

Welcome to the seventh issue of the *IQ-Net* Bulletin...

With the Objective 2 maps now approved, most of the draft SPDs have been submitted. Negotiations with the Commission services and the associated redrafting of programmes are under way together with the preparation of programme complements.

Saarland Ministry of Economics, programme managers of the Saarland Objective 2 programme, the *IQ-Net* meeting brought together representatives of the 20 programmes (from ten Member States), which together with the European Commission and EPRC, form the network known as *IQ-Net* (Improving the Quality of Programme Management through Exchange of Experience).

Photograph: Sallyann Law



The *IQ-Net* Partnership at Saarbrücken

A striking feature of the new strategies is the continuity of regional development priorities from the 1997-99 period, albeit with a stronger focus on innovation, social inclusion and 'soft' forms of assistance. There is more evidence of change in the way that programmes will be managed and delivered. New structures and systems are being introduced to improve efficiency and effectiveness, in particular to improve the quality of projects and to ensure better monitoring and control in compliance with the new regulatory requirements.

One particularly interesting aspect of programme management is the generation, appraisal and selection of projects – the main theme of the latest *IQ-Net* meeting which took place in Saarbrücken (Germany) on 7-9 June 2000. Hosted by the

Research undertaken for the Saarbrücken meeting by EPRC explored the diverse systems for generating and approving Structural Fund projects in the EU. These encompass approaches to project selection where the decisions on project applications for EU funding and national co-financing are made using pre-existing domestic channels, as in Germany or Austria. On the other hand, there are also examples where dedicated decision-making structures and systems have been created for allocating Structural Funds (Sweden, UK). Some 'composite systems' (France, Italy) have elements of both. Common to all systems is a mix of quantitative indicators and subjective criteria used to judge the merits of projects, in some cases embodying highly sophisticated

systems for marking, weighting and ranking the quality of project applications.

The issue of project selection, and recent progress with programme preparation, are explored in more detail in this Bulletin. For further information about *IQ-Net* research and discussions, including selected papers with summaries in nine languages, check our new website at <http://www.eprc.strath.ac.uk/iqnet/> which also contains details on *IQ-Net* partner regions and news of relevant conferences, publications and other programme developments. Please continue to let us have your comments; feedback on any aspect of the network is always welcome.

Professor John Bachtler, EPRC

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View from the starting line – the new Objective 2 Programmes

The first half of this year saw the launch of the new Structural Fund programming period. It has been a busy six months, characterised by intensified activity in the process of preparing regional plans and reorganising management arrangements for the new programmes. This article summarises the key developments/trends which have taken place in the context of preparing the new programmes.

By mid-July 2000, all the new Objective 2 maps had been approved. The majority of plans had also been submitted to the Commission (most in time to meet the 30 April deadline). The first of the new Objective 2 programmes were approved on 4 July 2000 (for Finland); for the remainder, autumn 2000 is an optimistic launch date.

Programme Development

- Many regions initiated their programme preparations early in 1999 (or even in late 1998). Discussions during 2000 tended to focus on issues such as the details of financial allocations. Although France and Sweden started the bulk of their preparations relatively late in January 2000, both countries managed

successfully to complete their plans by March 2000, without compromising the consultation process.

- Partner involvement in the preparations has increased, ranging from targeted input by key partners to extensive consultation exercises. Greater use of the Internet has been a common feature, opening up the consultation process in many regions (see box).
- National government involvement has varied, with a greater regional role in plan preparation. Both national authorities and the Commission have played a significant part in 'pre-checking' draft SPDs to ensure their subsequent receivability.
- Some *ex ante* evaluations have departed from the traditional, separate evaluation of draft programmes to adopt a more integrated approach, with evaluators working closely with plan teams and contributing critical comment on components of the SPD as they were drafted. As previously, the Commission has also commissioned its own programme appraisals where required.

