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REPORT

on the Communication from the Commission to the Member States laying down guidelines for a Community Initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory (INTERREG)
(COM(1999) 479 – C5-0243/1999 – 1999/2178(COS))

Committee on Regional Policy, Transport and Tourism

Rapporteur: Francis F.M. Decourrière

<i>Symbols for procedures</i>	<i>Abbreviations for committees</i>
<p>* Consultation procedure <i>majority of the votes cast</i></p> <p>**I Cooperation procedure (first reading) <i>majority of the votes cast</i></p> <p>**II Cooperation procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i></p> <p>*** Assent procedure <i>majority of Parliament's component Members, except in cases covered by Articles 105, 107, 161 and 300 of the EC Treaty and Article 7 of the EU Treaty</i></p> <p>***I Codecision procedure (first reading) <i>majority of the votes cast</i></p> <p>***II Codecision procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i></p> <p>***III Codecision procedure (third reading) <i>majority of the votes cast, to approve the joint text</i></p> <p>(The type of procedure depends on the legal basis proposed by the Commission)</p>	<p>I. AFET Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy</p> <p>II. BUDG Committee on Budgets</p> <p>III. CONT Committee on Budgetary Control</p> <p>IV. LIBE Committee on Citizens' Freedoms and Rights, Justice and Home Affairs</p> <p>V. ECON Committee on Economic and Monetary Affairs</p> <p>VI. JURI Committee on Legal Affairs and the Internal Market</p> <p>VII. INDU Committee on Industry, External Trade, Research and Energy</p> <p>VIII. EMPL Committee on Employment and Social Affairs</p> <p>IX. ENVI Committee on the Environment, Public Health and Consumer Policy</p> <p>X. AGRI Committee on Agriculture and Rural Development</p> <p>XI. PECH Committee on Fisheries</p> <p>XII. REGI Committee on Regional Policy, Transport and Tourism</p> <p>XIII. CULT Committee on Culture, Youth, Education, the Media and Sport</p> <p>XIV. DEVE Committee on Development and Cooperation</p> <p>XV. AFCO Committee on Constitutional Affairs</p> <p>XVI. FEMM Committee on Women's Rights and Equal Opportunities</p> <p>XVII. PETI Committee on Petitions</p>

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PROCEDURAL PAGE

By letter of 15 October 1999 the Commission forwarded its draft communication to the Member States laying down guidelines for a Community Initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory (INTERREG) to Parliament (COM(1999) 479 – 1999/2178(COS)).

At the sitting of 1 December 1999 the President of Parliament announced that she had referred the communication to the Committee on Regional Policy, Transport and Tourism as the committee responsible and to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Industry, External Trade, Research and Energy, the Committee on Employment and Social Affairs, the Committee on Agriculture and Rural Development, the Committee on Fisheries and the Committee on Women's Rights and Equal Opportunities for their opinions (C5-0243/1999).

The Committee on Regional Policy, Transport and Tourism had appointed Francis F.M. Decourrière rapporteur at its meeting of 24 November 1999.

The Committee on Regional Policy, Transport and Tourism considered the Commission draft communication and the draft report at its meetings of 24 November 1999 and 26 January 2000.

At the latter meeting it adopted the motion for a resolution by 54 votes to 0, unanimously.

The following were present for the vote: Konstantinos Hatzidakis, chairman; Emmanouil Mastorakis, Helmuth Markov and Rijk van Dam, vice-chairmen; Sir Robert Atkins, Elspeth Attwooll, Emmanouil Bakopoulos, Philip Charles Bradbourn (for Martin Callanan), Rolf Berend, Theo Bouwman, Carmen Cerdeira Morterero, Luigi Cocilovo (for Luigi Cesaro), Paolo Costa, Alain Esclopé, Giovanni Claudio Fava, Jean-Claude Fruteau (for Danielle Darras), Mathieu Grosch, Ewa Hedkvist Petersen, Marie-Anne Isler Béguin (for Camilo Nogueira Román), Juan de Dios Izquierdo Collado, Georg Jarzembowski, Elisabeth Jeggle (for Francis F.M. Decourrière), Karsten Knolle (for Raffaele Fitto), Dieter-Lebrecht Koch, Rodi Kratsa Tsagarop (for Ari Vatanen), Vincenzo Lavarra (for Günther Lüttge, pursuant to Rule 153.2), Sérgio Marques, Erik Meijer, Reinhold Messner, Rosa Miguélez Ramos, Francesco Musotto, Arlene McCarthy, Juan Ojeda Sanz, Josu Ortuondo Larrea, Karla Peijs, Samuli Pohjamo, Adriana Poli Bortone, Luis Queiró (for Gerard Collins) Reinhard Rack, Carlos Ripoll I Martinez de Bedoya, Guido Sacconi (for John Hume), Isidoro Sánchez Garcia, Marieke Sanders-Ten-Holte (for Dirk Sterckx), Gilles Savary, Dana Rosemary Scallon, Ingo Schmitt, Brian Simpson, Renate Sommer, Ulrich Stockmann, The Earl of Stockton, Margie Sudre, Johannes Swoboda (for Joaquim Vairinhos), D. Helena Torres Marques (for Demetrio Volcic), Maurizio Turco, Johan Van Hecke (for Bruno J. Gollnisch), Guido Viceconte and Jan Marinus Wiersma (for Mark Francis Watts).

The opinions of the Committee on Industry, External Trade, Research and Energy and the Committee on Employment and Social Affairs are attached. On 19 October 1999, the Committee on Agriculture and Rural Development, on 25 November 1999 the Committee on Women's Rights and Equal Opportunities, on 30 November 1999 the Committee on Fisheries and on 11 January 2000 the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy decided not to deliver opinions.

