
IQ-Net Bulletin - Issue 4

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Aquitaine hosts the fifth IQ-Net Meeting

Delegates to the fifth IQ-Net meeting held in Bordeaux braved the intense summer heat as well as the feverish speculation and anticipation surrounding World Cup preparations. As previously, the meeting was dedicated to intensive, informed discussion and exchange of experience among programme managers covering a range of operational and strategic programming topics. The formal sessions covered four important themes:

- an overview of the Aquitaine Objective 2 programme and its innovative aspects,
- strategic approaches to RTD and innovation-oriented measures in Objective 2 programmes,
- a systematic approach to employment creation in Objective 2 programmes,
- the new Structural Funds regulations and their implications for Objective 2 areas.

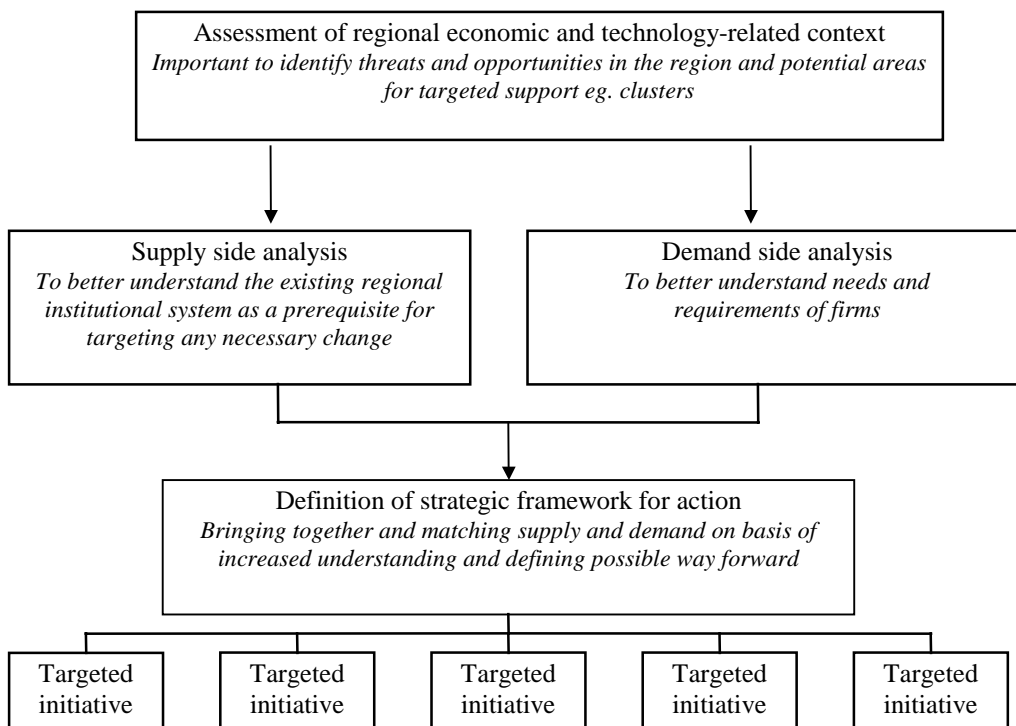
The formal sessions were supplemented by a study tour initiated by the Regional Delegation for Research and Technology (DRRT) and the Regional Council on the role of Objective 2 in supporting strategic RTD policies in Aquitaine. This focused on the contribution that Objective 2 has made to a regional, technology-based cluster strategy. The study tour included a visit to two projects: The first was to Labri, a university research department active in applied research on the use of IT in image synthesis. Objective 2 has helped them in the development and design of medical software products. The second was at AGIR, a unit developing the agronomy and food sectors. The food sector is one where the application of science and technology is providing interesting solutions for problems like preservation and storage: the acid test for delegates was distinguishing between orange juice that had undergone pasteurisation and orange juice that was preserved through a new process of high pressure bombardment.

On Monday evening, delegates had the opportunity to sample one of the most important exports of the region - wine. As befits their position as regional managers, participants succeeded in the complex business of tasting without swallowing!

Thinking Strategically - RTD and Objective 2 Programmes

The inclusion of both RTD and, increasingly, innovation-oriented measures in Objective 2 programmes is on the increase. The innovative capacity of regional economies and firms is critical to their competitiveness. This makes the identification and integration of effective measures to stimulate activity in these areas of central importance to regional policy-makers. This has not always proved to be an easy task. This article takes a brief look at the way in which some Objective 2 regions have integrated a more strategic RTD and innovation-related framework into their regional development activities.

