of transport in such a way as to favour the most environmentally-friendly modes. The ceiling was likewise raised

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<sup>21</sup> Council Regulation (EC) No 2236/95

<sup>22</sup> This process resulted in the adoption of Regulation (EC) No 807/2004 of the European Parliament and of the Council of 21 April 2004 amending Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks, OJ L 143, 30.4.2004, p. 46.



for priority projects in the energy sector in order to exert a leverage effect and, in particular, attract private investors.

During the 2003 exercise, the Commission took 117 decisions on the financing of TEN-T projects totalling €626.6 million (€18 million of which was allocated to the Risk Capital Facility) and 13 TEN-E projects totalling €18.64 million.

The revision of the Guidelines for the development of the trans-European transport network<sup>23</sup> continued during 2003. A high-level Group consisting of current and future Member State representatives and the EIB made its recommendations to the Commission concerning new priority projects in the enlarged EU.

Based on the recommendations of the high-level Group and on the results of the public consultation on the report, the Commission brought forward a new proposal<sup>24</sup> on 1 October 2003 complementing the proposal made in 2001. New projects are added to the list of priority projects, bringing up to thirty the total number of projects on major transport axes. Member States should give priority to these projects when requesting funding from EU financing instruments.

In addition to the new list of priority projects, the proposal puts forward improved tools for **coordinating** projects between Member States, particularly cross-border projects, by means of the following two mechanisms:

- A *European Coordinator*, appointed by the Commission, will promote joint methods of evaluation, report on the progress of projects and consult operators on financing possibilities. The Coordinator will cover in particular cross-border sections of the thirty priority projects and, where necessary, may also cover the entire major axis.
- *Declaration of European interest* allows the coordinated or even joint evaluation of projects. If a project suffers serious delays without adequate justification, the Commission may take appropriate measures to tackle the problems.

The concept of the “Motorways of the sea”, which was launched in the 2001 White Paper, is another new element of the proposal. It aims at concentrating freight flows on a limited number of sea connections to ensure their financial viability and to reduce road traffic. The proposal includes the possibility of providing start-up aid for new shipping services.

### **Consistency and complementarity : The Structural Funds and transport and energy policy**

In September 2001, the Commission adopted its White Paper "The European Transport Policy in 2010: time to decide" (COM(2001) 370). In the light of rising congestion and

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<sup>23</sup>

Decision No 1692/96/EC

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COM(2003) 564 final: Proposal for a Decision of the European Parliament and of the Council amending the amended proposal for a Decision of the European Parliament and of the Council amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network. This proposal resulted in the adoption of Decision 884/2004 of the European Parliament and of the Council of 9 April 2004 amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network, OJ L 167, 30.4.2004, p. 1.

external transport costs, the Commission advocates a change in the orientation of the Common Transport Policy based on re-balancing the different transport modes away from the growing predominance of road transport.

The White Paper proposed a programme of about 60 measures, by now well advanced, most of which can be grouped along the following lines:

- introduction of competition in the railways through regulated opening-up of the market, based on different legislative packages, the first of which is already in force;
- improvement and better enforcement of legislation in the road sector;
- promotion of intermodality, notably through the Marco Polo programme;
- carrying out investments in the TENs for railways and other alternatives to road infrastructure, as developed in the revision of the TEN Guidelines proposed in October 2003;
- the development of the Galileo satellite radio-navigation programme is being led by a joint undertaking and has already gained widespread international acceptance;
- creation of a Single European Sky<sup>25</sup>;
- introduction of a fair system of charging for the use of infrastructure, which has given rise to a proposal for the revision of the Eurovignette, the proceeds being used to fund projects;
- the adoption of a number of proposals to improve safety and security in the different modes of transport, fixing the objective of a 50% reduction in road fatalities by 2010, and including the creation of two agencies for maritime and air transport.

The measures set out in the White Paper will allow a gradual decoupling between transport growth and GDP growth as recommended by the Sustainability Strategy of the Union, which was adopted by the Göteborg European Council in June 2001.

To achieve these objectives the Commission will be relying, among other instruments, on the funding available under the TEN-T budget line, the Cohesion Fund and the ERDF, and on ISPA for the future Member States. In particular the White Paper stated that in the new context of sustainable development, Community part-financing should be redirected to give priority to rail, sea and inland waterway transport, as confirmed by the recent Initiative for Growth, which proposes accelerating investments in TENs and gives priority to railways and other alternatives to road transport.

