

COUNCIL REGULATION (EEC) N° 2052/88

of 24 June 1988

on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 130d thereof,

Having regard to the proposal from the Commission (¹),

Having regard to the opinion of the European Parliament (²),

Having regard to the opinion of the Economic and Social Committee (³),

Whereas Article 130a of the Treaty provides for the Community to develop and pursue its actions leading to the strengthening of its economic and social cohesion and in particular for it to aim at reducing disparities between the various regions and the backwardness of the least-favoured regions;

Whereas Article 130c states that the European Regional Development Fund (ERDF) is intended to help redress the principal regional imbalances in the Community through participating in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions;

Whereas, to that end, Article 130d of the Treaty provides for a comprehensive proposal the purpose of which will be to make such amendments to the structure and operational rules of the European Agricultural Guidance and Guarantee Fund, Guidance Section (EAGGF Guidance Section), the European Social Fund (ESF) and the ERDF as are necessary to clarify and rationalize their tasks in order to contribute to the achievement of the objectives set out in Articles 130a and 130c of the Treaty, to increase their efficiency and to coordinate their activities between themselves and with the operations of the existing financial instruments;

Whereas Community action through the Structural Funds, the European Investment Bank (EIB) and the other existing financial instruments must be in support of the objectives set out in Articles 130a and 130c;

Whereas the action taken through the Structural Funds, the EIB and the other existing financial instruments, the

coordination of Member States' economic and social policies, the coordination of national regional policies, the coordination of national schemes of assistance and other measures taken with a view to implementing the common policies and the internal market form, in accordance with Article 130b of the Treaty, part of a series of policies and measures aimed at strengthening economic and social cohesion, and whereas the Commission is called upon to make appropriate proposals in this regard;

Whereas it is necessary, in order to achieve the aim set by Article 130d of the Treaty, to direct all Community activity in this field towards the attainment of priority objectives which are clearly defined in the light of that aim;

Whereas on 11 and 12 February 1988 the European Council, with a view to strengthening the impact of Community structural measures, agreed to double in real terms commitment appropriations for the Structural Funds by 1993 as compared with the 1987 level; whereas at the same time it fixed the increases to be made up to 1992; whereas, within this context the Structural Fund contributions for regions coming under Objective 1 (see Article 1 below) are to be doubled in real terms by 1992; whereas in so doing the Commission is to ensure that, in the framework of the additional funds for the regions falling within Objective 1, a particular effort is made to assist the least-prosperous regions;

Whereas it is necessary to specify which Funds are to contribute — and to what extent and under what conditions they are to do so — to the achievement of each of the priority objectives and to determine the conditions under which the EIB and other existing Community financial instruments can make their contributions, particularly in conjunction with operations of the Funds;

Whereas, of the three Structural Funds, the ERDF is the main instrument for achieving the objective of ensuring the development and structural adjustment of regions whose development is lagging behind; whereas it plays a central role in the conversion of regions, frontier regions and parts of regions (including employment areas and urban communities) seriously affected by industrial decline;

Whereas the essential tasks of the ESF are combating long-term unemployment and the occupational integration of young people; whereas it helps to support economic and social cohesion; whereas it is also an instrument of decisive importance in the promotion of consistent employment policies in the Member States and in the Community;

(¹) OJ No C 151, 9. 6. 1988, p. 4.

(²) OJ No C 167, 27. 6. 1988.

(³) OJ No C 175, 4. 7. 1988.

Whereas the Guidance Section of the EAGGF is, within the context of support for economic and social cohesion, the main instrument for financing the adjustment of agricultural structures and the development of rural areas with a view to reform of the common agricultural policy;

Whereas action by the Funds, the EIB and the other financial instruments must *inter alia* underpin implementation of a policy of rural development;

Whereas the tasks of the Funds must be defined so as to specify the broad categories of tasks assigned to each of them respectively for the purpose of achieving the priority objectives; whereas Fund operations must be consistent with Community policies, *inter alia* as regards rules of competition, the award of public contracts and environmental protection;

Whereas achievement of the priority objective of ensuring the structural adjustment of the regions whose development is lagging behind necessitates a significant concentration of the resources of the Community's Structural Funds on that objective;

Whereas provisions on the indicative allocation of commitment appropriations between Member States are laid down under the ERDF so as to make it easier for the Member States to programme the measures which come within the ERDF framework;

Whereas the regions, areas and individuals in the Community eligible for Community structural assistance in connection with the various priority objectives should be determined;

Whereas a list should be drawn up of the regions whose development is lagging behind; whereas this list should comprise administrative level NUTS II ⁽¹⁾ regions where per capita GDP measured in terms of purchasing power parity is less than 75 % of the Community average, and other regions whose per capita GDP is close to that of regions under 75 % and whose inclusion is justified by special circumstances;

Whereas it is necessary to draw up criteria for defining declining industrial areas; whereas, moreover, Community action could, in order to ensure effective concentration of assistance, cover up to 15 % of the Community population living outside the regions whose development is lagging behind;

Whereas criteria must be laid down for the selection of rural areas;