What does a strategic approach to RTD or innovation encompass?



The overall aim is to allow a 'step back' to assess the structure and process of RTD and/or innovation support in the region as a way of creating a framework built on greater understanding which can more effectively target concrete measures. While there is no single way to achieve this, a number of key factors can be identified.

This process of strategic thinking can be integrated in a number of ways and will depend to a great extent on the starting conditions in any particular region. Two possible approaches are: (i) undertaking a separate and distinct RTD strategy definition exercise and (ii) the incorporation of more on-going RTD-related debate into regional development decision-making processes.

One way of implementing the first approach is to use the European Commission supported RITTS (Regional Innovation and Technology Transfer Strategies, DG XIII) or RIS (Regional Innovation Strategies, DG XVI) framework. These initiatives incorporate all the above elements and have now been undertaken in over 60 regions. Early experience has shown that, for best results, it is important to have an early and direct link between the RITTS/RIS and Structural Fund planning groups - potentially through joint representation on key committees. This helps to ensure that both the strategic thinking emerging from the RITTS/RIS and the practical projects proposed as a result can be integrated into the appropriate SPD priority area. The better understanding of demand-side requirements has been especially influential on the direction of measures included in the Objective programmes.

The direct link to funding through the Objective 2 programme can help to ensure there is available finance for new targeted measures and to provide well thought-out projects for implementation with Structural Fund finance. One of the benefits emerging from the RITTS/RIS initiatives has been the process of consensus-building among regional agencies and the links forged with the private sector through the identification of strategic aims. In some regions, the existing Structural Fund partnership can be the starting point for this process and, where links are good, the two networks can become mutually reinforcing.

Greater on-going strategic discussion about the role of RTD and innovation in regional development has been possible in a number of regions and led to concrete results. Regions displaying a reasonable level of strategic discussion are often those which operate in a positive national context for RTD issues. The greater involvement of the main technology-related actors in consultations about RTDI policy leads to incremental progress in understanding needs in this area and in this way establish a framework which is responsive to changing circumstances. Separate and distinct strategy exercises can still be useful within such a framework. They can provide a 'stock-take' at a particular time or make the chosen strategic direction more explicit and visible.

Practical Example : Regional Technical Centre Kramfors, Sweden

The Regional Technical Centre Kramfors (LTCK) is a technology and innovation centre operating in the Ångermanlandskusten Objective 2 area. It is funded by local companies purchasing its technical services and aims to coordinate resources in industrial development, education and training for the benefit of local engineering firms. Its current activities include: skills training in the field of mechanical engineering; customised corporate computer training; use of networks to help local companies with coordination in various business areas; video conferencing and IT facilities; and EU project coordination.

The LTCK is linked to nine other technical centres in the county of Västernorrland, each offering similar services within a defined technology field. The RITTS project stimulated new cooperation between these centres which now meet every 6-7 weeks to discuss needs and future directions and to ensure cooperation on issues such as company visits and cross-referral. Common marketing material has been developed and collaboration in a range of areas is now increasingly common.

Practical Example: The Pôles approach, Aquitaine, France

Pôles, or centres of excellence, comprise a major strategic element of the Aquitaine technology strategy and have been supported through the Objective 2 programme. The pôles, which a RITTS study was used to appraise and endorse, have been developed around selected foci, including materials and IT. In developing specific fields, it has been possible to realise synergies, to give the individual fields greater visibility, to optimise current and potential technological assets and to avoid spreading resources too thinly.

Each pôle has an open network structure, and is driven forward by a carefully selected animator who shapes its development and ensures its efficient operation. The animators provide an interface between firms and technology providers/schemes, attempting to raise awareness on both sides and better match supply and demand requirements. They also stimulate information flow and help with specific project development, team building and the identification of possible funding sources.

A number of concluding issues and challenges can be drawn from the analysis of both theory and practical experience in implementing a more strategic approach to RTD and innovation:

The process of strategy building is of integral importance

The creation of a supportive regional environment for innovation is very important and is more likely to emerge if there is consensus and clear direction from the main research providers and support institutions. Specific strategy drafting exercises can help provide an initial push to bring actors together and a starting point to build upon.

Evaluation and review are critical components of a strategic approach

An RTD or innovation strategy is not a static entity, and evaluation and review are required to help reaffirm or reorient the original objectives. Evaluation in the context of more on-going discussion can help provide a summary of the current position.