The report was tabled on 2 February 2000.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

MOTION FOR A RESOLUTION

Resolution of the European Parliament on the draft communication from the Commission to the Member States laying down guidelines for a Community Initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory (INTERREG) (COM(1999)479 – C5-0243/1999- 1999/2178(COS))

The European Parliament,

- having regard to the draft communication from the Commission to the Member States (COM(1999) 479 – C5-0243/1999),
- having regard to Article 299(2) of the EC Treaty,
- having regard to Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds¹,
- having regard to Regulation (EC) No 1783/1999 of 12 July 1999 of the European Parliament and of the Council on the European Regional Development Fund²,
- having regard to the Code of Conduct of 6 May 1999 between the European Parliament and the Commission on the implementation of Structural Policies by the Commission³,
- having regard to its resolution of 3 May 1994 on the Community initiative concerning cross-border cooperation and selected energy networks (INTERREG II)⁴,
- having regard to its resolution of 28 March 1996 on the Community initiative concerning transnational cooperation on spatial planning (INTERREG II C)⁵,
- having regard to its resolution of 16 May 1997 on cross-border and inter-regional cooperation⁶,
- having regard to its resolution of 2 July 1998 on regional planning and the European Spatial Development Perspective⁷,
- having regard to the conclusions of the Berlin European Council of 24 and 25 March 1999, according to which at least 50% of commitment appropriations foreseen for Community Initiatives are to be allocated to the INTERREG initiative, in which connection particular attention should be devoted to cross-border activities, especially with a view to enlargement and for Member States which have long common borders with applicant countries, and to better coordination with the PHARE, TACIS and MEDA programmes,

¹ OJ L 161, 26.6.1999, p. 1

² OJ L 213, 13.8.1999, p.1

³ OJ C 279, 1.10.1999, p. 488

⁴ OJ C 205, 25.7.1994, p. 116

⁵ OJ C 117, 22.4.1996, p. 70

⁶ OJ C 167, 2.6.1997, p. 245

⁷ OJ C 226, 20.7.1998, p. 42

- having regard to the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure⁸ and the Financial Perspective which forms an integral part thereof,
 - having regard to the agreements reached by the Ministers responsible for Regional Planning and Urban and Regional Policy at Tampere on 4 and 5 October 1999,
 - having regard to the annual report of the Court of Auditors concerning the 1998 financial year⁹,
 - having regard to Rule 160 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Policy, Transport and Tourism and the opinions of the Committee on Employment and Social Affairs and the Committee on Industry, External Trade, Research and Energy (A5-0028/2000),
- A. having regard to the difficulties experienced in the past by maritime and landlocked border regions which have been cut off economically, socially and culturally because of the existence of borders and turned into peripheral areas within the States to which they belong,
 - B. whereas national frontiers should not be a barrier to the balanced development, territorial cohesion and integration of the European territory,
 - C. whereas border regions have encountered difficulties in establishing a joint environmental policy, which has been an obstacle to consistent management of ecosystems,
 - D. whereas cross-border, transnational and interregional cooperation is important for European integration from the institutional, economic and social, including migrations, points of view and promotes peace, security, stability, territorial cohesion and respect for the rights of minorities,
 - E. whereas the completion of the internal market, Economic and Monetary Union and the forthcoming enlargement of the Union to include the countries of central and eastern Europe, Malta and Cyprus create a new situation for border regions; whereas, therefore, the map of regions eligible for cross-border cooperation should be updated to take account of this new situation,
 - F. whereas the enlargement of the European Union to include new countries must entail a process of integration of societies, economies and territories,
 - G. whereas the territory of Europe should be considered as a whole in the interests of harmonious development of the Union and whereas the integration of border regions is an essential element in the development of a future European regional development policy based on the implementation of the polycentrism envisaged by the European Spatial Development Perspective,
 - H. whereas interregional cooperation makes an important contribution to involving local and regional authorities in the process of European integration,

⁸ OJ C 172, 18.6.1999, p. 1

⁹ OJ C 349, 3.12.1999, p.1

- I. whereas more active participation by local and regional authorities in Community initiatives should be promoted and, in general, their role in them should be upgraded, bearing in mind that in many cases the local and regional authorities have a very limited capacity for cooperation because of the different legal frameworks and different levels of development on either side of the border,
 - J. whereas Community initiatives should only finance measures which entail added value at Community level or which are designed to remedy problems targeted by Community Support Frameworks (CSFs),
 - K. whereas the harmful effects caused by the parallel development of different infrastructure projects on either side of the border must be prevented and whereas it is important to ensure common development strategies with an innovatory approach with regard to management bodies,
 - L. whereas the Community initiative INTERREG II has been well supported and its acknowledged success could contribute to the establishment of a genuine Community regional planning policy,
- 1. Welcomes the continuation of INTERREG; notes with satisfaction that, in the draft guidelines under consideration, the Commission has incorporated important recommendations formulated in previous reports by Parliament on INTERREG; endorses the priority assigned to INTERREG III and endorses the funding consequently allocated to it;
 - 2. Regrets the fact that the Commission submitted its draft late and that neither the regions nor representative regional organisations were involved in the drafting of the guidelines; in this context, calls on the Commission in future to ensure greater participation by regional authorities, particularly within the framework of programming and implementing the three strands of INTERREG;
 - 3. Notes with concern that it is not possible to establish a direct link between INTERREG II and INTERREG III because of the delay in the Commission's submission of the draft; deplores the fact that as a result there are uncertainties regarding planning and a lack of continuity of financing; calls, in future, for programming schedules to coincide strictly with the entry into force of Community initiatives in order to ensure greater continuity of programming;
 - 4. Regrets and deplores the fact that the Commission referred to guidelines for INTERREG III to Parliament without first making a precise assessment of INTERREG II, from which lessons could have been drawn for the new generation of the programme;
 - 5. Hopes that Parliament will receive an assessment of INTERREG II in time for its examination of the mid-term review of INTERREG III;
 - 6. Is concerned about the consequences of the late entry into force of INTERREG III for the beneficiary regions and particularly the risk of loss of financing during the period between the end of the application of INTERREG II and the beginning of the practical implementation of INTERREG III, and calls on the Commission to alleviate the impact of its own omissions;

7. Expresses the hope that Parliament will be notified without delay of the utilisation rate of appropriations allocated to the INTERREG II programme;
8. Considers it vital, with a view to using INTERREG as an instrument for strengthening cooperation with the Adriatic and Balkan regions and with the aim of consolidating the economic, social and political stability of these regions, to extend the area eligible for cross-border cooperation to all regions of the Adriatic;
9. With a view to the enlargement of the European Union to include Malta and in the context of the Barcelona process, calls for the Sicilian provinces which have a maritime frontier with the abovementioned applicant country to be included in the map of regions eligible for cross-border cooperation;
10. Agrees with the Commission that it is important to step up cross-border, transnational and interregional cooperation further; observes that the experience acquired should be sufficient guarantee that genuine cross-border cooperation can be achieved under INTERREG III;
11. Welcomes the fact that INTERREG-PHARE (CBC) cooperation has been developed on a regional and multiannual basis, in which local authorities play a significant role, and hopes that similar cooperation will be developed in INTERREG-TACIS (CBC) programmes;
12. Welcomes the fact that monitoring committees, steering committees, managing authorities and paying authorities are required to be of a genuinely cross-border or transnational character;
13. Welcomes the approach adopted, which is based on three strands subsuming the respective priorities for the current programming period; reserves its opinion, however, until it has seen the assessment of the results of INTERREG II;
14. Welcomes the setting of financial quotas for the various strands and the indicative breakdown by state, and considers it wise to allow an adjustable margin for strands IIIA and IIIB; calls however on the Commission to ensure that the Member States do not use INTERREG funds strictly for the implementation of their national policies but will seek to promote the development of the beneficiary regions fairly by breaking down their quotas in such a way as to allocate the funds equitably to the eligible regions in the light, in particular, of the regions' needs and their capacity to organise projects;
15. Considers that the indicative list of fields of cooperation for strand IIIA comprises sufficient elements for cross-border projects of high quality; is aware that the list of eligible areas is derived from the current areas of cooperation; deplores the fact that very remote and island regions are not sufficiently taken into account in strand IIIA even though it has been acknowledged that these areas require special attention;
16. Takes the view that, in cross-border cooperation, greater emphasis must be placed on improving the conditions for the economic activity of small and medium-sized undertakings, since it is those undertakings which create the largest number of jobs and act as a factor of stability in times of economic uncertainty;