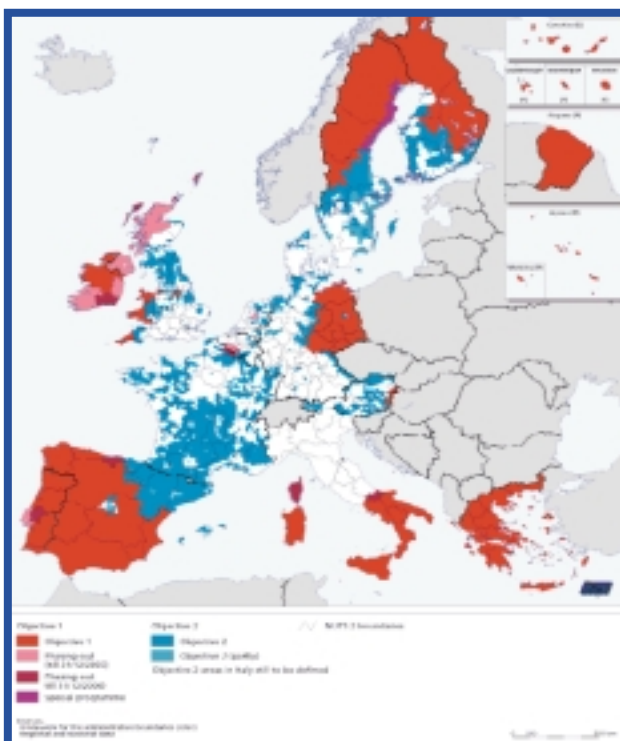
New Strategies

- The new programme strategies exhibit a high degree of policy continuity. Shifts in emphasis (eg. greater spending on RTD, focus on social inclusion, more 'soft' measures, innovative methods of financing) generally reinforce trends already underway or reflect the nature of the new Objective 2. Strong links to broader national and/or regional economic development strategies can be identified in many regions.
- Flexible programmes have been developed in many regions, mainly as a response to the seven-year programming period and rapidly changing economic conditions.
- The programmes display considerable variation in the approaches taken to ESF, this has been one of main features of change in some programmes. At one extreme are ERDF-only programmes, while others include ESF measures under every Priority, and there are also specific initiatives to co-ordinate with parallel Objective 3 programmes.
- The horizontal priorities (particularly gender mainstreaming) and the issue of transitional areas have presented particular difficulties in many regions.

New Programme Management

- Arrangements for programme management are becoming clearer. Managing authorities will principally operate at regional level and are often the same bodies previously responsible for implementation.
- Changes to programme delivery systems are motivated by the desire to increase efficiency and effectiveness, raise project quality, speed up procedures and improve transparency eg. through the use of global grants and larger framework projects.
- Changes to monitoring systems are, in general, incremental and focus on the better use of electronic media and widening the collection of data beyond purely financial indicators. Changes to Monitoring Committees are principally driven by regulatory requirements, with a common concern to increase the strategic focus of committee discussions.

Structural Fund regions 2000-06



Source: European Commission, Inforegio website

(http://www.inforegio.org/wbpro/PRORD/guide/euro2000-2006_en.htm)

COMMUNICATION DURING PROGRAMMING: USE OF THE INTERNET

Several Member States made extensive use of the Internet in the programme preparation phase, to communicate with partners, exchange information and progress documents.

In *PACA (France)*, the SGAR's new website hosted relevant documentation and provided the hub for the exchange. Rather than setting up an intranet only for those involved in programme development, a password was offered to everyone from the wider partnership who attended the consultation meetings (although the offer was taken up by only a small number). The assessment of Internet usage for programme development in PACA has been variable. Negative observations include problems in keeping track of the latest version of the SPD; it was difficult for contributors to tell quickly whether their proposed changes or additions had been successfully incorporated, as the SPD sometimes changed significantly in the time taken to work on a print-out and submit their proposals and amendments. More positively, the forum facilitated the distribution of documentation to a wide range of partners in a resource-effective way (the SPD is c.300 pages long, and distributing multiple versions would have been a resource-intensive process).

Other regions undertook similar exercises eg. *North West England* in the UK and the *North* programme in Sweden, where the entire process of drafting and consultation was, as far as possible, publicised over the Internet. Drafts of the programme were consistently available on-line, together with contact details for people at each CAB for feedback or comment. In North West England, the latest version of the draft SPD was available on-line, along with discussion fora intended to encourage people in the region to contribute their views. The website was structured to provide eight areas of discussion (Business and Ideas; People and Communities; Strategic Development; Restoring Environmental Deficit; Equal Opportunities; Sustainable Development; ICT/New Media; and Objective 3). Each area had its own discussion forum, with a General Forum where all aspects of the SPD could be discussed. In addition, updates were disseminated and participation on the site encouraged through a regular email newsletter.

Contacts:

PACA Objective 2:

<http://www.paca.pref.gouv.fr/pages/cadre-union-europeenne.htm>

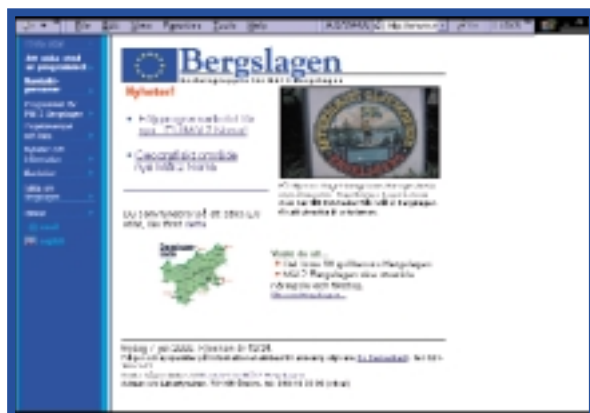
North Objective 2 (Sweden):

<http://www.mal2bergslagen.lst.se/>

North West England Objective 2:

<http://www.nwpost99.org.uk/>

Examples of Structural Fund programme websites



Allocation of Managing Authority responsibilities for 2000-06

Country	Managing Authority
Austria	Land level – generally the economic development or European co-ordination department of the <i>Land</i> government
Belgium: Flanders	Provincial authorities
Denmark	Danish Agency for Trade & Industry (ERDF) and National Labour Market Agency (ESF)
Finland	Ministry of Interior (ERDF) and Ministry of Labour (ESF) - delegated to Regional Management Committees
France	<i>Préfectures de Région</i> but with an enhanced role for the regional councils
Germany	Economic development department of the <i>Land</i> Ministry of Economics
Italy	Regions, represented by the Regional Presidents
Spain	National Ministry of Economy
Sweden	County Administrative Board (delegated by national Ministry of Industry)
UK	
England	Department of Environment, Transport & the Regions (ERDF), Department for Education and Employment (ESF). In practice, delegated to regional Government Offices
Scotland	Scottish Executive
Wales	Welsh European Funding Office