Effective implementation is imperative

The strategy is not an end in itself but a means for promoting more targeted activity. The visibility and reputation of the strategy and its key actors will be enhanced where tangible results can be shown. The early identification of possible sources of finance can help objectives to be delivered.

Explicit coordination should exist between Objective 2 programmes and the RTD strategy

Time and resource pressures mean that coordination is not always easy. While personal contacts play an important role, formal cooperation structures are useful to ensure a robust link is maintained.

RUTH DOWNES

Objective 2 and employment: making a good job of making jobs

Roughly eleven percent of the EU's working population is currently unemployed - a total of nearly twenty million people. It is hardly surprising, then, that since the early 1990s, resolving the unemployment problem has become a vital European Commission and EU Member State priority. Pursued through the Essen Track and the provisions of the Amsterdam Treaty, the issue has also been addressed increasingly vigorously by the European Union's economic and social cohesion programme, implemented through the Structural Funds. In line with this overall reorientation, underlined by Commission guidance on reprogramming priorities, Objective 2 areas have placed special emphasis on job creation: it was already an important strategic objective in 1994-96 programmes, and this has been continued and in many cases accentuated for the 1997-99 round.

The pursuit and measurement of employment impacts has planning, resource, skills and information implications for every stage of Structural Fund programming from initial programme development to final evaluation. Progress has been made - as reflected in programming documents and regions' operational responses - but Member States and programming authorities are still to an extent feeling their way. This article illustrates how thinking of the programming cycle as a 'system' can be beneficial in responding to the employment challenge. The sophisticated responses which are required can be built up gradually, by establishing a foundation of robust principles and processes and progressively applying, extending and refining these throughout the programming cycle.

A systems approach to employment creation

The table below shows how, by beginning as early as possible in the programming cycle, it is possible to develop progressively systems to identify and help realise the employment potential of Structural Fund policies. The table also gives some tips on managing specific tasks.

Action plan to promote and measure employment effects

Programme preparation

☐ Establish definitions for employment impacts, and think through how they will be identified and quantified.

Establish definitions and methods as early as possible, perhaps bringing in the services of evaluation experts to ensure the quality of the framework being put in place. This will structure responses at every stage of programming, and increase the utility of all information collected.

See the box below for some examples of best practice definitions.

☐ Establish assumptions from which to calculate realistic targets. Do this by collating relevant existing information about the outputs and impacts of past projects per MECU spent.

Assumptions do not have to be based on complex, formal studies. Some programmes have undertaken rapid telephone surveys to compile the necessary information, on the basis that these assumptions can be refined later.

☐ Ensure that the programme has the necessary expertise and resources available to respond to the implications of pursuing and quantifying job creation.

Recruit or train a specialist in employment issues (ideally someone with a wider monitoring or project development role). Expertise can be 'bought in' on an ad hoc basis - eg in evaluations - but in-house expertise integrates the issues more effectively into day-to-day programming.

Familiarise a wider group (including committee members, decision-makers, applicants and final beneficiaries) with employment terms, methods and issues and ensure that they can apply relevant frameworks.

Programme development

☐ Identify how each measure type affects employment to facilitate an informed debate about policy choices. Work logically from the volume of physical outputs to the numerous likely short and longer term employment effects.

Systematic comparisons of the job creation potential of different measures at the programme development stage are rare, yet this could derive a policy mix with greater potential to achieve higher employment impacts.

☐ Also consider the likely impact of dead-weight and displacement. These can reduce net impacts, making some measures less good value for money.

Widen the scope of the policy debate, also considering innovative policies which could develop new sources of employment.

☐ Quantify ex ante employment targets once the programme has been decided.

There may be good reasons to pursue measures with high displacement - eg entrepreneurship schemes for the long-term unemployed which have a stronger social than economic rationale. However, these trade-offs should be explicit.

☐ Use the definitions from the preparatory stage in setting targets.

In the *ex ante* quantification stage, focus on deriving reliable **gross** impact estimates - eg using prior performance information. These are essential, while net predictions are only desirable.

Specify the assumptions on which targets are based and state the limitations of the data used. This provides a much stronger framework for critical monitoring and subsequent evaluation.

Project generation

☐ Inform applicants about the programme's emphasis on job creation.

Use as many routes as possible to promote the jobs message - the SPD itself, promotional materials, seminars, written guidance, ad hoc advice etc.

❑ Follow this up with specific guidance to applicants on thinking through and quantifying employment targets for their projects.

❑ Draw on the standard terminology and approaches developed for *ex ante* programme-level quantification. This will help consistent information to be generated.