17. Welcomes the possibility of supporting networks of local services and development and employment initiatives through strand A and expects these to be given due consideration;
18. Stresses the crucial importance of promoting regional transport links and energy supply projects in border regions within the Union and at its frontiers;
19. Fears that the scope of strand IIIB and the funds allocated to it may be too limited, and proposes that a non-exhaustive list of measures eligible for Community cofinancing should be drawn up; hopes that the areas for cooperation under strand IIIB will be the same as those under the current IIC, in order not to jeopardise the cooperation which now exists between regions, particularly the outermost regions;
20. Attaches great importance to strand C, in view of the added value which the Community initiative should entail; regrets the inadequacy of the budget for strand IIIC; calls on the Commission to detail and forward to it the procedures for implementing this strand; calls on the Commission to involve regional authorities in planning, managing and implementing this strand;
21. Welcomes the Commission's approach of supporting networks for cooperation among regional and local authorities; draws attention here once again to the consistency between INTERREG IIIC and the EU programmes for decentralised cooperation in the area of external policy and the opportunities for European local authorities to develop an integrated international exchange of experience and cooperation;
22. Takes the view that cooperation at the internal frontiers must result in ordinary people being able to conduct their everyday business without any difficulties; expects, therefore, that the programmes' projects will also promote the establishment of the fundamental rights of workers, social and health protection, and freedom of movement;
23. Calls on the Commission to coordinate better with INTERREG the various instruments used for cooperation projects in third countries, namely ISPA, MEDA, PHARE, SAPARD, TACIS and EDF; stresses that this coordination of instruments is a *sine qua non* for genuine cooperation; again calls on the Commission to consider the establishment of a single Common Fund; calls on the Commission to report periodically to the European Parliament on coordination between INTERREG and the various abovementioned Community instruments;
24. Stresses that greater flexibility is needed given the different legal and political situations in the Union as regards the powers of regions and local authorities; calls therefore on the Commission to support the setting up of joint management bodies on a transnational and cross-border basis in the interests of effective cooperation;
25. Calls on the Commission and the Member States to strengthen the role and responsibility of the regions at the EU's borders, not only in devising regional development programmes but also in exercising their powers; this also means that some technical assistance should be made available to the regions for this purpose;

26. Notes that transnational projects with non-member countries under INTERREG often fail because of inadequate funding possibilities in those countries;
27. Urges the Commission to ensure that procedural incompatibilities - for example between the Phare-CBC regulation and the INTERREG guidelines – do not result in projects cofinanced by the ERDF being blocked;
28. Recalls that structural unemployment is responsible for 50% of all unemployment and therefore expects that the INTERREG funds made available will supplement national measures to promote employment; stresses the importance of this Community initiative for promoting employment in thinly populated areas;
29. Calls on the Commission to study carefully the measures carried out in the Member States to which INTERREG resources are allocated, to enforce strict complementarity with other Structural Fund measures and to apply monitoring measures;
30. Draws attention to the fact that, by virtue of the new aspects which INTERREG could tackle, the ERDF should demonstrate its management capacity in fields where to date it has no experience, such as human resources, equal opportunities, tourism, rural development or employment promotion;
31. Rejects categorically the Commission proposal to use outside service providers in the form of a Technical Assistance Office;
32. Calls on the Commission to comply with the provisions laid down in Article 23 of Regulation 1260/1999 as regards the funding of assistance;
33. Welcomes the setting up of a European Observatory for cross-border transnational and interregional cooperation responsible for monitoring the development of territorial cohesion, regional development and relations between the centre and the periphery, so as to identify existing imbalances;
34. Considers that the financial involvement of regional and local players or greater participation by local associations and the private sector is essential;
35. Calls on the Commission and Member States to involve their local and regional authorities, Parliament and the Committee of the Regions in the drafting of a working programme for the Observatory;
36. Regrets that the Commission document contains no recommendations to the Member States designed to simplify procedures and national legal provisions concerning the submission and examination of projects by the national authorities or financing implementation and control;
37. Calls on the Commission to inform Parliament regularly about the implementation of INTERREG; a requirement more justified than ever given the incomplete nature of its proposal;
38. Instructs its President to forward this resolution to the Commission and the Member States.

EXPLANATORY STATEMENT

GENERAL FRAMEWORK

The Community initiatives were instituted in 1988, when the Structural Funds were reformed. The aim was to create an instrument which – unlike most structural measures, which tend mainly to enhance economic and social cohesion at national level – would place greater emphasis on the European dimension. The initiatives are based mainly on the principles that they should be transnational and innovative. Community initiatives are intended to make it possible to identify innovative projects and encourage the establishment of cross-border networks for them, creating opportunities for exchanges of experience between regions or cooperation between Member States.

This European dimension is also reflected in the substance of the initiatives, for which the Commission is mainly responsible; in this respect the initiatives differ from the bulk of Structural Fund measures. The Commission accordingly draws up guidelines, which are published after the opinion of the European Parliament has been sought, in accordance with the code of conduct¹⁰, and after the comitology committees have been consulted in accordance with the Regulation laying down general provisions on the Structural Funds.¹¹

In the context of Agenda 2000, the legal basis for the Community's structural policy was reformed for the period 2000-2006, in the light of the following principles: concentration, simplification and efficiency. As regards the Community initiatives, there was a large measure of consensus that it was desirable to reduce the number of initiatives from 13 to 4, namely INTERREG, URBAN, LEADER and EQUAL. However, this reduction in the number of programmes was accompanied by a cut in the amount of Community funding allocated to Community initiatives: according to the Regulation laying down general provisions on the Structural Funds¹², 5.35% of the total allocation to the Structural Funds (EUR 195 bn) is earmarked for Community initiatives for the next seven years, which represents EUR 10 432.5 million (whereas at present the Community initiatives receive 9% of the allocation to the Structural Funds, viz. EUR 14 588 million). With 2.5% of the allocation, or EUR 4875 m (as against EUR 3604 m at present), INTERREG is the main Community initiative.