Ruth Downes and Rona Michie

The new *IQ-Net* website:

Relevant, up-to-date information in a constantly changing field

<http://www.eprc.strath.ac.uk/ignet/>

Re-launched in September 2000, for the new programming period, the new *IQ-Net* website offers *IQ-Net* partners and the public a considerably expanded range of services. The **aim of the new site is to provide a practical information point for those working in the Structural Funds field across Europe**, whether as programme managers, partners, administrators, participants or researchers. It complements the Commission's own Inforegio site by providing a targeted guide to wider resources and focusing more on operational issues including process and management.

Services

The challenges facing Structural Fund programmers are wide and constantly changing, and the services offered by the enhanced website have been designed to support actors in responding to these.

Among them are an electronic signposting service, covering news on the latest Structural Fund-related developments and conference alerts, a resource and publications database and a useful links page. Users will also be able to directly download *IQ-Net* reports and the *IQ-Net* Bulletin (in Adobe Acrobat format).

International scope

For simplicity, the main language of the site is English, but its scope is firmly international. The conference and news services and the resource and publications database will cover all key events and materials of relevance to Structural Fund actors, wherever they are working. In addition, the *IQ-Net* reports include summaries in French and German - and, in the most recent case, in English, Danish, Dutch, Finnish, French, German, Italian, Spanish and Swedish.

Contact us

To be kept up to date with changes on the site on a regular basis, simply visit the site and join its e-mail mailing list.

Also, why not send in your own recommendations to the site for forthcoming events or useful new sources of information?

Rona Michie - r.michie@strath.ac.uk



Implementing the new generation of programmes: Project development, appraisal and selection

As the content of the new Objective 2 programmes is finalised in negotiation with the European Commission, attention is shifting to the delivery of the new programmes. Implementation will be challenging - the obligations on Member State authorities and programme managers are significantly greater than before.

A critical element of programme implementation is the delivery of projects. The systems for generating, appraising and selecting projects are at the heart of all programmes, determining the efficiency and effectiveness of the funding allocation process. In the coming programming period, these systems will have to:

- deliver quality projects to meet the quantified targets,
- be efficient in managing financial commitment at the required rate,
- be sensitive to the requirements of equal opportunities and sustainability, and
- be stringent and transparent to meet the monitoring and control obligations.

There is no uniform approach to project generation, appraisal and selection among EU Member States. Different systems reflect national practices and conventions. They depend on the relationship between Structural Fund spending and national programmes. In order to enable systems to be compared and discussed, it can be useful to categorise them according to their degree of '*administrative additionality*' (ie. the extent to which decision-making requires the establishment of new, dedicated structures and systems). At one extreme are programmes with high administrative additionality, which have established EU-specific management and project selection systems - and which can be called '*differentiated systems*' here. At the other end of the spectrum are those with low administrative additionality, which use domestic policy decision-making channels for Structural Fund resource allocation - here called '*subsumed systems*'.

'Differentiated' systems, eg. Belgium, Denmark, Netherlands, Sweden, UK

Distinctive Features

Most Structural Fund resources are allocated through Structural-Fund specific channels and structures.

Appraisal and recommendation are carried out by Structural Fund secretariats or other competent organisations and/or committees.

Decision-making is typically the responsibility of a committee representing the programme partnership.

Example: Flanders, Belgium

In 1994-99, dedicated decision-making structures were used for the two Flemish Objective 2 programmes. The main contact point with project applicants was the **dedicated programme secretariat**, appointed by the Flemish government. Each programme had an overall co-ordinating secretariat, also responsible for the ERDF proportion of the funds, and an ESF secretariat.

In the Flemish region of *Turnhout*, the IOK (an inter-communal partnership representing the municipalities) was the secretariat responsible for ERDF administration and the regional GOM (a public corporation promoting regional development in the Flemish provinces) for ESF funding (there is one GOM in every province). Part of the remit of programme secretariats was to assist applicants with the application process and ensure that they had fulfilled the necessary requirements. They were not, however, directly involved in the decision-making process.

Completed applications were assessed by the relevant secretariat using a standard questionnaire. This verified that projects were eligible for support and, second, highlighted projects demonstrating quality over and above the minimum requirements.

Applications, together with the project assessment, were then passed on to the **Programme Management Committee** where funding decisions were taken.

'Subsumed' systems, eg. Germany, Austria, Spain

Distinctive Features

Most Structural Funds are allocated through existing economic development channels and structures.

Project appraisals and recommendations are carried out by the relevant dedicated authorities and/or structures.

Projects are selected through existing domestic resource allocation channels, and decision-making is often undertaken by single competent agencies.

Example: Germany

In Germany, Objective 2 implementation operates through the pre-existing domestic administration structures and systems for providing economic assistance.

German Objective 2 programmes are led at *Land* level, with a **co-ordination unit** typically in the *Land* ministry for economics. These units, however, are not implementing units and generally are not responsible for co-ordinating decision-making on project selection, although they may have a role in verifying the technical eligibility of (particularly larger) projects. Their main remit is general fund administration and the provision of documentation.