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<sup>25</sup> The Single European Sky is an initiative aimed at reforming the architecture of European air traffic control in order to tackle growing traffic congestion, which is at the root of air transport delays. Under existing air traffic control arrangements, which were set in place in the 1960s, each country regulates its own airspace without taking account of transfrontier traffic flows. Those arrangements can no longer cope with the spectacular increase in air transport.

In the Green Paper "Towards a European strategy for the security of energy supply"<sup>26</sup>, the Commission set out an approach to energy policy which is relevant to the geopolitical context, the opening-up and integration of energy markets in Europe, and environmental and climate goals. Enlargement and the wider Europe policy imply a strengthening and extension of the agenda. The Structural Funds have an important role to play, alongside action on networks, effective functioning of markets, and pursuit of environmental goals.

## **4.2. Coordination of instruments**

### *4.2.1. The Structural Funds and the Cohesion Fund*

Assistance granted under the Cohesion Fund allows the financing of transport infrastructure projects contributing to the implementation of trans-European networks, and of environment projects enabling the countries concerned to achieve progress in attaining EU environment policy goals. The Cohesion Fund enables the four eligible Member States (Spain, Portugal, Greece and Ireland) to sustain a major public investment effort in these two fields of common interest, while respecting the targets for reducing budget deficits as set out in the convergence programmes drawn up in the context of economic and monetary union.

The main instrument for coordinating assistance from the Cohesion Fund and the Structural Funds is the strategic reference framework (SRF). Member States present the Commission with an SRF as the logical consequence of the new legal provision governing Cohesion Fund operations. Article 1(2) of Regulation (EC) No 1265/1999 stipulates that "*Member States shall also provide the results of the environmental impact assessment in conformity with the Community legislation, and their consistency with a general environmental or transport strategy at administrative unit or sector level*".

The four Member States qualifying for the Cohesion Fund presented their SRFs for the environment and transport sectors at the end of 2000. Since then, decisions to finance projects under the Cohesion Fund have been checked in order to prevent duplicated funding with programmes adopted under the Structural Funds. Moreover, the SRFs promote greater complementarity between the two instruments.

Thus, in certain cases, these reference frameworks form an integral part of the programmes approved under the Structural Funds for 2000-06, reinforcing coordination between the Cohesion Fund and Structural Fund assistance.

In 2003 the candidate countries, which will all be eligible under the Cohesion Fund from the time of their accession on 1 May 2004, began preparing their SRFs alongside their programmes under the Structural Funds. The SRFs will be finalised during the first quarter of 2004.

Moreover, it should be noted that Ireland, which has received assistance under the Cohesion Fund since this instrument was set up, ceased to be eligible on 1 January 2004

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<sup>26</sup> COM(2002) 321 final of 26 June 2002.

since its level of per capita GNP is now well above the threshold of 90% of the Community average.

Finally, two information meetings took place with the Member States (including the candidate countries) during 2003 to coincide with meetings of the CDCR (the Structural Funds committee), making it possible to further strengthen the consistency between these financial instruments.

#### 4.2.2. *The Structural Funds and the EIB/EIF*

Under the terms of *the Cooperation Agreement* between the Commission and the **EIB** covering Community structural operations in 2000-06, a contact interface was set up between the two bodies. In addition to the appraisal and part-financing of major projects, an *ex-ante* consultation procedure has been installed regarding important strategic and policy papers, e.g. "programme lending".

Regional Programme lending and its institutionalisation had been achieved by the parties concerned. The expansion of Regional Programme lending is a demonstration of increased cooperation and closer cooperation with the EIB. Regional Programme lending refers to a specific type of framework facility for supporting multi-annual investment programmes managed by public authorities and part-financed by the Structural Funds. This issue will be of great importance to the new Member States and remote developing regions.

Intensive contacts were held in connection with the appraisal of projects. Progress was achieved in mutual understanding and, to a certain extent, harmonisation of appraisal methodology.