Use the discussions with applicants to help minimise dead-weight and displacement by establishing that (a) projects are genuinely dependent on Structural Fund support to go ahead, and (b) will not displace other activities and so jobs.

The more thoroughly applicants have thought through the employment issue at an early stage, the more likely they are to be aware of progress against their targets and to report accurately on this.

Project appraisal and selection

❑ Appraise projects in a rounded way for their likely effect on employment.

❑ Use the established frameworks to assess the realism of employment targets. If targets are unrealistic, revise them using the agreed assumptions so that projects can be compared fairly.

Applying the job creation selection criteria in a rounded way involves considering the wider implications of each project, and not just the number of jobs they promise. This should (a) also take into account the *quality* of jobs created (sustainability, skills, sectors, appropriateness to target populations), (b) recognise projects with modest employment outcomes which will help realise other programme priorities (eg internationalisation or raising technology levels), (c) eliminate projects whose employment effects are cancelled out by displacement, except where there are other good reasons to pursue them, and (d) avoid projects with high dead-weight (projects which would have been undertaken with less or no Structural Fund support).

Monitoring

❑ Establish and maintain a monitoring system which records not only financial but also (insofar as possible in the timescale available for monitoring), output and impact data.

The ability of monitoring systems to monitor outputs and impacts can be verified using a basic checklist: Is information requested from project implementers on a regular basis about outputs and immediate impacts? Is it returned consistently? Is it reliable? Can it be manipulated easily on the system? Is it collected over as long a period as possible?

If good advice has been given to implementers at the application stage, this prepares them for measuring and reporting back in a consistent way on the employment effects of their projects, leading to a better quality foundation for evaluation.

Evaluation

❑ Use the *ex ante* targets, and the assumptions on which they were based, as the framework to assess programme performance.

❑ Exploit monitoring information on physical outputs and economic impacts as the starting point for the assessment.

❑ Use the evaluation to produce insights feeding back into effective programming.

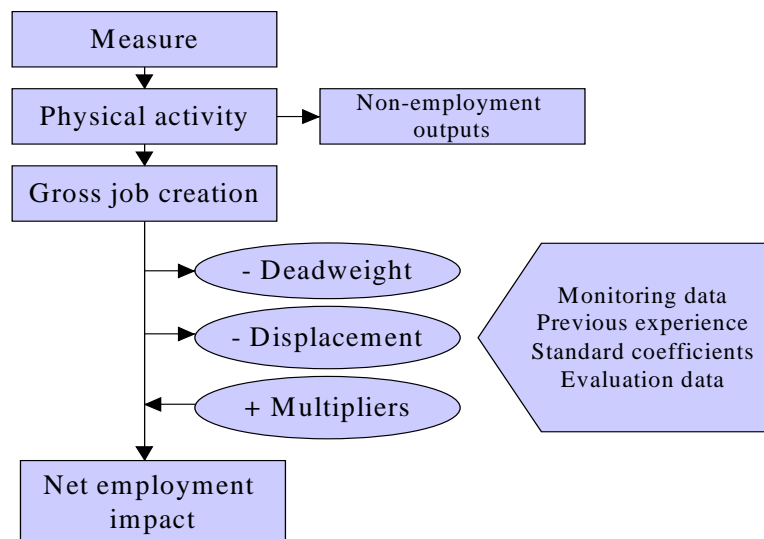
Evaluation committee members who are well-informed on the evaluation of employment impacts will be the better able to ensure the quality and relevance of any studies undertaken.

To ensure specialist input of sufficient quality, it can be appropriate to award broad-based evaluations with specialised components to a series of evaluators, each with appropriate skills in specific fields.

A continuum of programme responses

Most programmes' responses to setting and pursuing employment targets have improved in the current programming period. In the SPDs, this is reflected in the more consistent and accurate use of terminology for employment and other outcomes, increased quantification of targets and greater transparency in how these have been derived (including setting out the assumptions on which they are based). Employment is more prominent, both as an overall objective and as a means to justify policies and select projects. However, there is still some way to go. By no means all programmes have yet sufficiently developed their approaches to generating or measuring employment effects. Programmes span a continuum between those where the employment dimension is still an 'add-on' to the SPD and is interpreted simplistically, and those which have integrated the issue fully and maturely into programming, establishing robust, complex and comprehensive frameworks encompassing both gross and net outcomes, which guide all programme actors.