Whereas Community action is intended to be complementary to action by the Member States or to back up national measures; whereas, in order to impart added value to their own initiatives at the appropriate territorial level, close

consultations should be instituted between the Commission, the Member State concerned at the competent authorities designated by the latter at national, regional, local or other level, with each party acting as a partner, within the framework of its responsibilities and powers, in the pursuit of a common goal;

Whereas it is necessary to specify the principal forms of structural assistance to be provided by the Community for the purposes of the objectives set out in Articles 130a and 130c of the Treaty; whereas those forms of assistance must enhance the effectiveness of the measures taken by it and at the same time, account being taken of the proportionality principle, satisfy the needs of the different situations that may arise;

Whereas the main emphasis must be placed on assistance in the form of multiannual operational programmes;

Whereas, in order to secure joint action between one or more funds, the EIB and one or more of the other existing financial instruments, those programmes may be drawn up and implemented on the basis of an integrated approach to the measures involved;

Whereas mechanisms should be established for varying Community assistance in line with the particular features of the measures to be supported and in the light of the context in which they are to be carried out and the financing capacity of the Member State concerned, having regard in particular to its relative prosperity;

Whereas, in implementing this Regulation, it is necessary to establish procedures for ensuring close association between the Commission and the Member States as well as, where appropriate, national, regional and local authorities designated by them;

Whereas it is necessary to establish effective methods of monitoring, assessing and carrying out checks in respect of Community structural operations, based on objective criteria, and to ensure that those methods are adapted to the tasks of the different Funds as specified in this Regulation;

Whereas the principles for the necessary transitional provisions as well as for the combining and overlapping of Community operations or measures must be laid down;

Whereas it is advisable to include a review clause;

Whereas it is necessary to lay down in subsequent implementing legislation the detailed rules governing the individual Funds, together with the arrangements for the coordination and joint deployment of the Community's various Structural Funds and instruments;

Whereas, while performing the tasks assigned to it by Articles 129 and 130 of the Treaty, the EIB is to cooperate in achieving the objectives set out in this Regulation in accordance with the procedures laid down in its Statute,

⁽¹⁾ Nomenclature of territorial units for statistical purposes (NUTS). See Eurostat 'Statistiques rapides des régions' of 25 August 1986.

HAS ADOPTED THIS REGULATION:

I. OBJECTIVES AND TASKS OF THE STRUCTURAL FUNDS

Article 1

Objectives

Community action through the Structural Funds, the EIB and other existing financial instruments shall support the achievement of the general objectives set out in Articles 130a and 130c of the Treaty by contributing to the attainment of the following five priority objectives:

1. promoting the development and structural adjustment of the regions whose development is lagging behind (hereinafter referred to as 'Objective 1');
2. converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline (hereinafter referred to as 'Objective 2');
3. combating long-term unemployment (hereinafter referred to as 'Objective 3');
4. facilitating the occupational integration of young people (hereinafter referred to as 'Objective 4');
5. with a view to reform of the common agricultural policy:
 - (a) speeding up the adjustment of agricultural structures, and
 - (b) promoting the development of rural areas

(hereinafter referred to as 'Objective 5 (a) and 5 (b)').

Article 2

Means

1. The Structural Funds, the 'EAGGF Guidance Section', the 'ESF' and the 'ERDF' shall contribute, each according to the specific provisions governing its operations, to the attainment of Objectives 1 to 5 on the basis of the breakdown given below:

- Objective 1: ERDF, ESF, EAGGF Guidance Section;
- Objective 2: ERDF, ESF;
- Objective 3: ESF;
- Objective 4: ESF;
- Objective 5 (a): EAGGF Guidance Section;
- Objective 5 (b): EAGGF Guidance Section, ESF, ERDF.

2. The EIB, while performing the tasks assigned to it by Articles 129 and 130 of the Treaty, shall cooperate in achieving the objectives set out in Article 1 of this Regulation in accordance with the procedures laid down in its Statute.

3. The other existing financial instruments may contribute, each according to the specific provisions governing its operations, to any measure supported by one or more of the Structural Funds in connection with one of the abovementioned five objectives. Where appropriate, the Commission shall take measures to enable these instruments to make a better contribution to the objectives set out in Article 1.

Article 3

Tasks of the Funds

1. In accordance with Article 130c of the Treaty, the ERDF:
 - shall have the essential task of providing support for Objectives 1 and 2 in the regions concerned;
 - in addition, shall participate in the operations of Objective 5 (b).

It shall in particular provide support for:

- (a) productive investment;
- (b) the creation or modernization of infrastructures which contribute to the development or conversion of the regions concerned;
- (c) measures to exploit the potential for internally generated development of the regions concerned.

The ERDF shall also provide support for studies or pilot schemes concerning regional development at Community level, especially where frontier regions of Member States are involved.

2. In the framework of Article 123 of the Treaty and having regard to the Decisions adopted pursuant to Article 126 of the Treaty, the Treaty, the ESF shall:

- have as priority missions to provide support throughout the Community for vocational-training measures and aids for employment and for the creation of self-employed activities, in order to combat long-term unemployment (Objective 3) and integrate young people into working life (Objective 4);
- also support measures for Objectives 1, 2 and 5 (b).

