

COMMISSION OF THE EUROPEAN COMMUNITIES

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CONCLUSIONS OF THE REPORT

In accordance with Article 25 of Regulation (EEC) No 4253/88

FSE - 1989

(presented by the Commission)

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FSE - 1989

1. 1989 - a transitional year for the ESF

1989 was the first year of the reform of the Structural Funds. It was an important year, since the key concepts of the reform had to be put into practice (particularly programming, partnership and complementarity), the abstract notions mentioned in regulations (Community support frameworks, operational programmes and global grants) given shape, the main areas for ESF assistance decided on for the next few years and the finance available divided up between the Member States.

1989 also marked the start of a fundamental upheaval: Member States are now required to submit programmes of homogeneous measures spread over a number of years for Community assistance, a far cry from the previous approach, when the applications for ESF aid submitted to the Commission by the national and regional authorities were always based on individual projects (around 10,000 per year).

1989 was not only a crucial year when most of the ground rules were laid down governing relations between the Commission and the Member States for future years, but it was also above all a transitional year since, in accordance with Article 9 of Council Regulation (EEC) 4255/88, the ESF continued to process applications for aid from the 1989 budget on the basis of the old rules.

The report produced for the ESF Committee for this transitional year is a special report which is different from those produced previously. It has a new legal basis in Article 25 of Council Regulation (EEC) No 4253/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds, which provides that "the Commission shall report each year (to the various Funds' committees) on the progress made in implementing assistance operations under the Funds".

This report is the first of a new type, but it cannot provide all the information required under the new Regulations: since most of the CSFs were not in place until the end of 1989, or even, in some cases, the first half of 1990, the 1989 report is unable to give details of "the use made of appropriations in relation to the particulars given in the Community support frameworks", particularly as applications for ESF assistance in 1989 continued to be governed by rules dating from before the reform of the funds.

It also supplements the report submitted by the Commission to the Parliament, the Council and the Economic and Social Committee, as provided for in Article 16 of Council Regulation 2052/88 on the tasks of the Structural Funds and Article 31 of Regulation (EEC) No 4253/88, on how the Regulations relating to the Structural Funds were implemented during the previous year, in which the Commission describes the progress made in achieving the objectives of the reform of the funds and in concentrating the aid from the various funds provided for in the Regulations.

This report, like the activities of the Social Fund in 1989, is thus characterised by two factors:

- on the one hand, the implementation of the 1989 budget under the old rules of the Fund;
- on the other, the implementation of some of the main mechanisms of the reform of the Structural Funds.

2. The implementation of the ESF budget in 1989

As part of the implementation of the budget, the ESF department examined the applications for assistance submitted by the Member States for the 1989 budget year, which totalled ECU 7546 million; financial assistance of ECU 3580 million* was approved for the benefit of 2 762 273 people.

Although appropriations were allocated in accordance with the old rules of the Fund, the emphasis was laid on the objectives and priorities established under the reform. Thus:

- three quarters of the aid approved, ECU 2640 million, went on measures on behalf of young people under 25 (ECU 1244.58 million in less-favoured regions, ECU 1354.61 million in other regions and ECU 41.42 million for specific measures);
- in view of the special effort to be made for Objective 1 regions, about 50% of the aid approved went to less-favoured regions.

* This figure was calculated on the basis of the exchange rates between the various national currencies and the ECU on the day when the applications were approved, and includes ECU 72 million in reutilised revenue.

3. The reform of the Structural Funds

The most important factor in this field was the establishment of Community support frameworks on the basis of plans put forward by the Member States.

Thanks to sustained progress throughout the year, 66 CSFs were set up in 1989:

- almost all the CSFs for Objective 1 (promoting the development and structural adjustment of the regions whose development is lagging behind), except for the CSF for Greece, which was delayed until early 1990;
- all the CSFs for Objective 2 (converting the regions, frontier regions or parts of regions seriously affected by industrial decline);
- the CSFs for the two objectives where the ESF operates on its own, i.e. 3 (combating long-term unemployment) and 4 (facilitating the occupational integration of young people), which were in place by the end of December 1989, with the exception of the CSF for Spain, which was not finalised until early 1990.

The 44 CSFs for Objective 5b were not established until 1990.

All the 114 CSFs in which the European Social Fund is involved were in place by the end of the first half of 1990. The indicative amounts for the ESF here totalled ECU 15 364 million, broken down as follows:

- ECU 9 813 million for the CSFs for Objective 1 (1989-1993),
- ECU 988 million for the CSFs for Objective 2 (1989-1991),
- ECU 4 128 million for 1990-1992 for Objectives 3 and 4 outside the regions covered by Objective 1,
- ECU 436 million for Objective 5b (1989-1993).

At the end of this first year of reform a number of important points can be made about the Social Fund:

- The transition from a project-based approach to a programme-based approach has not always been easy because most Member States' governments do not have comparable planning structures to those used in regional development, and because Member States were accustomed to applying for assistance from the ESF annual budget for individual projects.

- A determined effort has been made to concentrate on the main problems and the most relevant measures: given the difference between the amount of aid requested by the Member States and the funding available from the ESF, both the Commission and the Member States have had to be selective about the measures put forward.

- Partnership: although in most cases this could and should be developed still further with the regional authorities and the two sides of industry, there has nevertheless been a clear improvement.

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The report was presented to the European Social Fund Committee on 8.3.1991. the opinion of the Committee was positive with reservations regarding detailed points which had been incorporated.