The organisations responsible for project decision-making vary among the *Länder* but comprise principally the **implementing units of various Land ministries**, primarily economic ministries, selected regional banks and agencies.

The process of decision-making varies between measures: some decisions are taken by an individual ministry, while others use committee-based structures or draw on expert/technical advice. The diversity of those involved in decision-making means that the criteria used for selection vary widely within and between programmes - some implementation units may apply strict quality criteria for the co-financing fund while eligibility criteria suffice in other cases.

Between these two approaches, several Member States have 'composite' systems (eg. France, Finland and Italy) featuring elements of both. These systems use elements of the domestic appraisal and decision-making systems, with some additional Structural Fund-specific elements. The categorisation should be treated with caution given the complexity of Structural Fund

allocation arrangements, but it provides a useful shorthand in the discussion of contrasting systems.

While it is difficult to compare systems from different national and institutional contexts, the two broad approaches present different potential advantages and disadvantages, which are summarised below.

	<i>Efficiency</i>	<i>Effectiveness</i>	<i>Transparency</i>
Differentiated systems	Single system across a programme <i>BUT</i> has to be set up & run Marketing needed	Can promote strategic coherence across programme & maintain an overview <i>BUT</i> some actors with limited sectoral expertise prepare recommendations	Greater visibility of Funds & easier overview of how decisions are made <i>BUT</i> possible conflicts of interest in decision-making
Subsumed systems	Benefits from pre-existing channels <i>BUT</i> challenging for Structural Fund co-ordinator	Appraisal & decision-making by sectoral experts <i>BUT</i> fragmentation > potential lack of overall coherence. Hard for co-ordinator to influence decision systems	System can be simple for applicants <i>BUT</i> overall Fund visibility can be low Overview of decisions and criteria is difficult to compile and maintain

Project selection, under whatever system breaks down into a series of stages, which themselves fall inside the wider Structural Fund cycle from programme development to final evaluation:

- project generation leading to applications;
- project appraisal and decision-making; and
- follow-up during implementation.

The first and last stages in this list - project generation and follow-up during implementation - are of growing importance, aiming to influence the outcomes delivered by project implementers by involving them more actively in defining and taking forward their projects in a way which supports the objectives of the Structural Fund programme. In differentiated systems, applications have to be attracted by the programme itself, which means that Structural Fund secretariats and the wider partnership have to be more pro-active to bring projects forward, using a variety of channels, including the SPD, which in this context is a core marketing document informing potential applicants of the funding opportunities available.

Whatever application system is used, there is a need to arbitrate between applications and to select those that best meet the criteria of the programme. Once projects have been submitted to whichever authority, the selection process begins. Decision-making on applications involves at least two distinct phases: project appraisal leading to a recommendation, and then formal selection. These two stages are not always clearly separated one from the other, for example where the same organisation appraises and then selects projects as part of the same process – a consolidation which tends to take place where large numbers of small, routine applications are being considered. In most other cases, however, the distinction is clear, often underlined by a differentiation between technical appraisers in the former stage to political decision-makers in the latter.

The initial project appraisal stage can itself be multi-stage. Under most, if not all systems, an initial appraisal verifies the completeness and basic eligibility of a project to filter out applications which are clearly ineligible or incomplete. A second stage of more detailed analysis is then undertaken for those projects passing the first stage, which might incorporate an expert appraisal, and a 'political' opinion. The more detailed appraisal(s) would lead to an initial (or in some cases final) recommendation about whether a project should be funded and, if so, by how much. Once decisions are taken based on this recommendation, proposers of approved projects are informed officially that their project can go ahead, and the implementation and monitoring process begins.

Regardless of the detail of their approach to selecting projects, all Structural Fund programmes share a range of common challenges in their design and operation, relating to the three main goals of achieving *administrative efficiency*, *programme effectiveness* and *transparency*.

1. Administrative efficiency – streamlining systems

A recurrent theme, both in the Structural Funds and outside has been the wish to increase the *speed* of project decision-making and to reduce its *complexity* and *cost* in terms of personnel inputs, committee time, etc. The strongest focus has been on reducing the burden of the distinctive structures created for Structural Fund decision-making (eg. in the UK where the burden has been considerable, and in Denmark, Finland and France). Examples outlined below are the streamlining of dedicated project selection committees in *Nordjylland* and *PACA* (France), and the further computerisation of administration and simplification of project submission and selection procedures in Italy. A complicating factor is the need to avoid compromising the quality of decision-making through administrative rationalisation.

EFFICIENCY BY STREAMLINING DEDICATED PROJECT SELECTION COMMITTEES

NORDJYLLAND (DENMARK)

Previously, Objective 2 project selection in Nordjylland involved several committees. Following an initial assessment by the Structural Fund secretariat, project dossiers were passed to *Advisory Committees* for sectoral expert appraisal and then to a *Co-ordination Committee* for a strategic assessment. The resulting recommendation was then passed to the *Regional Steering Committee* which took the decisions. Finally, these decisions, for the ERDF at least, went through a technical check by the Danish Agency for Trade and Industry (DATI) at national level before they were formally confirmed.