THE COMMUNITY INITIATIVE INTERREG

The Community initiative INTERREG, which was launched in 1990, was intended to prepare Europe's border regions for the 'Europe without frontiers' for which the completion of the internal market did much to pave the way. The REGEN initiative, which was launched the same year, was intended to fill in missing links in the trans-European transport and energy distribution networks in Objective 1 regions. With the reform of the Structural Funds in 1994, these two initiatives were combined to form a single Community initiative, INTERREG II (INTERREG IIA and IIB), to which strand IIC, concerned with transnational cooperation in the interests of regional development, was added in 1996.

In addition, transnational and interregional cooperation measures within the Union which are important for regional development have received funding as innovative measures in accordance with Article 10 of the ERDF Regulation.

¹⁰ Code of conduct, paragraph 1.2

¹¹ Regulation (EC) No 1260/1999, Article 48(2)(c)

¹² Regulation (EC) No 1260/1999, Article 7(6)

These programmes are designed to encourage cross-border, transnational and interregional cooperation and to promote balanced development of Community territory in order to enhance economic and social cohesion in the Union.

INTERREG III

The Community initiative INTERREG III is based on past experience. Measures targeted at the borders between Member States, between the Union and third countries and at border regions are at the very heart of this initiative. In this context, special attention must be devoted in particular to the Union's external borders in the run-up to enlargement and to island regions and the most remote regions. Cooperation at the external borders should in particular make it possible to prepare the CEECs for their participation in programmes funded under the Structural Funds.

INTERREG III will be implemented in the form of three strands:

1. **cross-border cooperation** between regional and local authorities in border regions (at both internal and external borders of the European Union) on the basis of joint cross-border development strategies to promote sustainable regional development and the creation of cross-border economic and social development centres (**INTERREG IIIA**, former INTERREG IIA); responsibility rests with the Member State's regional and local authorities;
2. **transnational cooperation** between national, regional and local authorities in various Member States or applicant countries regarding regional development, transport networks and the environment (**INTERREG IIIB**, former INTERREG IIC and Article 10 of the ERDF); responsibility rests with the Member State, i.e. national authorities;
3. **interregional cooperation** between different regions of the Member States or third countries to exchange experience under strands IIIA and IIIB and cooperate in certain fields (**INTERREG IIIC**, former Article 10 of the ERDF); responsibility rests with the Commission.

Special attention is to be devoted to stepping up cooperation between the two sides of the Adriatic and the southern Baltic. In the case of the Balkans, a new European Union instrument is being set up to assist in the peace and reconstruction process.

Altogether, 2.5% of Community resources are devoted to INTERREG (EUR 4875 m). It is proposed that the appropriations should be divided among the three strands as follows: 50-80% for INTERREG IIIA, 6% for INTERREG IIIC and the remainder (between 14 and 44%) for INTERREG IIIB.

The implementation of the measures proposed under the three strands will be governed by the following principles:

1. cooperation will be based on **joint cross-border or transnational development strategies** laid down in joint programmes. The measures selected to implement these strategies should be of a clearly cross-border or transnational nature;
2. programmes should be drawn up and implemented in **partnership** between all national, regional and local authorities and all parties concerned, employing a bottom-up approach;

3. programmes should **complement** measures taken under other Structural Fund instruments;
4. INTERREG will be financed by the European Regional Development Fund (ERDF); for purposes of coordination and **integration of intersectoral measures**, measures normally eligible for assistance from the other Structural Funds may likewise be funded ('monofund programme');
5. cooperation with third countries requires **effective coordination between INTERREG** (in the Member States) **and** the appropriate programmes in third countries, e.g. **PHARE, ISPA, SAPARD** (programmes carried out in the countries of central and eastern Europe), **TACIS** (former Soviet Union except Russia) and **MEDA** (Mediterranean countries).

On the basis of past experience, it is now necessary to move on, by means of INTERREG III, to an even more ambitious stage during which 'genuine' cross-border cooperation will be stepped up, taking account of all parties concerned; the added value represented by the Community initiative INTERREG, which complements specific national programmes, must be ensured by **requiring programmes to be transnational** and hence innovative. (As regards the substance of the measures, coordination both among the four Community initiatives and between them and other Structural Fund measures must be ensured both when programmes are drafted in Member States and when the Commission considers them). In selecting measures, more account must in future be taken of the **cross-border benefits of measures**, as experience with INTERREG II shows that very often, particularly at the Union's external borders, Community resources have served more to assist border regions than to promote cross-border cooperation.

The requirements imposed by the Commission with regard to the scope of programmes, the bodies responsible for implementing initiatives and the time limits for drafting programmes correspond to those stipulated by the Regulation laying down general provisions on the Structural Funds.¹³

Member States (responsibilities vary between strands) are to draw up proposals, which are to be submitted to the Commission and studied by it, then approved as programmes. The proposals of the Member States must in particular include an overview of the cross-border or transnational priorities and strategies, a description of the measures necessary to their implementation and an indicative financial plan. The measures will be implemented in the form of specific projects, which must be selected in accordance with the programme objectives and in consultation with the partners involved in the cooperation.

The measure is subject to the rules on monitoring to ensure the regular use of the funds.

Nonetheless, the Commission bases its draft guidelines on the principle that in the case of INTERREG the structures and bodies to be designated in accordance with the general regulation to draw up the programmes and take responsibility for their implementation and monitoring should be set up as joint cross-border or transnational bodies, as appropriate. This rule does not apply to the very remote regions, in view of their special geographical position.

LESSONS AND PROBLEMS

¹³ Regulation (EC) No 1260/1999
PE 232.286/fin.

Among all the Community initiatives the one to which the greatest importance is assigned (and not only from the budgetary point of view) is INTERREG. The current participants in INTERREG II are very much in favour of continuing the initiative.

However, during the current programming period it has become apparent that ambitious plans for cross-border or transnational cooperation are not always easy to carry out (if only because of differences of language or powers, for example) and that in most cases the drafting and implementation of programmes requires close coordination, which is made yet more necessary by the requirements imposed concerning partnership¹⁴ (participation by all parties concerned).

The success of the approach adopted depends mainly on two factors (which also have a decisive influence on the degree of motivation of the parties concerned and on the attractiveness of cross-border or transnational cooperation – or its improvement – to the parties concerned, which is a precondition for the success of INTERREG):

1. the range of fields for cooperation and the selection of eligible areas, as well as the extent to which lessons are learned from the current programme period, and
2. clearly defined responsibilities, effective arrangements for the implementation of initiatives and, particularly as regards cooperation with third countries, consistency between the relevant legal bases (coordination between INTERREG, PHARE, SAPARD, ISPA, TACIS and MEDA).