A joint DG REGIO/EIB Working Group investigated ways in which the Bank's financing can support and complement the work of the Structural Funds more directly. The DG REGIO/EIB Working Group contributed to the preparation of future legislation on structural assistance. Further new bilateral meetings were held with individual *countries*, namely Italy and Germany. The main concerns of the Italian desk related to the transport sector and the possibility of the EIB assisting the Italian authorities in the field of the public-private partnership.

The principal Commission initiative this year was *the growth initiative* and the quick start projects, which in conjunction with the 2010 innovation initiative and research and development were of common interest and the subject of cooperation meetings.

In 2003, the European Investment Bank lent a total of €42.3 billion (€39.6 billion in 2002) for projects furthering the European Union's political objectives. Financing in the Member States reached €34.2 billion, while €8.1 billion was made available in non-EU countries. Lending in the ten Member States which subsequently joined the Union in 2004 ran to a record €4.6 billion, and in the Mediterranean Partner Countries (including Turkey) to €2.1 billion.

Within the EU-15 countries, €16.3 billion was made available for projects in eligible regions in the form of individual loans and an estimated €6.5 billion in the form of credit lines ("global loans") to partner banks (for the financing of SME ventures and smaller-scale public investment). Including the future Member States, regional

development projects attracted €27.3 billion in loans, corresponding to 70% of total EIB lending in EU-15 and the future Member States in 2003.

Within the EIB group, the **European Investment Fund (EIF)** is now exclusively in charge of all venture capital and guarantee operations for small businesses and for venture capital (Community resources and EIB/EIF resources). It focussed its activity on early-stage financing, the high-tech sector and the knowledge-based society. The EIF took stakes worth €135 million in venture capital funds and provided a total of €2.2 billion in guarantees for SME financing.

## 5. EVALUATION

### 5.1. Mid-term evaluation

Mid-term evaluation is defined by Article 42 of Regulation (EC) No 1260/1999: it is to examine, in the light of the *ex-ante* evaluation, the initial results of the assistance, its relevance and the extent to which the targets have been attained. It is also to assess the use made of financial resources and the operation of monitoring and implementation. This evaluation is to be carried out under the responsibility of the managing authority, in cooperation with the Commission and the Member State. Article 42(2) stipulates that the results of the evaluation, carried out by an independent assessor, must be sent to the Commission no later than 31 December 2003.

#### 5.1.1. *The evaluation process*

The Commission made known its general guidelines on mid-term evaluation from the end of 2000 onwards and worked together with all the managing authorities in 2001 and 2002. Work was stepped up in 2003: the Commission was represented on most of the monitoring committees set up specifically to work on mid-term evaluation.

Article 42(3) of Regulation (EC) No 1260/1999 stipulates that the Commission must examine the relevance and quality of mid-term evaluation. Throughout the second half of 2003 the Commission accordingly assessed the quality of all the drafts submitted by the managing authorities; the aim was to examine any weaknesses in those interim reports and to assist the assessors in drawing up the final reports.

More specifically, the Commission endeavoured to check whether the evaluation reports included:

- analysis and field work not based solely on the opinion of those responsible for implementing the programme,
- a clear analysis of the financial data and of the stage reached in the programme and, for any mid-term targets not achieved, the reasons why and recommendations on remedial measures to be taken,
- substantiated conclusions and specific recommendations on what must be done to improve programme performance.

All the final reports were sent to the Commission by the 31 December 2003 deadline. Most of them complied with the three criteria above and provided the basis for

allocating the performance reserve; they will likewise form the basis for any reorientation of programmes.

The 2004 annual report on the implementation of the Structural Funds will examine the results of these mid-term evaluations more fully.

#### 5.1.2. *Performance reserve*

Governed by Article 44 of Regulation (EC) No 1260/1999, allocation of the performance reserve comprised two main stages:

- evaluation by each Member State, before 31 December 2003 and in close consultation with the Commission, of each programme's performance based on a limited number of monitoring indicators (and their target values), which must reflect the effectiveness, management and financial implementation of assistance,
- allocation of the reserve by the Commission, before 31 March 2004, to the most successful programmes or priorities, based on proposals from the Member States.

The Commission presented a paper, which it discussed with Member States at the meeting of the CDCR on 28 October 2003, on guiding principles for decisions on the allocation of the performance reserve. Nine guiding principles were outlined, the main ones requiring decisions on the allocation of the reserve to be characterised by transparency, accountability and equity.