Figure: From net to gross employment impacts



Source: 'Counting the Jobs' and the Scottish Enterprise Output Measurement Framework

Ideally, all programmes should progress along the continuum to a point at which they have established a consistent and realistic framework to quantify the gross employment outcomes of different policies and projects. (Net outcomes, of course, can always be quantified at the evaluation stage.) At the same time, programmes are strongly recommended to ensure that even if potential net

effects are not actually being quantified (see diagram), that programme actors are familiar with the main processes which erode gross employment outcomes, and can avoid them. An estimated third of programme resources are wasted - spent on projects which could have gone ahead anyway with less or no Structural Fund support, or whose net outcomes are limited because they simply displace other economic activities in the eligible area. Minimising this wastage would mean **up to a third more resources** were available to spend on truly additional projects. Leading experts in the field believe that making this better use of available resources would be the single most direct way that programmes could increase their overall impacts on employment.

The Commission's approach to overcoming these factors is threefold. The first stage is to gather reliable information about the starting position in the regions and the second to evaluate their needs - a process that is difficult and time-consuming. The third stage involves identifying the barriers to integration in the different systems and developing coherent policies and strategies to overcome them. Lastly, there is a need for a system of ongoing monitoring and evaluation at relevant stages. Commission services report that the draft of a tailored methodology for the evaluation of equal opportunity projects and initiatives is being circulated with a view to finalisation in early 1998.

DESCRIBING EMPLOYMENT IMPACTS - BEST PRACTICE DEFINITION

Employment impacts are being described with more care and consistency in SPDs, using a wider range of definitions to more accurately capture a diversity of outcomes. The following best practices are seen increasingly frequently:

- Counting a mixture of part- and full-time jobs as **full-time-equivalents (fte)**.
- Singling out temporary jobs eg in construction or counselling, and counting them in **person years of work generated**.

ERDF

- Separating jobs created from jobs maintained.
- Using jobs maintained to count jobs genuinely safeguarded, rather than to record the total employment of every firm involved in a project.
- Using jobs transformed to describe posts which, while not saved from disappearing by an ERDF intervention, have become more sustainable or competitive eg through modernisation.

ESF

- Using **jobs obtained** to describe people finding work as a result of training. (Few jobs are 'created' by training - directly and in the short term at any rate - except where trainees go into business for themselves.)
- Capturing the impact of training which has made employees' jobs materially different with **jobs transformed**.

Future prospects

The monitoring and evaluation of programme impacts will continue to take an increasingly high profile in future programming, and the performance of programmes will come under more intense scrutiny. The Commission will be emphasising the importance of employment creation during the programme design phase and supervising compliance more closely. It is inevitable that the improved measurement of employment outcomes will be a central concern in the definition of monitoring indicators, annual reporting on implementation and the evaluation of performance. Programme managers and partnerships will therefore have to continue dedicating greater resources to this area of programming. This article has shown that systematic, integrated and incremental approaches, enabling skills, information and methods to accumulate, offer among the most effective responses.

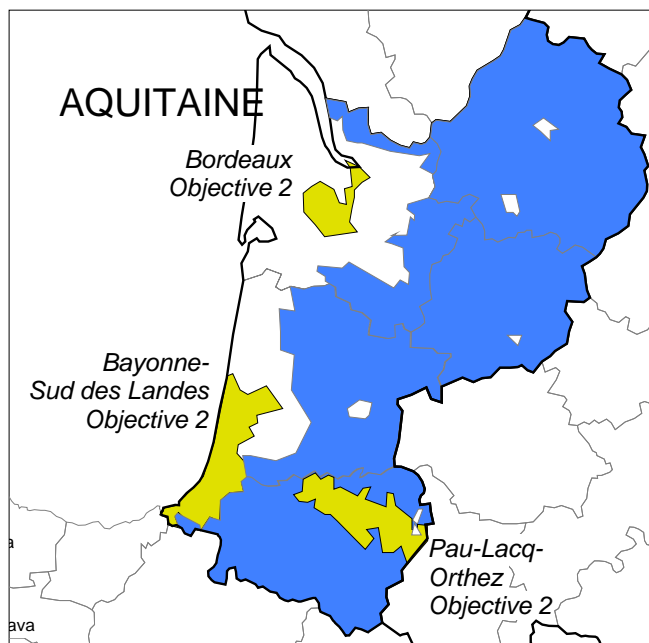
SANDRA TAYLOR AND RONA FITZGERALD

Aquitaine in close-up

The 19 Objective 2 programmes in France account for a quarter of the total Objective 2 Structural Fund allocation. This article looks at just one of these programmes - Aquitaine in the French South West - examining the nature of industrial decline in the region, the Objective 2 programme in place and how its policies are implemented. Distinctive features of the programme are highlighted, including the strong emphasis on evaluation and active partnership involvement.