As regards point 1:

Priorities for the substance of measures

A list of priority fields and of measures eligible for strands IIIA and IIIB is annexed to the guidelines under consideration. Member States, together with their partners in the context of transnational cooperation, and subject to the specific conditions applicable to the cooperation area, may select a limited number of fields and measures within a programme.

In the case of strand IIIA, this list is indicative and not exhaustive, and the wide range of fields envisaged affords ample prospects for cooperation¹⁵. The situation is different with strand IIIB, where the Commission has drawn up a list of fields for cooperation which is clearly far more limited and, moreover, exhaustive¹⁶, so that there is a danger that cooperation will be more difficult.

On the other hand, in the case of strand IIIC, the draft guidelines do not provide any indication of possible fields of cooperation: the Commission reserves the right to propose at a later date topics which it considers important in the context of exchanges of experience between regions as priorities for greater cooperation between regions. At all events, the regions should always participate in the selection of the fields in which cooperation is to take place.

¹⁴ Regulation (EC) No 1260/1999, Article 8, and draft guidelines, paragraph 7

¹⁵ Drawing up of development models for a border region, promotion of small and medium-sized firms (SMEs), tourism and local development and employment initiatives, integration of the labour market, cooperation on research, technological development, education, culture, communications, health and civil protection, protection of the environment, energy efficiency and renewable sources of energy, cooperation in the legal and administrative fields, cooperation between citizens and institutions, development of basic infrastructure.

¹⁶ Spatial development strategies, efficient and sustainable transport systems, access to the information society, environment and good management of natural resources, in particular water resources.

Regions eligible

Under INTERREG II, measures have been taken, in many cases for the first time, in recent years to start to establish effective regional and local cooperation, which was facilitated by the strong motivation of the parties concerned. Enhancing and consolidating the cooperation infrastructure is one of the essential objectives of the next phase of INTERREG, particularly in the third countries concerned.

As regards **strand IIIA** (as, in substance, for strand IIA), the following regions are eligible:

- all areas along the internal and external borders delineated at administrative level III of the Nomenclature of Territorial Statistical Units (NUTS III) and, in exceptional cases, NUTS III areas adjoining these areas, provided that they do not account for more than 20% of total expenditure on the programme;
- certain maritime areas delineated at NUTS III level; the selection of only certain maritime areas does not seem transparent, and in principle all maritime areas ought to become eligible.

The remotest regions are not eligible for funding under this strand.

Those regions are eligible for **strand IIIB** which are located in the six regions where cooperation has already been established under INTERREG II or Article 10 of the ERDF ('actions concerning spatial planning'). The remotest regions may receive funding under this strand.

As regards the delimitation or selection of the regions eligible under **strand IIIC**, the guidelines are extremely vague. On the one hand, experience is to be exchanged between the regions cooperating under strands IIIA and IIIB, for which purpose networks are particularly to be established between Objective I and 2 regions. However, there is no indication as regards the selection of exact regions. According to the call-for-proposals procedure, areas for cooperation (or the various regions, since once again the guidelines do not contain any more precise indications) are to be selected for cooperation in certain fields. At all events, special attention is to be devoted to island regions, the most remote regions and maritime regions.

In contrast with the rules on INTERREG II, a region may be eligible for INTERREG III irrespective of its status as a target area.

As regards point 2

Responsibilities

The establishment of clearly defined responsibilities was one of the premises of the reform of the Structural Funds. For the INTERREG Community initiative, responsibilities differ according to the objectives envisaged for each of the three strands: programmes under **strand IIIA** are drawn up and managed at regional and local level, possibly in partnership with national authorities, while **strand IIIB** programmes are planned and managed at national level, in close consultation with regional and local authorities. In the case of **strand IIIC**, responsibilities are diffuse and vague: while the draft guidelines lay down that the Commission is to be responsible for selecting the fields for coordination during the selection procedure, the procedure itself is to be undertaken by a body responsible for interregional cooperation, about which no further information is provided; responsibility for programming rests with regional authorities, and it is not stated who is responsible for implementing the initiatives. Closer coordination therefore seems essential.

For exchanges of experience under the three strands, the Commission is to set up an **Observatory** for cross-border, transnational and interregional cooperation, which is to be managed by external service-providers. The portion of INTERREG's funds which is to be spent on it will not exceed 2%. In the absence of more detailed information about the system's purpose and how it is to be organised, this amount certainly seems very large.

Bodies responsible for implementing initiatives

Clearly defined responsibilities presuppose clearly defined organisational structures to implement the initiatives – structures whose methods of organisation and tasks are defined more precisely in the general regulation and which must also be set up for the Community initiatives.

A Programme Monitoring Committee is to monitor the INTERREG programmes; a steering committee may assist it in selecting projects. The committees comprise representatives of all the regions participating in the programme.

In the future, a **managing authority** is to be set up to manage each programme and particularly to assume responsibility for preparing the decisions to be taken by the Monitoring Committee and the steering committee(s).

In future, ERDF grants will be paid into a single bank account held by the **paying authority** (which may, if appropriate, be the managing authority), from which funds will be forwarded to the final beneficiaries. The Commission may also, for the first time, make a **global grant** for all or part of the programme in agreement with the Member State concerned, which will be paid to a body approved in accordance with the general regulation for the purpose of managing all or part of an INTERREG programme.

In future, the Monitoring Committee and the steering committee, the managing authority and the paying authority will be of a cross-border or transnational character and will also, with the exception of the paying authority, comprise representatives of the third countries participating in the programme, the status and powers of which within these committees are not expressly defined in the draft guidelines, except in the case of a grant under PHARE-CBC. Problems may arise and decision-making procedures may be protracted in the case of any strand when different legal bases are applied in third countries for the purpose of selecting projects (see below).

Consistency between the legal bases applicable

Many problems currently arise in cooperation with third countries. They particularly concern cross-border cooperation (IIIA) at the borders between the European Union and third countries. Despite a political statement of intent, which figures in point 41 of the conclusions of the Berlin European Council, concerning better coordination between INTERREG and PHARE, TACIS, MEDA, ISPA and SAPARD in third countries, the provisions of the general regulation which are of a similar tenor, a chapter devoted to this subject in the draft guidelines under consideration¹⁷, a – theoretical – call to the same effect in the regulations currently governing PHARE-CBC, ISPA and SAPARD¹⁸ and the indications in the proposals submitted by the Commission for the new regulations on TACIS and MEDA, these instruments remain inconsistent. This being so, the principle of ‘genuine’ joint cooperation will add to the problems and make coordination even more necessary.