This decision-making process took at least four months. To streamline the system, changes are being made to committee structures and global grants introduced. In terms of committees, the following have been proposed:

- removal of the Advisory Committees and extension of the Co-ordination Committee instead; and
- allowing the Chair of the Regional Steering Committee to approve business development projects recommended by the Co-ordinating Committee (although infrastructure projects would still go to the Regional Steering Committee as a whole because they have a political dimension).

PACA

In the last programming period in PACA, as elsewhere in France, various Objective 2 and 5b *Technical Committees* (TC) met to refine the initial recommendations of single competent authorities before these were put to the various official Decision-making Committees. For Objective 2, technical and decision-making committees were thematic, while those for 5b were geographically defined. Once decisions were finally made, they were confirmed by the drawing up and signing of an official statement or *Arrêté*.

In future, the signing of the *Arrêté* will be discontinued, as it has been deemed to bring no value-added to the decision-making process. In addition, the considerable number of committees operating for Objectives 2 and 5b in the last round will be streamlined for the new Objective 2 programme, bringing the challenge of accommodating the former geographically-based decision-making structures of Objective 5b programmes and the thematically based structures of Objective 2.

It is likely that there will be a single, main decision-making committee, the *Comité Régional de Programmation* (CRP), with only business-related project decisions being taken at a parallel regional-level committee, the *Comité Régional des Aides Économiques* (CRAE). The planned changes in PACA would mean that no more decisions would officially be taken at *Département* level, but projects would instead have to pass via the regional committee for final approval.

Technical Committees will continue, and there will be more of these than decision-making committees. To avoid the multiplication of committees, the thematic committees operating at regional level to take decisions on

Contrat de Plan projects would be used as much as possible to serve as the '*Comités Techniques*' for relevant Structural Fund projects. The final decisions for these projects would then be taken at the CRP or CRAE.

EFFICIENCY BY VARYING SELECTION PROCESSES ACCORDING TO THE SIZE AND COMPLEXITY OF PROJECTS

ITALY

In *Italy*, a general streamlining of public administration has been pursued under recent 'Bassanini' legislation, including the rationalisation of project selection procedures relating to business support. The legislation has affected both domestic and Structural Fund resource allocation.

Three selection procedures were proposed. The first is a '*fast-track*' procedure for projects not requiring close scrutiny, the second is a more detailed procedure for larger and more complex projects, and the third provides a method for regional authorities to fund business development schemes but delegate their operation to other organisations.

- **Automatic procedure:** for use with small, straightforward projects not requiring a full technical, economic and financial appraisal. Project applications are checked for completeness and eligibility and are funded if eligible.
- **Estimative procedure:** for larger or more complex projects, to be selected following a fuller analysis which addresses the impact of the investment, the contribution to measure objectives, the adequacy of costs, etc.
- **Negotiated procedure:** for territorial or sectoral development interventions. Several actors (eg. local and central administrations, local entrepreneurial associations, etc) develop an integrated project consisting of a range of business development schemes. Implementation of these schemes is then undertaken by these actors, using the automatic or estimative procedures.

There are plans to pursue streamlining further, including through simpler application forms.

2. Programme effectiveness – strategic project selection

It is challenging to ensure that the portfolio of projects implemented under a Structural Fund programme adds up to more than the sum of its parts, that the projects are the most appropriate to contribute to the achievement of the SPD strategy and that they are both locally relevant and regionally significant. Various changes are being considered by programmes to enhance their strategic capacity, including the three illustrated below:

- support for larger and/or integrated projects to achieve synergies and coherence;
- methods for ensuring rapid project implementation; and
- a greater focus on the 'before' and 'after' stages – project development and follow-through.

STRATEGIC EFFECTIVENESS INTEGRATED PROJECTS AND TERRITORIAL INTEGRATED PROGRAMMES

ITALY

In *Italy*, the intention is to achieve greater strategic coherence through Integrated Projects (IPs) and greater geographic coherence in the projects supported through Integrated Territorial Programmes (*Programmi Integrati Territoriali* - PITs). It is hoped that these initiatives will reinforce strategic priorities eg. cluster development, whilst still enabling project selection systems to remain transparent. The regions will still decide on the projects themselves, but with more strategic information guiding them. Because PITs may be slow to develop, they may be postponed to the second part of the programming period.

Piemonte has already trialled IPs for tourism. They were introduced because it was felt that tourism measures should be concentrated more explicitly on the areas where they were most relevant. Local authorities were invited to submit programmes (integrated groups of projects) for four specific tourist hubs. These IPs were approved and then implemented by local authorities. The initiative made a good start, but had certain weaknesses, notably a lack of transparency in terms of how the projects were actually selected for inclusion in the IPs which were put forward.

STRATEGIC EFFECTIVENESS IMPROVING THE STRATEGIC RELEVANCE OF PROJECTS

NIEDERÖSTERREICH (AUSTRIA)

For part of the new *Niederösterreich* programme, a new external unit for co-ordination and project development is being created to undertake certain functions on an outsourced basis. The organisation, called the EXEC - *Externe Einheit für Koordination und Projektentwicklung* (External Unit for Co-ordination and Project Development), has been included as a soft infrastructure measure in the SPD, and the organisation to undertake the function will be selected through an open call for tender.