The regeneration challenge

The Aquitaine Objective 2 area, which only comprised part of Pau in 1989-93, was extended in 1994 to three discrete eligible areas in response to a deteriorating employment situation: Bordeaux (comprising half the eligible Objective 2 population), Pau-Lacq-Orthez (with 27.7 percent), and Bayonne-Sud des Landes (22 percent). These three areas constitute half the region's industrial employment, 46 percent of unemployment and, with 883,662 inhabitants, almost a third of the regional population. Most of the rest of Aquitaine has Objective 5b status, while Interreg, Konver and Leader programmes are also underway in the region.



Objective 2 eligible areas in Aquitaine, France

There are broad similarities between the three Objective 2 areas, but each also has distinctive strengths and weaknesses. Bordeaux is the regional capital and a communications node, with pockets of urban deprivation. Bayonne, facing crisis in traditional sectors, benefits from an attractive environment and strong 'Basque' cultural identity. Pau-Lacq-Orthez has the narrowest industrial base and is threatened by the exhaustion of natural gas supplies, which could lead to a further 3,000 job losses over the next five years. The area's strengths include expertise in industrial environmental management and a developing university.

Due to the contraction of dominant industrial sectors, unemployment in the Aquitaine Objective 2 areas rose to a peak of 13.4 percent in 1994. During implementation of the 1994-96 Objective 2 programme, employment did begin to grow, but at a slower rate than the Aquitaine average, and largely in the tertiary sector: industrial decline continued. Every major sector in the region's industrial structure has contracted (energy, aeronautics, electronics, chemicals and traditional industries including food processing, wood and furniture). Decline in the modern, RTD-rich sectors of aeronautics, aerospace, defence and chemicals is of special concern as these involve networks of sub-contracting SMEs which are dependent on large firms.

The Aquitaine 1997-99 Objective 2 programme

Aquitaine's 1997-99 Objective 2 programme is receiving 132.5 MECU for measures entailing a total expenditure of 498 MECU (compared with 107.1 MECU of Structural Funds for 1994-96). The new SPD drew on experience to date and the findings of the 1994-96 interim evaluation. Policies are also complementary to established regional strategic frameworks, in particular the 1994-99 État/Région Contrat de Plan, and a cluster-based regional technology strategy developed among regional partners with the support of a RITTS study.

The primary objective of the Aquitaine programme is to preserve and create employment by making the economy stronger and more competitive. This is to be achieved through an integrated programme of actions which has businesses as its core focus, these being the anticipated source of economic growth and durable job creation. The programme is summarised by its three priorities:

Aquitaine's 1997-99 Industrial Reconversion Priorities

- To strengthen the industrial base by anticipating new business opportunities and consolidating, reorienting and diversifying existing companies (44 percent of the Community contribution).
- To establish a supportive business environment which nurtures innovation and technical excellence (25 percent).
- To raise the attractiveness of the eligible areas for economic activity (29 percent).

There is strong continuity in policy content between the 1994-96 and 1997-99 programmes, including the emphasis on technology and innovation, although the 1997-99 programme was restructured to give job creation greater prominence. Improvements to the 1997-99 SPD include enhanced and more systematically quantified output and impact indicators. The 1997-99 programme should lead to a net growth in employment of 4,500 jobs, 40 percent of which will be temporary.

Managing and implementing the Aquitaine Programme

The three main national organisations involved in French Objective 2 management are: DATAR (the *Délégation à l'Aménagement du Territoire et à l'Action Régionale*) which deals with overall co-ordination of Objective 2 programmes and the ERDF; the Ministry of Employment, whose '*Mission FSE*' addresses training issues; and, the Treasury, which manages finance.

At regional level, the *Préfectures de Région* (the deconcentrated offices of the state in the regions) have overall Objective 2 responsibility. The *Préfet de Région* organises an appropriate management structure and partnership for programme implementation. The programme secretariat is usually provided by a unit under the Préfet, in the *Secrétariat Général aux Affaires Régionales* (SGAR). Among the horizontal partners are the other offices of the state at regional and sometimes département level (the DRIRE for business development, the DRRT for technology and the DRTEFP for training), the regional council (a main co-financer), local self-government, Chambers of Commerce, the social partners and regional equal opportunities officers.