The problems, which largely reveal a lack of consultation between the Commission departments responsible for measures, may be summarised as follows in the case of PHARE:

1. The problems particularly concern the **annual character of PHARE, SAPARD, ISPA, TACIS and MEDA appropriations and the fact that they are allocated to projects**, whereas **INTERREG appropriations are multiannual and allocated to measures**. While the INTERREG appropriations intended for Member States are allocated for the whole period 2000 to 2006, those intended for third countries are allocated on an indicative basis and for one year (budget estimates, heading 7) and are therefore subject to unpredictable change as regards both priorities and the amount budgeted for these EU instruments.
2. Moreover, the draft guidelines indicate that INTERREG IIIA **appropriations** are to be **shared** in a balanced manner between the two sides of the border concerned, while a ceiling of EUR 480 m applies to the PHARE-CBC grant for the period 2000-2006 and no indication has hitherto been given as to the breakdown of these PHARE-CBC appropriations by recipient country and by section of the border (PHARE-CBC funds may be used not only at the external borders of Member States but also at the ‘future external borders’ of the Union). Contributions by third countries to INTERREG IIIB and IIIC are funded from national PHARE appropriations, but the Commission does not indicate any precise amount for this. In many cases, therefore, participation by third countries is non-existent or only very limited, as they have other priorities.
3. **The centralised decision-making bodies** for PHARE give rise to major delays and uncertainties in project selection and programming. After a first decision by the joint programming committees, the PHARE committee, chaired by the Commission, has to approve the PHARE grants.
4. In order to be eligible for funding under the PHARE programme, **projects must be of a minimum size** of EUR 2 m, while small projects (not exceeding EUR 300 000) may be funded using Small Project Funds (SPF). The authorisation of the Commission is not required for these projects, but the SPF must not absorb more than 20% of total

¹⁷ Chapter VII: ‘Coordination between ERDF, PHARE, TACIS, MEDA SAPARD and PASI’

¹⁸ Cross-border cooperation under the PHARE programme, Regulation No 2760/98 of 18 December 1998: this regulation comprises new provisions concerning joint strategies, joint drafting of programmes, extensive participation by regional bodies, eligibility of projects and determination of regions eligible for assistance to ensure better coordination between INTERREG and PHARE.

appropriations. Projects concerning the fields of tourism, human resources and culture, for example, must be carried out solely with the aid of the SPF; clearly, the principle that they must be genuine cross-border projects for which a balance in the funding going to the two sides of the border concerned is guaranteed may impose restrictions as regards the definition of the substance of the INTERREG programmes at the external borders. Even though the guidelines on INTERREG III permit the rules on the minimum size of projects to be waived in exceptional circumstances and, where appropriate, the size of SPF projects to be increased, consistency with INTERREG III is hardly guaranteed.

5. The **delimitation of the areas eligible** for cross-border cooperation in third countries adjoining the Union is governed by the criteria in force for INTERREG. The list of these PHARE-CBC areas, which is currently being drawn up, has not yet been published, although work on programming has already begun, to make it possible to comply with the deadlines for submitting programmes.

OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY

(Rule 162 of the Rules of Procedure)

for the Committee on Regional Policy, Transport and Tourism

on the draft communication from the Commission to the Member States laying down guidelines for a Community Initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory (INTERREG) (COM(1999) 479 – C5-0243/1999 – 1999/2178(COS)) (report by Francis F.M. Decourrière)

Committee on Industry, External Trade, Research and Energy

Letter from the committee chairman and the draftsman to Mr Konstantinos Hatzidakis, chairman of the Committee on Regional Policy, Transport and Tourism

Brussels, 25 January 2000

Dear Mr Hatzidakis,

The Committee on Industry, External Trade, Research and Energy considered the above subject at its meeting of 25-27 January 2000.

On this occasion the following conclusions were adopted unopposed with two abstentions:¹⁹

The Commission of the European Communities has decided to establish a Community Initiative concerning trans-European cooperation, known as 'INTERREG', in accordance with the established rules set out in Article 20 of Regulation 1260/99²⁰.

Under INTERREG, Community support is made available for measures and in areas which meet certain requirements and pursue certain objectives and which are included in CIPs (Community Initiative Programmes) that have been presented by authorities designated by Member States and approved by the Commission.

¹⁹ The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Nuala Ahern, vice-chairman; Daniela Raschhofer, draftsman; Konstantinos Alyssandrakis, Alexandros Baltas, Christopher J.P. Beazley (for Anders Wijkman), Giles Bryan Chichester, Elisa Maria Damião (Massimo Carraro), Willy C.E.H. De Clercq, Claude J.-M.J. Desama, Harlem Désir, Concepció Ferrer i Casals, Glyn Ford, Neena Gill (for Imelda Mary Read), Michel Hansenne, Malcolm Harbour, Wolfgang Kreissl-Dörfler (for Caroline Lucas), Alain Lamassoure, Peter Liese (for Angelika Niebler), Linda McAvan, Eryl Margaret McNally, Nelly Maes, Erika Mann, Elizabeth Montfort, Barbara O'Toole (for Simon Francis Murphy), Yves Piétrasanta, Elly Plooijs-Van Gorsel, Paul Rübig, Ilka Schröder, Konrad K. Schwaiger, Esko Olavi Seppänen, Anna Terron i Cusi (for Rolf Linkohr), Jaime Valdivielso de Cué, W.G. van Velzen and Alejo Vidal-Quadras Roca (for Umberto Scapagnini).

²⁰ OJ L 161, 26.6.1999

The overall aim of the INTERREG initiatives is based on the idea that national borders should not be a barrier to the balanced development and integration of the European area, both because such borders divide border communities economically, socially and culturally and because the proximity of such areas to borders has led national authorities to neglect them under national policy.

INTERREG serves principally to promote Community markets for the development of SMEs, education and training, cultural exchanges, action to combat health problems, the protection and improvement of the environment, energy networks, transport and telecommunications.

As 18 million of the working population are employed by SMEs in the EU, this corporate structure should be particularly supported with INTERREG resources, since they account for 55% of EU wealth and form the backbone of the economy.

INTERREG resources must help to ensure the sustained development and improved competitiveness of the sectors assisted. They must also contribute to the development of a European research area.

Funding for INTERREG projects must be confined strictly to projects which are genuinely bi-national or pluri-national.

Experience with the previous Community Initiatives INTERREG I and II has revealed both the advantages and the shortcomings of this type of cooperation.