The aim of the EXEC is to provide project support and technical and administrative back-up. In more detail, its rationale is to sustainably strengthen processes of economic re-orientation through improved exchange between firms and the public sector, supporting the processes of regional re-orientation identified by recent Regional Innovation Strategy work. The EXEC will be involved in the measures implemented by the *Land* government economic development department (ie. industrial and commercial support), and will work in parallel to support and strengthen strategic processes in firms and to improve the efficiency and effectiveness of business aid and soft infrastructure measures.

In terms of the practical operation of the EXEC, it is currently anticipated that project applications received by the *Land* economic development department for measures where they have responsibility will be passed to the EXEC where there is potential for increased quality or further discussion with the applicant.

3. Transparency – openness in decision-making

The transparency of Structural Fund decision-making systems is likely to increase for applicants and the wider partnership in the next round, thanks to new provisions requiring that the implementation mechanisms for programmes be set out in programming documents. Previously, these documents restricted themselves to describing the obligatory structures and systems eg. the form and roles of the Monitoring Committee and the monitoring system. In addition, it seems likely that selection criteria will be set out more systematically at measure level in many programme complements (eg. in France and Italy).

In some subsumed systems, project selection was deemed particularly opaque during the last round of programming. Problems identified have included:

- in some cases, fragmentation of Structural Fund allocation systems which meant that no organisation held a comprehensive overview of the basis on which these resources were being allocated; and
- the fact that applicants were often not sufficiently aware that they had received European funding for their project, nor how this had been awarded.

Proposals have come forward in both Austria and Germany to increase overall transparency. In Austria, this is to be achieved through the designation of a lead organisation for each measure, responsible for co-ordinating decision-making across all the organisations participating in that measure. In Nordrhein-Westfalen, the innovation comprises a system which project decision-makers will use to report on how the projects they select for European funding were chosen.

TRANSPARENCY IN DECISION-MAKING THE NEW AUSTRIAN SYSTEM OF 'MEASURE CO-ORDINATORS'

A new element to be piloted in the management structures for the Structural Funds in *Austria* for 2000-06 is the introduction of a

responsible funding agency for each programme measure (*Maßnahmeverantwortliche Förderstelle, MF*). The aim of this innovation, promoted by the Federal Chancellery, is to improve transparency and consistency in project selection. The tasks of the MF, as specified in the SPDs, are as follows:

- advice to applicants on the objectives of the programme and the relevant measure as well as the conditions for the award of co-financing within the measure;
- receipt of award applications;
- assessment of funding applications with regard to their fulfilment of the conditions laid down in the programme for the award of EU monies;
- decision on the award of Structural Fund resources to a project on the basis of the relevant regulatory guidelines (*Richtlinien*) or other legal base and in conjunction with the other decision-makers included in the relevant measure;
- preparation and completion of the award contract relating to the Structural Fund resources on the basis of the finalised award decision;

- control of the project invoices and reports provided by the applicant and required under the conditions for EU co-finance as well as proof of the eligible costs and other spending related to the project; confirmation of the factual and financial accuracy of invoices;
- notification of payment of EU monies to the applicant as well as clawback of EU monies where necessary; and
- reporting to the Fund-specific monitoring body.

The exact operation of the MF will differ depending on the number of individual funding agencies involved in any given measure. In some cases, the implementation of measures involves a single funding agency so the overview and role of the MF is clear. In the Niederösterreich Objective 2 programme, for example, 11 of the 18 measures (not including technical assistance) have only one funding agency as the implementation channel. In other cases, more than one agency is involved (although efforts have been made in most programmes to limit this number). The approach to co-ordination and decision-making will be broadly left to the individual MF. Selection will continue to operate through national channels, but the introduction of the MF is expected to make the Structural Fund component of awards more explicit. It should also improve co-ordination and may help to focus project selection more strategically (although this is not universally agreed). However, some authorities at regional level foresee difficulties for the initiative in achieving the aims set out for it.

TRANSPARENCY IN DECISION-MAKING REPORTING SYSTEM FOR DECISION-MAKERS

IN NORDRHEIN-WESTFALEN (GERMANY)

In *Nordrhein-Westfalen*, the European co-ordinating unit is introducing a form which project decision-makers will be asked to fill in for each project, illustrating how they have reached their decision (including the criteria used). This innovation should increase the transparency of implementation methods used across the programme

as a whole, and make it more feasible for the small EU co-ordinating unit to maintain an overview of how resources are being allocated at project level. The implementing units are under obligation to fill in the form, but depending on how the system operates in practice, there is potential to explore the possibility of the form being used in future as part of the selection process itself, rather than merely as a means to report on the process.

Project generation and selection systems for the allocation of Structural Fund resources are complex in all Member States, and this article outlines just some of the efforts being made to improve them for the next round in terms of their effectiveness, efficiency and transparency. These initial reforms will be part of a longer process of evolutionary learning which is likely to continue well into the new programming period, with a constant search for optimal balance in the factors driving decision-making and in the decisions ultimately made.