The horizontal partnership is involved in programming through committee structures. At strategic level, each French programme has a Monitoring Committee (MC), bringing together EC, national, regional and local representatives twice a year to discuss programme progress. In Aquitaine, the

MC convenes sub-groups to meet more often on specific issues including evaluation. Funding decisions are made at the regional Programming Committee. This committee, in turn, is informed by the opinion of local sub-committees convened for each separate eligible area. This two-tier project selection process, which involves appraisal at local and specialist committees before final decision-making at a common regional forum, engages local partners more fully than a single tier system might, although it is somewhat complex. Selection is guided by a brief list of criteria, as set out in the SPD, including potential for job creation and contribution to the strategy. It also places considerable emphasis on local and thematic expert judgement. Scoring systems are not in use, but may become necessary as demand for available resources increases.

Innovative practice in Aquitaine

The Aquitaine programme follows three basic implementation principles: visibility, inclusivity and continuous learning.

- **Visibility:** Because programme success depends on the attraction of good quality projects, the SGAR has taken an open approach, promoting its programmes vigorously to public agencies, potential applicants and a wider public. Channels for programme information have included the press, brochures, and powerpoint presentations.
- **Inclusivity:** Relevant agencies have been involved very actively in programme implementation. Information has been shared and responsibilities devolved. A dedicated monitoring unit in the programme secretariat serves the information needs of the wide partnership. In addition, the programme's computerised monitoring system is freely accessible to key partners, enabling them to participate in the programme network on a day-to-day basis. They input monitoring information directly onto the system and use it to undertake their own analyses.
- **Continuous learning:** A 'culture of evaluation' is being built up, making critical reflection an integral part of Aquitaine's Structural Fund programming. Evaluations are steered by a committee of partners, enabling them to take an active role. Through this 'partnership' approach, the technical concepts of evaluation are becoming better known among key partners, and evaluation results are being actively exploited.

SANDRA TAYLOR

The new Structural Fund Regulations: Issues For Member States

The publication of the new Regulations in March 1998 marked a further stage in the reform of the Structural Funds. Although many of the key strategic issues have been put on hold pending the outcome of the German elections in September 1998, the detailed proposals for area designation have enabled technical work on the indicators and criteria to continue, and the potential impacts to be assessed.

This article provides a brief overview of the political perspectives of the Member States at this stage in the reform process, highlighting the implications of the area designation proposals for Objective 2 regions, the Commission's advocacy of 'map coherence' and some of the key programming issues contained in the new Regulations.

Political reactions to the proposals

Although reactions to the proposed new regulations are still tentative, the following perspectives can be identified:

- On the *budgetary* issue, the main 'fault line' is between the net payers and net recipients of EU structural and cohesion policies. Most of the net payers regard the proposed figure of 0.46 percent of EU GDP as the absolute ceiling on future structural policy expenditure. This has not been accepted by the cohesion countries, which are concerned about the future impact of enlargement.
- There are contradictions in the approach to *spatial coverage*. Many of the net payers support geographical concentration at EU level, but are wary of the impact of cutbacks within their own countries and the potentially damaging competition for eligibility between regions. The increased intensity of assistance which is implied could also pose absorption problems. A further issue is the proposed coherence between national and EU designated areas.

- The *reorganisation of Objectives* has generally been accepted, although more rationalisation of the Community Initiatives would be favoured. The question of the Cohesion Fund has also not been finally settled.
- The reform proposals with respect to *programming* respond to several Member States' wish for a simplified and more decentralised system, but some aspects appear to increase the role of the Commission and introduce greater complexity.

Programming issues: Member State concerns

Although the Commission is proposing to withdraw from detailed involvement in programme implementation, it is reinforcing its influence by presenting *priorities for each Objective* immediately after the adoption of the regulations and supervising compliance, giving rise to concerns about the possible imposition of standardised priorities, with insufficient regard for the policy context or priorities of Member States and regions.

New supervision and monitoring arrangements require *a single managing authority* for each programme. Although this could improve programme management arrangements, there is concern about the degree to which the managing authority will effectively be the Commission's agent in the regions.

The main monitoring- and evaluation-related innovation is the proposed *performance reserve scheme*, considered by many to be unworkable or undesirable. Comparison between programmes of different size, type and orientation between and within Member States will be fraught with methodological difficulties and could stifle innovation and experimentation.