Where the external frontiers and cooperation with non-member states are concerned, there have been some difficulties, due in particular to poor administrative structures in these countries.

Cooperation between the INTERREG programmes and the Union's external policy instruments, such as PHARE, TACIS and MEDA, has therefore been deficient at times.

For this reason, it will be particularly important from now on for the cooperation between the ERDF, PHARE, TACIS, MEDA, SAPARD and PASI to be conciliated. During the review of the PHARE programme envisaged for 2000 a particular effort should be made to ensure compatibility with other programmes.

In view of the introduction of a new EU instrument for peace and reconstruction in the Balkans, the Commission will in due course examine the options for INTERREG's cooperation with this new system.

The cooperation concerns PHARE-CBC aid of EUR 480 million and aid from the national PHARE, PASI and SAPARD programmes as appropriate. For TACIS and MEDA, the support for Community activities will be determined in the case of the annual budgetary procedures and in accordance with existing operational rules, with a view to maximising cross-border and transnational cooperation across the Union's external borders.

The introduction by the Commission of a common administrative authority for cross-border, transnational and interregional cooperation will help to improve the overall management of these programmes.

To qualify for PHARE resources, a project must entail at least EUR 2 million. It is pointed out, however, that projects may also comprise a package of measures that pursue a specific development objective.

Interested and potential undertakings should be adequately informed of the possibility of smaller projects (each entailing not more than EUR 300 000) being implemented within the framework of the Small Projects Fund.

Clearly, INTERREG pursues its own interests, primarily for third countries which are already candidates, or are destined to become candidates, and this method of cooperation is useful in preparing for the future.

Particular attention must be paid in this context to the Union's external frontiers and to the island regions and the regions on the very periphery of the Union.

The Committee on Industry, External Trade, Research and Energy is therefore favourably disposed towards this initiative. It would nevertheless like Parliament to be asked for advice by the various countries that depend on INTERREG.

It would equally like to be consulted on the progress made and results achieved by each project in all the regions concerned, especially those bordering on third countries and involved in the PHARE, TACIS and MEDA programmes.

It would be useful to undertake an assessment of the results of the INTERREG II programme and forward it to Parliament before the INTERREG III programme is implemented.

Yours sincerely,

Daniela Raschhofer
Draftsman

Carlos Westendorp y Cabeza
Chairman

25 January 2000

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

(Rule 162)

for the Committee on Regional Policy, Transport and Tourism

on the Communication from the Commission to the Member States laying down guidelines for a Community Initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory (INTERREG)
(COM(1999) 479 – C5-0243/1999 – 1999/2178(COS)) (report by Francis Decourrière)

Committee on Employment and Social Affairs

Draftsperson: Gabriele Stauner

PROCEDURE

At its meeting of 22 November 1999 the Committee on Employment and Social Affairs appointed Gabriele Stauner draftsperson.

It considered the draft opinion at its meeting of 25 January 2000 .

At this meeting it adopted the following conclusions by 44 votes to 1.

The following were present for the vote: Michel Rocard, chairman; Winfried Menrad vice-chairman; Gabriele Stauner, draftsperson; Jan Andersson, María Antonia Avilés Perea, Carlos Bautista Ojeda (for Jillian Evans), Theodorus J.J. Bouwman (for Ian Stewart Hudghton), Ieke van den Burg, Philip Rodway Bushill-Matthews, Alejandro Cercas Alonso, Luigi Cocilovo, Elisa Maria Damião, Harlem Désir (for Proinsias De Rossa), Den Dover (for Marie-Thérèse Hermange), Carlo Fatuzzo, Ilda Figueiredo, Hélène Flautre, Fiorella Ghilardotti, Marie-Hélène Gillig, Anne-Karin Glase, Koldo Gorostiaga Atxalandabaso, Roger Helmer (for Raffaele Lombardo), Jorge Salvador Hernandez Mollar (for Guido Podestà), Richard Howitt (for Harald Ettl), Stephen Hughes, Anne Elisabet Jensen (for Elizabeth Lynne), Karin Jöns, Ioannis Koukiadis, Rodi Kratsa, Jean Lambert, Thomas Mann, Mario Mantovani, Mauro Nobilia, Manuel Perez Alvarez, Bartho Pronk, Fernando Reis, José Ribeiro e Castro, Tokia Saïfi, Herman Schmid, Peter William Skinner, Miet Smet, Ursula Stenzel (for Ilkka Suominen), Helle Thorning-Schmidt, Anne E.M. Van Lancker und Barbara Weiler.

BACKGROUND

1. Introduction

INTERREG III, which has a budget of EUR 4875 million for the period 2000-2006, is the biggest of the four Community Initiatives (CI) to be implemented during the next programming period of the Structural Funds. The aim of INTERREG III, as in the case of its two predecessors, is to promote cross-border, transnational and interregional cooperation, with projects involving the

border regions of adjacent countries also being eligible for funding.

Compared with the Strands of the INTERREG II Community Initiative, which will continue to run until the end of 1999, some slight adjustments have been made to the various strands of INTERREG III:

Strand A follows on directly from the general cross-border cooperation established under INTERREG II. Cross-border regional development projects are financed under this part of the programme, with a very wide range of measures being eligible for funding. In the list of measures eligible for funding, the Commission includes projects involving transport, regional planning, the environment, employment, culture and administrative cooperation.

Strand B is designed to contribute to harmonious territorial integration within the EU. The essential difference between this and Strand A is the geographical area to be assisted: whereas, under Strand A, measures are essentially restricted to one border region and/or, as a rule, to two strictly demarcated border regions (a micro area), cooperation is promoted under Strand B between fairly large natural regions such as the Alpine region or the Danube region (the macro level). The measures eligible for funding proposed by the Commission are correspondingly different and concern transport networks, environmental protection and regional development strategies at macro level.

Strand C seeks to promote horizontal exchanges of information and the dissemination of best practice. Endowed with just 6% of the budget, this is the smallest strand in financial terms.

2. The European Social Fund and INTERREG

Unlike its forerunners, INTERREG III will be funded exclusively from the European Regional Development Fund (ERDF). This new system, established because of the negative experiences acquired with multifund financing, had originally been laid down in the framework regulation on the Structural Funds. In order nevertheless to allow projects of a social nature to be funded as part of INTERREG, the scope of the ERDF was extended (as it was in the framework regulation) to include that of the European Social Fund (ESF).