The workload relating to carrying out evaluations and allocating the performance reserve was concentrated in just a few months (late 2003 to early 2004). However, the preparatory work - defining the indicators and their target values, establishing a method for assessing the success or otherwise of a programme, and setting possible amounts for each operation – began in 2000 with the drawing-up of operational programmes and SPDs.

Right up until Member States presented their final proposals, the Commission helped them to devise transparent allocation methods – at both national and regional level – and to ensure that the indicators and target values chosen were relevant. The Commission also took into account the specific institutional features of certain Member States.

In the 16<sup>th</sup> report on the implementation of the Structural Funds (2004), the Commission will provide detailed information on the allocation of the performance reserve finally decided, with a breakdown by country and Objective. In addition, a detailed report on mid-term evaluation and allocation of the performance reserve was drawn up in March 2004, for the attention of the Committee on the Development and Conversion of the Regions.

## 5.2. Other evaluations

### – Ex-post evaluation of Objective 1 (1994-99)

Launched in November 2001, this study showed that the Structural Funds had a positive impact on the GDP of European regions whose development is lagging behind. For some regions, the impact of Objective 1 programmes were quantified by econometric models. The most significant results were observed in Germany – the GDP of the new Länder is estimated to have increased by around 4% – and in Portugal, where GDP in 1999 was around 4.5% higher than it would have been without Community assistance. The added value of EU assistance under Objective 1 is also significant: developing a partnership with the Member States and their regions, introducing a culture of monitoring and evaluation. However, according to the study, research and development activity must be supported more, planning and management of major projects improved, and programme evaluation indicators (and their target values) defined realistically. As regards the 2007-13 programming period, the evaluation highlighted the need to strengthen institutional capacity in the new Member States.

### – Ex-post evaluation of Objective 2 (1994-99)

This evaluation was launched in December 2001 and confirmed the relevance of the strategies adopted in the various programmes. However, it highlighted the need to promote measures directly linked to the Lisbon Strategy. It turns out that the regions which centred their programmes on research, development, innovation and technology transfer are those which have created jobs. Also, according to the assessors, the Objective 2 management procedures need to be simplified. As for Objective 1, the study recommends strengthening institutional capacity in the new Member States, including by introducing multi-annual programming and promoting partnership.

### – Ex-post evaluation of the Interreg II Initiative (1994-99)

This evaluation proved that the strategies implemented via the various programmes were appropriate and addressed the specific problems of border regions. The programmes' effectiveness was judged to be satisfactory overall, particularly in the sphere of transport and energy networks. Their implementation and management were not entirely satisfactory, however: the Commission would have liked them to have been drawn up and managed on a genuinely cross-border basis and in a more integrated manner – particularly on a financial level. The overall impact of Interreg II was nevertheless considered positive. The various programmes implemented improved the accessibility of border regions and promoted improved mobility through the investment made in transport. Interreg II also had a beneficial impact on the production sector: improved services for SMEs, joint research and development projects, better cross-border professional mobility. In their conclusions, the assessors highlighted the need to strengthen the means of cross-border cooperation (which will increase with enlargement) and to improve regulation of its implementation and management. They also stressed the need for these cooperation programmes to complement the other forms of Community regional assistance.

– Ex-post evaluation of the Urban I Initiative (1994-99)

The evaluation covered the 118 programmes launched during the period and examined the reasons for their effectiveness: complementarity with assistance under Objectives 1 and 2, synergy between projects under the same programme and active partnership (particularly on questions of management and implementation). Two weaknesses were highlighted: very limited private-sector participation and poor understanding of Commission documents by those involved in the programmes. In terms of impact, the programmes enabled the urban areas receiving assistance to be renovated and modernised, and they also helped to improve living conditions there. In some cases, they helped the local authorities to devise an urban strategy. In their recommendations, however, the assessors recognised the need to improve the monitoring and evaluation mechanisms; they also advocated setting up a transnational network among all the cities receiving assistance under Urban.

– Study on the effectiveness of the systems for implementing the Structural Funds

The assessors based their work on case studies. In their view, the problems of ineffectiveness and complexity arising in the implementation of the Structural Funds stem from the Member States and their interpretation of the rules. Programming, the management mechanisms, *ex-ante* and mid-term evaluations, and the allocation of resources on the basis of payments rather than commitments seemed to be satisfactory practices. By contrast, the authors of the study considered that the lengthy process for approving programming documents, the quality and use of information on monitoring programmes, the complexity of financial flows and the dual accounting applied in some regions could impair the effectiveness of Community assistance. The Commission took the study's findings and recommendations into account when drawing up the 3rd report on economic and social cohesion.