Area designation and Objective 2

Designation of EU assisted areas

The potential impact of the proposed new designation criteria on current Structural Fund regions is difficult to assess. Currently, just over a quarter of the EU's population is in Objective 2 and 5b areas, a figure which is to be reduced to 18 percent from 2000 onwards. Virtually all of the non-cohesion Member States have at least a fifth of their national populations currently covered under the two Objectives. While the 'safety net' provision would provide a floor for countries like the Netherlands which might otherwise have no coverage or be subject to severe cutbacks, it still indicates a maximum potential reduction of between 11 and 14 percentage points for Austria, Finland, France, Luxembourg and the United

Kingdom. (Clearly these are projected baseline figures and individual Member States may be allocated higher levels of new Objective 2 coverage on the basis of either statistical or political considerations).

Debate over the designation of the new Objective 2 areas is taking place at three levels. First, there are reservations about the EC approach to the designation process and an awareness of the internal political sensitivities associated with (de)designation. Second, many Member States are critical of the focus on unemployment as the main criteria proposed for Objective 2. The choice of reference years as well as the limited availability and reliability of up-to-date, EU-wide data at the NUTS III level also raise questions. The third area of debate concerns the specific criteria of national interest for Objective 2: - most Member States are engaged in internal review processes to identify the most appropriate criteria.

Coherence between EU and national aid areas

The review of EU assisted areas cannot be considered in isolation. Agenda 2000 and the proposed regulations advocate coherence between Structural Fund areas and national aid areas - in effect, the proposals subordinate areas selected for Objective 2 support by the Member States to the national aid areas and designation systems approved by DGIV.

Under the Commission's new Guidelines on National Regional Aid, the overall coverage of national assisted areas would be reduced from 46.9 to 42.7 percent of the Community population, the definition of Article 92(3)(a) would be aligned with Objective 1, which in turn determines the coverage of Article 92(3)(c) and thereby Objective 2 coverage, and national quotas would be determined for Article 92(3)(c), within which Member States could designate areas subject to approved methodologies.

In most cases, there are significant differences in the population coverage between EU and national aid maps, differences which exceed 8-10 percent for some countries. For most countries the coverage of national aid areas would fall, with the notable exceptions of Belgium and Finland.

Several other important issues can be highlighted.

- The requirement that the maps be coherent across all Member States is questionable. While for some countries closer coherence between Structural Fund and national aid maps may not be problematic, in other Member States the rationale for national and EU regional policy are very different, or there is a significant difference between Structural Fund and national aid coverage.
- There are reservations about the methods through which coherence is being pursued - the designation of assisted areas under the Structural

Funds involves different criteria to those used by DGIV for approving national aid maps, yet it is expected that the exercises produce consistent maps.

- The practicalities of the Commission's approach to coherence are doubtful. The Commission anticipates that the two designation exercises will be undertaken in parallel with the two new maps entering into force on 1 January 2000. Apart from the technical complexities of the exercises, the increasingly compressed timetable for agreeing budgets and spatial coverage for the Structural Funds suggest a severe danger of political and policy overload. Several of the issues in the new Guidelines are likely to be resolved only at the highest political levels.

Nevertheless if coherence is followed through, and the Structural Fund areas become a subset of national aid areas, then the eligibility of Objective 2 areas will depend significantly on the decisions made by national (rather than EU) policymakers.

JOHN BACHTLER, RONA MICHIE & FIONA WISHLADE

What is IQ-Net?

IQ-Net is a network whose aim is 'Improving the Quality of Objective 2 Programmes through Exchange of Experience'. It involves a structured programme of debate and applied research through a network of Objective 2 areas in Austria (Niederösterreich, Steiermark), Denmark (Nordjylland), Finland (Päijät-Häme, South Karelia), France (Aquitaine, Rhône-Alpes), Germany (Nordrhein-Westfalen, Saarland), Sweden (Ångermanlandskusten, Fyrstad) and the United Kingdom (Industrial South Wales, West of Scotland). Launched at the start of 1996, and managed by the European Policies Research Centre at the University of Strathclyde in Glasgow, the network exchanges experience on programme development, management and evaluation, bringing together ideas from across the EU and sharing information on 'good practice'. Part-funded by the European Commission (DG XVI), the network meets twice a year, the first four meetings having been held in Glasgow and Cardiff (UK), Gelsenkirchen (Germany) and Fyrstad (Sweden). The next meeting is planned for Bordeaux (Aquitaine) in May 1998.

Published twice a year, the IQ-Net Bulletin provides topical information for programme managers, partners, policy-makers and researchers on international experiences of implementing EU structural policies in industrial areas undergoing reconversion.

Further information about IQ-Net

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