Sandra Taylor, John Bachtler and Mary Louise Rooney

Spotlight on Saarland – Venue for the eighth IQ- Net Meeting

Saarland: A border region with a heavy industrial past

Bordering Luxembourg and France, the German Saarland is centrally located in Europe. In the past, the Saarland economy was dominated by the coal and steel industries. The decline of both these sectors, which began in the 1960s, continues today: these are still large regional employers, although to an ever-decreasing extent. This decline of traditional sectors has led to selected areas being awarded Objective 2 status. The most prominent of the problems faced is replacing the large number of jobs lost to date in traditional sectors. Unemployment rose from 9.7 to 12.6 percent between 1990 and 1998. In particular, long term unemployment, which was 44 percent of the total unemployed in 1998 (in comparison with a national figure of 38 percent) is one of the most difficult challenges facing the region. Environmental problems are also part of the legacy of large-scale closures of heavy industry. Environmental policy is one of the components of the economic framework supporting structural change, addressing not only the legacy of the past, but also ensuring future economic activity focuses on environmental sustainability.

Opportunities for regeneration

The Saarland lies central to some of Europe's most dynamic economic centres – Paris, Brussels, Frankfurt - and to major markets, and at the same time offers cost advantages for businesses, with relatively low real estate, rental and wage costs. It is now working to exploit this position.

Car manufacturing and auto parts supply are two of the emerging industries leading the way in the economic diversification process. The Saarland is also feeling the benefits of the general growth in the tertiary sector, an expanding source of employment in the changing European economy.

The Objective 2 strategy

The 2000-06 Saarland Objective 2 area has a population of 525,000, an increase of 20,000 people over the previous round (although the reduction in the population covered by the previous Objective 5b programmes amounts to 148,000 people). This is around 48 percent of the total regional population of 1,075,000, and represents a Structural Fund allocation of 171 MEURO. The new Objective 2 programme is currently awaiting Commission approval.

During the 1997-99 programming period, Saarland received EU contributions of 58.9 MECU (in comparison to 48.4 MECU received during the 1994-96 programming period). Support is increasingly focusing on fostering innovation and the application of new technologies in regional firms. An important element of the Saarland Objective 2 programmes to date has been the conversion of some former industrial wasteland into new, attractive locations for incoming firms and start-ups.

PRIORITIES OF THE SAARLAND 1997-99 OBJECTIVE 2 PROGRAMME

Research & Technology, Infrastructure (ERDF)

Measures under this priority included the creation of a science park, making the outcomes of research available to SMEs, the creation of a demonstration centre, and economy-related infrastructure.

Environment, Energy, Economy

Addressing the areas of environment, energy and the economy, this priority provided support for environmental protection measures focusing on new start-ups.

Consultancy and Technology Support (ERDF)

The measures under this priority, aimed in particular at SMEs, provided support for consultancy to local firms to encourage the application of new technologies.

Human Resource Development - Technological and Organisational Change in the Labour Market (ESF)

A priority aimed at training, the measures addressed the training needs for the unemployed and those threatened with unemployment.

For this programming period, urban and rural-based co-ordination priorities are included to accommodate the widening of the coverage of the new Objective 2 programmes to include former Objective 5b areas and urban problem areas.

For further information on the Saarland Objective 2 programme, contact:

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Implementation of the Objective 2 programme

The Objective 2 programme is run by the Saarland Ministry of Economy and the Ministry for Women, Work, Health and Social Affairs. The 2000-06 SPD, currently awaiting Commission approval, states that both are proposing to share Managing Authority status for the next programming period.

The regional policy section of Ministry of Economy co-ordinates the implementation of the ERDF measures of the Objective 2 programme, which are delivered through implementation units (*Förderreferate*) in the Ministry of Economy, Ministry of the Environment and Ministry of Education, Culture and Knowledge. The Ministry for Women, Work, Health and Social Affairs is responsible for the ESF dimension of the programme and for its implementation.

Saarland 2000-06

The new Saarland Objective 2 programme contains six priorities, continuing the emphasis on restructuring and modernising the local economy:

- modern infrastructure, competitive economy (ERDF)
- restructuring the economy, alternatives to coal and steel (ERDF)
- restructuring the economy, alternatives to coal and steel (ESF)
- future-oriented occupations, competitive economy (ESF)
- urban structures (ESF)
- integrated urban development, co-ordination with rural policies (ERDF).

Conference Report: Saarbrücken, the Saarland

On 7-9 June 2000, regional representatives of Objective 1 and Objective 2 programmes from 16 regions in ten Member States met to share programme management experiences. In addition to providing an opportunity to discuss further progress towards the new 2000-06 programmes, highlighting innovative changes which have occurred in some regions, the central theme of the conference was programme delivery - in particular, mechanisms of project development, appraisal and selection.

The conference was held in Saarbrücken, on the banks of the river Saar, within the Saarland Objective 2 area. The meeting, hosted by the Saarland Ministry of Economy and EPRC, began with a lively presentation of the Saarland focusing on characteristics of the regional economy and the new Objective 2 programme. The main conference day which followed comprised morning presentations with lively regional exchanges on the conference themes, and two parallel afternoon workshops discussing the issues of project selection in more detail.

Following the main conference day, a study tour was undertaken of three major sites, each illustrating a different approach to the regeneration of former heavy industrial areas. These sites, left in

the wake of many closures, have had a profound effect on both the economy of the region and the landscape. The approaches illustrated various ways in which old industrial land can be used in the economic regeneration process.