– Ex-post evaluation of the European Social Fund under Objectives 3, 4 and 1, and of the Employment and Adapt Community Initiatives (1994-99)

This evaluation was launched in September 2002 and is currently being finalised. It is based on reading national evaluation reports, national closure reports, and qualitative field work. The interim provisional findings have been sent to the Partnership for ESF evaluation and to the ESF Committee. The final reports will be available in 2004. The draft final report's main findings are:

- (i) the ESF has supported mainly training initiatives and combined measures
- (ii) the impact of the measures has varied according to context, but "pathway" measures and those focused on the needs of individuals seem to be the most fruitful
- (iii) the ESF has also supported improvements in the national systems relating to training and the job market. Overall, it can be concluded that the ESF has also contributed towards consolidating a number of political priorities, such as promoting equal opportunities helping the labour force to adapt. Partnership-based programming and management at various levels has encouraged a long-term view of the job market and made it possible to involve the social partners.



- Evaluation of innovative measures (Article 6 of the ESF Regulation) "Local employment strategies and innovation"

This evaluation covers an Article 6 innovative measure aimed at developing local employment strategies. Having started work at the beginning of 2003, the assessors will have to examine the achievements of the projects and the programme, draw lessons for similar measures in future, and make recommendations to the Commission. The final report will be available in 2006.

### **5.3. Other evaluation work**

#### *5.3.1. Cost-benefit analysis*

Article 26 of Regulation (EC) No 1260/1999 requires Member States to notify major projects to the Commission and to provide information on cost-benefit analysis and the projects' impact on employment and the environment.

In 2003 the DG for Regional Policy examined and gave an opinion on 161 major projects submitted to it, most of which related to the environment and transport. The European Investment Bank (EIB) provided an expert technical appraisal of 45 projects.

#### *5.3.2. Methodological guides and tools*

Throughout 2003 DG REGIO put into effect a number of projects which will enable it to provide assistance with evaluation. For example, the MEANS package – regarded as a real instruction manual for evaluating socio-economic programmes – was updated; the complete guide will be available on DG REGIO's website in the first half of 2004. This work is being undertaken in close cooperation with the other Directorates-General responsible for the Structural Funds.

#### *5.3.3. Conference on evaluation*

In cooperation with the other Directorates-General responsible for the Structural Funds, DG REGIO held a major conference on Structural Funds evaluation in Budapest on 26 and 27 June 2003. The main subject discussed was the challenges of evaluation in an enlarged Europe. A total of 474 evaluation professionals took part in the conference and 29 working papers were presented.

Over the two days, speakers highlighted:

- the increase in evaluation work and expertise in the Member States,
- the importance of evaluation as an aid to decision-making,
- the need, when evaluating the Structural Funds, to take into account the increasingly complex nature of the policies being implemented and to help the various parties involved to learn and to take responsibility,
- the time it takes to develop an evaluation culture within regional aid programmes (the aim being to improve the quality of the programmes themselves rather than just produce quality evaluations),

- the need, when evaluating a programme, to include both quantitative and qualitative data,
- the complementary nature of evaluating and monitoring Community assistance programmes.

#### 5.3.4. *Mid-term verification of the additionality principle*

Among the general principles of the Structural Funds' operation, additionality makes it possible to prevent the Community Funds from replacing appropriate national public expenditure in the same spheres of assistance. Article 11(3) of Regulation (EC) No 1260/1999 requires the Commission to carry out a mid-term verification of compliance with the additionality principle in respect of the 2000-06 programmes.

On completion of that verification, the Commission and the Member States may agree to revise the level of structural expenditure to be attained if the economic situation has resulted in developments in public revenue or employment in the Member State concerned significantly different from those expected at the time of the *ex-ante* verification.