Under INTERREG III, Strand A should constitute the core area for the funding of social measures. In Annex 2, the Commission lists a series of measures eligible for funding which would normally fall under the ESF and/or have a positive impact on employment, including diversification of economic activity and planning of cross-border industrial areas, promotion of business spirit and support for small and medium-sized undertakings (SMUs), the creation of integrated labour markets and promotion of social inclusion, cooperation in the field of education, cooperation in the fields of administration, for example in the social security and taxation field, promotion of partnerships between charitable organisations, as well as language training targeted with a view to boosting employment. Total account, therefore, seems to have been taken of social aspects in the measures eligible for funding, something which is to be warmly welcomed.

3. Criticisms

1. Guarantee that social and employment policy aspects will be taken into consideration

Although the list of measures eligible for funding takes account of the social dimension, and although, in its Communication, the Commission comes down initially in favour of 'integrated approaches', doubts still remain as to whether the Commission's ideas will actually be incorporated in the programming. The Commission proposal does not actually contain a single provision which would require the Member States or the regional or local authorities to take an integrated approach and give due consideration to social and employment policy aspects. In this connection, the introduction of specific quotas, for example for measures to boost employment and vocational training, seems rather pointless, given the wide variety of projects. However, when authorising programmes or subprogrammes, the Commission may take appropriate account of labour-market policy aspects. For that to happen:

- (a) ex ante evaluations provided for in the programming must take specific account of the social and employment situation in the regions involved,
- (b) each subprogramme submitted – with a view to the mainstreaming of employment policy aspects - must include information about its expected impact on employment policy, and
- (c) systematic account must be taken of the need for vocational training measures when the subprogrammes and/or individual measures are implemented.

A further weakness of the Commission document resides in the fact that it fails to go into sufficient detail about the employment policy aspects of cooperation between the border regions of the EU and adjacent countries. The aim of the measures must be to promote the development of the border regions on either side of the EU's external frontiers without, however, simultaneously causing undesirable migration flows. On the contrary, cooperation between the border regions should serve to prevent one-way migration flows. Account thereof must be taken right from the stage when the subprogrammes and/or measures are selected.

2. Failure to include any social and employment policy aspects under Strand B

There can be no doubt that multiregional cooperation under Strand B offers fewer opportunities for the efficient incorporation of social and employment policy aspects. Nevertheless, employment policy measures should not be totally absent from the list of measures eligible for funding. In particular, the employment potential of supraregional manufacturing and/or commercial partnerships, and of the tourism sector, needs to be emphasised more strongly.

Given the forthcoming round of enlargement, programmes under Strand B could constitute a valuable testing ground for the pre-accession strategy.

3. Evaluation of the results

The identification of best practice and its dissemination is an essential objective of every Community Initiative. The approach selected to that end under INTERREG III, i.e. the introduction of a separate subject area, was probably not the most felicitous. The dissociation of programme implementation and evaluation of the results is really not very logical. At all events, it will not facilitate the systematic dissemination of experience acquired. (Although the

regional partners and/or authorities may submit programme proposals which cover all three Strands, they are not legally bound to do so). With a view to making the best use of the results of experience, exchanges of experience and of tried-and-tested methods should constitute an integral part of every programme. That approach is, moreover, already provided for in the EQUAL Community Initiative.

4. Technical assistance

Given the scandal surrounding the Technical Assistance Office (TAO) established in connection with the Leonardo Programme, a scandal which was largely responsible for bringing down the previous Commission, and given the recommendations of the High-Level Group of Experts concerning the reform of the Commission as regards TAOs, it is surprising to note that, as part of INTERREG III, the Commission is proposing to set up an 'Observatory for cross-border, transnational and interregional cooperation', which in reality will constitute no more than a TAO along the lines of the one set up for the Leonardo Programme.

Two comments are called for:

- At its first reading of the budget, the European Parliament stated very firmly that it wanted to see the TAOs gradually abolished.
- Even if the European Parliament were to give ground on this issue, the entrusting of tasks to the TAO in this instance must be rejected out of hand. According to the Commission Communication, the TAO would be responsible for virtually every task involved in the implementation of INTERREG III: for the *administrative aspects* such as notices to tender and the processing of bids, *consultancy services* with regard to planning, monitoring and administration, *media work* (publications and databases) and *evaluation of results* (exchanges of experience). Concentration of tasks to such an extent in the hands of an external body – as the Leonardo example showed – is neither necessarily profitable ('Agenor' subcontracted its contracts for publications to third parties) nor politically desirable (danger of the Commission losing control and of mismanagement).

CONCLUSIONS

The Committee on Employment and Social Affairs calls on the Committee on Regional Policy, Transport and Tourism, as the committee responsible, to incorporate the following amendments in its report:

1. Recalls that structural unemployment is responsible for 50% of all unemployment and therefore expects that the INTERREG funds made available will supplement national measures to promote employment; stresses the importance of this Community initiative for promoting employment in thinly populated areas;
2. Calls, with a view to the effective inclusion of social and employment policy measures, for:
 - (a) systematic account to be taken, in the ex ante evaluation of measures, of the social and employment situation in the areas involved,
 - (b) each subprogramme submitted to include information about its

- expected impact on employment policy,
 - (c) systematic reference to be made to the need for vocational training measures when the subprogrammes and/or the individual measures are implemented and
 - (d) mainstreaming of equal opportunities for men and women in all the subprogrammes and measures;
- 3. Takes the view that transnational cooperation (Strand B) should be used as a testing ground for innovative approaches as part of the pre-accession strategy for the applicant countries and of good-neighbourly relations with adjacent countries; calls, therefore, for the measures eligible for funding under Strand B to be expanded and strengthened by the inclusion of employment policy subject areas in accordance with the employment policy guidelines;
- 4. Rejects the dissociation of programme implementation from exchanges of information and the dissemination of best practice and calls, on the contrary, for measures covering exchange of experiences to constitute an integral part of programme implementation under Strands A and B;
- 5. Rejects out of hand Commission proposal to use outside service providers in the form of a Technical Assistance Office;
- 6. Calls for better coordination between the INTERREG, PHARE, TACIS and MEDA Programmes inside the Commission, and in particular for a timetable to be set for agreement on a coordination procedure;
- 7. Takes the view that appointments to the joint cooperation committee should be made on a regional basis;
- 8. Criticises the excessive expenditure on administration involved in the new programme and calls for greater flexibility in programming, since priorities may change during the lifetime of a programming period;
- 9. Takes the view that cooperation at the internal frontiers must result in ordinary people being able to conduct their everyday business without any difficulties; expects, therefore, that the programmes' projects will also promote the establishment of the fundamental rights of workers, social and health protection, and freedom of movement;
- 10. Takes the view that, in cross-border cooperation, greater emphasis must be placed on improving the conditions for the economic activity of small and medium-sized undertakings, since it is those undertakings which create the largest number of jobs and act as a factor of stability in times of economic uncertainty;
- 11. Calls on the Commission to simplify procedures.