The first visit was to Völklingen, where the *Völklinger Hütte*, a former steelworks dating from the peak of the industrial revolution, has been preserved as a World Heritage Site and tourist attraction. Built in 1873, the Hütte, which employed 70,000 people at their peak, were closed down in 1986 when production was transferred to a more modern facility. The Hütte were not demolished immediately, as usually happens. Being the only intact steelworks of their time left in the world, their unique value as a monument to past industrial activity was recognised in 1994, when they were made a UNESCO World Heritage Site. In a ten-year regeneration plan, the steelworks has been preserved and converted into a museum and cultural centre. The party toured the Hütte guided by former employees of the steelworks, including Herr Kreutzer who had worked in the plant for 25 years before its closure.

In a ten-minute drive from the Hütte, delegates travelled forward a century in time to a modern business park, the SITZ (*Saarbrücker Innovations- und Technologiezentrum* - Saarbrücken Innovation and Technology Centre). The SITZ is on the site of a former wire-works, which was cleared and regenerated to form premises for modern



The Völklinger Hütte

Photo: Sallyann Low

businesses, including spin-offs from local universities. The organisation which led the regeneration - the GIU (*Gesellschaft für Innovation und Unternehmensförderung* - Society for Innovation and Business Management) - initially located its own offices on the site. Thanks to its efforts, the park has gained momentum and demand for office space on the successful site is now high.

The final visit demonstrated the middle ground - with a site still accommodating heavy industry, but gradually being converted to more modern uses as the heavy industry progressively contracts. The *Saarterrassen*, also a GIU initiative, offers state-of-the-art offices and entertainment facilities. The private investment which contributed to the development of the site was attracted in part thanks to the GIU's successful track record in regeneration. Objective 2 funding was used for the decontamination of land, demolition work and the creation of basic infrastructure.

For more information on the organisations and initiatives mentioned above, visit the following websites:

Völklinger Hütte Arts Centre and Former Steelworks:

<http://www.voelklinger-huette.org/>

Saarland Ministry of Economics:

<http://www.wirtschaft.saarland.de>

GIU:

<http://www.giu.de>



Touring the steelworks

Photo: Sallyann Low

What is IQ-Net?

IQ-Net is a network of regions whose aim is to improve the quality of Objective 2 programmes through exchange of experience. It involves a structured programme of debate and applied research. Current members are: Niederösterreich and Steiermark (Austria); Vlaanderen and Wallonie (Belgium); Nordjylland (Denmark); Satakunta (Finland); Bremen, Nordrhein-Westfalen and Saarland (Germany); Lombardia, Toscana and IPI (Italy); País Vasco and Cataluña (Spain); Norra and Norra Norrland (Sweden), Wales and Western Scotland (the UK). As programmes are finalised, other areas in Sweden and Belgium are in the process of signing up.

Launched in 1996, and managed by the European Policies Research Centre at the University of Strathclyde in Glasgow, the network enables programme managers and their partnerships to exchange experience on aspects of 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 Regio), the network meets twice a year. So far, meetings have been held in Glasgow, Cardiff and New Lanark (UK), Gelsenkirchen and Saarbrücken (Germany), Fyrstad (Sweden), Bordeaux (France) and Semmering (Austria). The next meeting is planned for Lombardia, Italy in November 2000.

The **IQ-Net** team at EPRC are Professor John Bachtler, Sandra Taylor, Ruth Downes, Rona Michie, Laura Polverari and Mary Louise Rooney, supported by Lynn Ogilvie and Jacqui Vance. In addition, recent research has been assisted by Henrik Halkier, Pekka Kettunen and Rosella Vitale.

Published twice a year, **IQ-Net Bulletin** provides topical information for programme managers, partners, policy-makers and researchers on international experiences of implementing EU structural policies in Objective 2 areas.

More about the European Policies Research Centre...

Directed by Professor John Bachtler and Professor Douglas Yuill, the EPRC is an independent research institute within the University of Strathclyde. It specialises in research across a range of policy areas, principally:

- regional development in Western Europe,
- EU structural and cohesion policies,
- European regional technology and innovation policies,
- competition policy and subsidy discipline,
- economic development and the environment,
- internationalisation and European integration,
- regional restructuring in Central and Eastern Europe and the CIS.

Sirius Autumn School 2000: European Spatial Development

The **Sirius Autumn School** will be held in Stockholm from **25 November to 1 December 2000**, offering a programme of courses and workshops targeted at programme managers and partners from local and regional authorities, development agencies, voluntary bodies and interest groups. The focus of the six-day programme will be on understanding the dynamics and processes of **European spatial development** and related policies.

Topics to be covered by the course include:

- main trends in spatial development
- the EU policy response
- strategies for rural development, urban regeneration and rural-urban partnership
- strategies for inter-regional cross-border cooperation
- preparing for enlargement and measuring spatial development
- the territory as policy framework.

Sirius – the School for International Regional Development Studies – is a training facility for those involved in regional development and spatial planning established by EPRC and the Nordic Centre for Spatial Development (Stockholm), working with partners in Austria, France, Germany, Ireland, Italy, Poland and Romania. Further information is available on the Sirius website at: <http://www.eprc.strath.ac.uk/sirius/>

The next issue of **IQ-Net Bulletin** will be published in March 2001. In the meantime, further information about **IQ-Net** can be obtained from:

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