This work was undertaken between August 2003 and February 2004 in close cooperation with DG ECFIN. The main conclusions which can be drawn are:

- Based on the information available, it appears that the additionality principle was complied with in eight Member States (Belgium, Spain, Finland, Greece, the Netherlands, Portugal, Austria and Sweden), enabling a high level of public investment to be maintained – in some cases higher than initially forecast.
- Three countries did not comply with the additionality principle during the period 2000-02: Germany, Italy and Ireland.
- As this assessment will be followed up by an *ex-post* verification in 2005, there is still time for public spending in the latter three countries to increase to a level ensuring compliance with the additionality principle over the programming period as a whole.
- For the Member States not complying with the additionality principle – and after a case-by-case examination – the Commission nevertheless deemed it necessary to lower the expenditure target for the remainder of the programming period.
- Neither France nor the United Kingdom had supplied acceptable additionality assessments by the 31 December 2003 deadline.

## 6. CONTROLS

### *The Anti-Fraud Office*

In the course of investigations carried out during 2003, the Anti-Fraud Office undertook 13 operational missions in the Member States regarding structural measures. For six of those missions, the Anti-Fraud Office took as its legal basis Regulation (Euratom, EC) No 2185/96<sup>27</sup> concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities. The other seven missions were to assist either the national administrative authorities or the judicial authorities.

It should be pointed out that, as well as carrying out operational investigations and coordinating them at Community level, the Anti-Fraud Office provides all forms of assistance in order to facilitate coordination of investigations launched by national administrative or judicial authorities.

Eight missions related to the ESF, of which four covered cases opened in 2003 and four concerned investigations launched in previous years. Three missions concerned the ERDF and related to cases opened in 2000, 2002 and 2003. One mission concerning the EAGGF Guidance Section and one the FIFG related to cases opened in 2003.

The investigations revealed false invoices and false declarations linked to an absence of supporting documents.

Also during 2003 the Anti-Fraud Office completed a joint audit, launched with the Directorates-General responsible for the Structural Funds, on Member States' implementation of Commission Regulation (EC) No 1681/94 as regards the systems and procedures for notifying and following up irregularities, as well as on the application of Article 8 of Regulation (EC) No 438/2001. The audit's conclusions were sent to the Member States and a summary report was sent to the Council, the European Parliament and the Court of Auditors.

In addition, for 2003 the Member States notified to the Commission under Regulation (EC) No 1681/1994 2 439 cases of irregularities involving a total of €340 173 487.

Compared to 2002, both the number of cases of irregularities notified and the amounts involved are lower – representing about half the previous year's figures<sup>28</sup>. This may be explained by the fact that control work prior to closure of the 1994-99 programmes had been completed in relation to the previous year, which was the last year of controls concerning the same period.

It must also be pointed out that Articles 3 and 12 of Regulation (EC) No 1681/94 require Member States to report to the Commission all cases of irregularities involving

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<sup>27</sup> Regulation (Euratom, EC) No 2185/96 of 11 November 1996 - OJ L 292, 15.11.1996, p. 2.

<sup>28</sup> 14<sup>th</sup> annual report on the Structural Funds (2002), point 3.2: 4 652 cases involving a total of €604 466 000.

€4 000 or above. It should be noted that Regulation (EC) No 1681/94 does not distinguish between fraud<sup>29</sup> and other irregularities.

The Anti-Fraud Office's involvement in the closure of 1994-99 programmes, still in progress, also permitted financial monitoring and application of Article 5 of Regulation (EC) No 1681/94 with respect to a significant number of cases. Article 5 requires Member States to inform the Commission, on a case-by-case basis, of the procedures instituted following irregularities notified and of important changes to those procedures. Since closure has not been completed, however, it is considered too soon to give data.

The Commission was not informed of the action taken on some cases notified. This mainly concerns programmes from the first programming period, although a number of them have been closed for some time. Nevertheless, since legal proceedings are still in progress at national level for irregularities, final clearance of the amounts relating to those irregularities must be suspended until the proceedings have been completed.

### *ERDF*

As regards auditing ERDF expenditure, DG REGIO's control work for 2003 had two priorities:

The first priority was to examine the validity statements drawn up on the basis of Article 8 of Regulation (EC) No 2064/1997 when ERDF programmes are closed. In those statements, an independent body summarises the conclusions of the controls carried out in previous years and gives its opinion as to the validity of the request for final payment as well as the legality and regularity of the operations underlying the final declaration of expenditure. This examination covered 744 validity statements at the end of 2003, involving practically all the programmes in question. A total of 229 of those statements were not accepted on examination, either because additional checks were required or because further information proved necessary.

The second priority was to audit the expenditure declared by Member States for the 1994-99 programmes. The aim was to audit a sample of programmes selected in the Member States and check the declared expenditure's compliance and eligibility by examining a representative number of projects. To that end, 17 programmes in 12 Member States were the subject of 36 audit missions.

The remainder of DG REGIO's ERDF audit effort focused on:

- examining the management and control systems set up by Member States for the 2000-06 programming period. The follow-up to that investigation, begun in 2002, comprised seven audit missions in seven different Member States. Those seven audits aimed to record the improvements introduced in response to the comments and recommendations made during previous audits;
- examining the application of Regulation (EC) No 1681/94. Four audits were carried out.

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<sup>29</sup> For a definition of "fraud", see Article 1(1) of the Convention on the protection of the European Communities' financial interests.

In all, DG REGIO carried out 48 audit missions to Member States in 2003.

### *EAGGF*

The first priority was to examine the validity statements drawn up on the basis of Article 8 of Regulation (EC) No 2064/97 when EAGGF programmes are closed. The examination covered 360 of the 381 validity statements at the end of 2003, involving practically all of the programmes in question. On examination, 226 of those statements were accepted. The others were not accepted at that stage, either because additional checks were required or because further information proved necessary.

The second priority was to examine the management and control systems set up by Member States for the 2000-06 programming period. At the end of 2003, the systems for 100 programmes – out of a total of 144 – had been examined. An on-the-spot audit was carried out on 33 programmes out of those 100 examinations.

### *ESF*

It must first be pointed out that, besides continuing ESF audit work, 2003 was marked by the modernisation of ESF audit procedures (inter alia: introduction of a multi-annual ESF audit strategy based on quantified risk analysis; introduction of the ESF audit manual as part of the revised manual for all the Structural Funds) and the start of work relating to enlargement (launch of technical fact-finding missions to find out about the systems set up in the 10 new Member States). The purpose of those missions was to obtain a brief on-the-spot overview of the systems prior to receiving the written descriptions which the Member States will send in accordance with Article 5 of Regulation (EC) No 438/2001. By the end of 2003, four missions covering five countries had been carried out.

ESF audit work related to evaluating the systems for the 2000-06 programming period as part of the 2003-06 ESF audit strategy, which should make it possible – by the end of 2004 – to be reasonably sure about the reliability of the management and control systems set up in the Member States. The strategy is based on an integrated audit concept and on progressively mutual auditing between the Member States and the Commission.

In 2003, a total of 34 audit missions were carried out for the 2000-06 programming period; they can be broken down as follows:

- 16 audits of Objective 1 systems
- 1 audit of an Objective 2 system
- 11 audits of Objective 3 systems
- 6 audits of Equal systems.

The audits carried out made it possible to continue practical on-the-spot evaluation of the system descriptions submitted by the Member States (Article 5 of Regulation (EC) No 438/2001).

Three audits relating to closure of the 1994-99 period were also carried out.

## *FISHERIES*

The *ex-post* control department accorded priority to auditing systems for the management and control of FIFG programmes in the 2000-06 period and to the closure of 1994-99 programmes.

A total of 14 audit missions were carried out in 2003.

Eight audit missions related only to closure of 1994-99 programmes in seven Member States; three related only to verification of management and control systems for 2000-06 programmes in two Member States; and three related to both closure and systems verification in two Member States. The programmes audited in respect of closure involved €1 114 million, and those audited for management and control system verification €814 million. In total, 58 structural projects undertaken in both programming periods were audited in 2003, involving €18.2 million. Community aid of €1 million was found to be non-eligible, and an amount to be determined will be deducted when closing the programmes of the two Member States concerned.

In accordance with Regulation (EC) No 438/2001, DG FISH has completed the desk check of the management and control systems set up by Member States for all the programmes for which it is the lead department, and by 31 March 2004 it will have completed on-the-spot checks on those systems in the 13 Member States concerned. Bilateral discussions are in progress with nine Member States to clarify a number of aspects following the desk and/or on-the-spot checks. Examination of the management and control systems in four Member States has been completed.

## **7. OPINIONS OF THE COMMITTEES**

### **7.1. Committee on the Development and Conversion of the Regions**

The CDCR acts as a management committee when discussing the rules for implementing Regulation (EC) No 1260/1999, and as an advisory committee when discussing any other matter. It also provides a forum for information and debate on any specific aspect of implementing the Structural Funds, and particularly the European Regional Development Fund. In total, some 70 cases were discussed at the 11 meetings of the CDCR and the five meetings of its specialist working group on territorial and urban development matters.

The CDCR's management committee work in 2003 featured, in particular, examination of the proposal for amending Regulation (EC) No 1685/2000<sup>30</sup>. The CDCR's most important discussions also included examining questions referred to it on the interpretation of the automatic decommitment rule, and particularly the exceptions provided for in Article 31 of Regulation (EC) No 1260/1999.

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<sup>30</sup> Commission Regulation (EC) No 1685/2000 of 28 July 2000 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds – OJ L 193, 29.7.2000, p. 39.

## 7.2. ESF Committee

The ESF Committee met four times in 2003, and its technical working group six times. It delivered two written opinions. The first was on the amendment of Commission Regulation (EC) No 1685/2000, with particular reference to Rules 1, 3 and 7. Four countries voted against the change to Rule 1, and two voted against the changes to Rules 3 and 7. Other countries voted in favour or did not respond.

At its meeting on 18 June 2003, the Committee adopted an opinion on the Commission communication 'The Structural Funds and their coordination with the Cohesion Fund – Revised Indicative Guidelines'. The opinion stressed the need to strengthen aspects relating to human resources development and employment as an across-the-board priority. It emphasised that partnership is an integral component in the implementation of programmes and that the involvement and contribution of the social partners should be recognised and strengthened. The Committee also requested that the text of the guidelines should be updated in order to take account of the recent revision of the European Employment Strategy.

At its regular meetings, the Committee discussed the revised European Employment Strategy's implications for ESF implementation, as well as reports on evaluation and the implementation of Article 6 and Equal.

## 7.3. Committee on Agricultural Structures and Rural Development

The STAR Committee (agriculture and rural development) met nine times in 2003 and acted as a management committee under the procedure provided for in Article 47(3) of Regulation (EC) No 1260/1999 on the following issues:

- Amendment of Commission Regulation (EC) No 2759/1999 regarding SAPARD. The Committee gave a favourable opinion.
- Commission Regulation (EC) No 963/2003 amending Commission Regulation (EC) No 445/2002 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the EAGGF. The Committee gave a favourable opinion.
- Commission notice amending the notice to Member States of 14 April 2000 laying down guidelines for the Community initiative for rural development. The Committee gave a favourable opinion.
- Ad hoc Regulation (EC) No 141/2004 on implementing rules for specific rural development measures for new Member States. The Committee gave a favourable opinion.

The Committee gave favourable opinions on 38 rural development plans under Article 44(2) of Regulation (EC) No 1257/1999 and on 14 amendments to rural development plans under Article 4 of Regulation (EC) No 1268/1999.

The Committee was also consulted on:

- Evaluation of the systems established by the Member States for the management and control of Rural Development Programmes for 2000-06 financed under the Guidance Fund.
- Revised Indicative Guidelines for the Structural Funds and their Coordination with the Cohesion Fund.

#### **7.4. Advisory Committee on Fisheries and Aquaculture**

The Committee was consulted on five occasions in 2003 on the following subjects:

- 17 February 2003: Second revision of Regulation (EC) No 1685/2000 governing the eligibility rules under the Structural Funds. The consultation took place by written procedure and resulted in a positive opinion.
- 10 April 2003: Information on the accompanying measures and financial resources required by affected Member States to address the socio-economic impact of recovery plans, on the 2003 programme for innovative actions, and the 2003 programme for technical assistance.
- 24 June 2003: Information on the future of cohesion policy, information on the impact of the CFP reform on aid to the fleet, consultation on the revised indicative guidelines for the Structural Funds in future Member States (favourable opinion).
- 29 August 2003: Revision of the list of Objective 2 eligibility zones. The consultation took place by written procedure and resulted in a positive opinion.
- 19 November 2003: Information on the results of the call for proposals for innovative actions in 2003 and the implementation of previous projects under the similar call for proposals in 2002.