The following categories of persons shall qualify for ESP support:

- (a) the long-term unemployed (Objective 3);
- (b) young people who have completed the compulsory full-time education period (Objective 4);
- (c) in addition to the categories of persons referred to in (a) and (b), where the ESF helps to finance measures necessary to achieve Objectives 1, 2 or 5 (b), unemployed people or persons at risk of unemployment in particular shall qualify for vocational-training measures or aid for employment or for the creation of self-employed

activities with the aim of providing them with the occupational qualifications required either to promote the stability of their employment or to develop new employment opportunities for them. Categories of persons other than unemployed people or people at risk of unemployment may be included in these measures in accordance with Article 3 (4).

In this respect, support shall take into account the requirements of the labour markets and the priorities laid down in employment policies within the Community.

3. In line with the priorities set out in Article 39 of the Treaty, assistance from the EAGGF Guidance Section shall be geared in particular to the following tasks:

- (a) strengthening and re-organizing agricultural structures, including those for the marketing and processing of agricultural and fishery products, including forestry products, especially with a view to reform of the common agricultural policy;
- (b) ensuring the conversion of agricultural production and fostering the development of supplementary activities for farmers;
- (c) ensuring a fair standard of living for farmers;
- (d) helping to develop the social fabric of rural areas, to safeguard the environment, to preserve the countryside (*inter alia* by securing the conservation of natural agricultural resources) and to offset the effects of natural handicaps on agriculture.

4. The specific provisions governing operations under each Structural Fund shall be laid down in the implementing Decisions adopted pursuant to Article 130e of the Treaty. They shall establish in particular the procedures for providing assistance in one of the forms defined in Article 5 (2), the conditions of eligibility and the rates of assistance. Without prejudice to paragraph 5 of this Article they shall also establish the arrangements for the monitoring, assessment, financial management and checking of measures and any transitional provisions necessary in relation to existing rules.

5. The Council, acting on the basis of Article 130e of the Treaty, shall adopt the provisions necessary for ensuring coordination between the different Funds, on the one hand, and between them and the EIB and the other existing financial instruments, on the other. The Commission and the EIB shall establish by mutual agreement the practical arrangements for coordinating the operations.

The implementing Decisions referred to in this Article shall also lay down the transitional provisions concerning the integrated approaches adopted under existing rules.

II. ARRANGEMENTS FOR STRUCTURAL OPERATIONS

Article 4

Complementarity, partnership, technical assistance

- 1. Community operations shall be such as to complement or contribute to corresponding national operations. They shall be established through close consultations between the Commission, the Member State concerned and the competent authorities designated by the latter at national, regional, local or other level, with each party acting as a partner in pursuit of a common goal. These consultations are hereinafter referred to as the 'partnership'. The partnership shall cover the preparation, financing, monitoring and assessment of operations.
- 2. Acting in accordance with the provisions of this Regulation and with the provisions referred to in Article 3 (4) and (5), the Commission shall take the steps and measures necessary to ensure that Community operations are in support of the objectives set out in Article 1 and impart to national initiatives an added value.
- 3. Within the framework of the partnership, the Commission may, in accordance with procedures laid down in the provisions referred to in Article 3 (4), contribute to the preparation, implementation and adjustment of operations by financing preparatory studies and technical assistance operations locally, in agreement with the Member State concerned and, where appropriate, with the authorities referred to in paragraph 1.
- 4. For each objective, tasks shall be shared between the Commission and the Member State during the preparation of operations in accordance with Articles 8 to 11.

Article 5

Forms of assistance

- 1. Financial assistance under the Structural Funds, the EIB and the other existing Community financial instruments shall be provided in a variety of forms that reflect the nature of the operation to be carried out.
- 2. In the case of the Structural Funds, financial assistance shall be provided in one of the following forms:
 - (a) part-financing of operational programmes;
 - (b) part-financing of a national aid scheme including repayments;
 - (c) provision of global grants, as a general rule, managed by an intermediary designated by the Member State in agreement with the Commission and allocated by the intermediary in the form of individual grants to final beneficiaries;
 - (d) part-financing of suitable projects including repayments;

(e) support for technical assistance and studies in preparation for operations.

Acting by a qualified majority on a proposal from the Commission and in cooperation with the European Parliament, the Council may introduce other forms of assistance of the same type.

3. In the case of the EIB and the other existing financial instruments, each observing its own specific rules, financial assistance shall be provided in one of the following forms:

- loans or other forms of part-financing specific investment projects;
- global loans;
- part-financing of technical assistance or of studies in preparation for operations;
- guarantees.

4. Community assistance shall combine in an appropriate way assistance in the form of grants and loans referred to in paragraphs 2 and 3 in order to maximize the stimulus provided by the budgetary resources deployed, making use of existing financial engineering techniques.

5. An operational programme within the meaning of paragraph 2 (a) shall comprise a series of consistent multiannual measures which may be implemented through recourse to one or more Funds, to one or more of the other existing financial instruments, and to the EIB.

Where an operational programme involves operations under more than one Fund and/or more than one other financial instrument, it may be implemented in the form of an integrated approach, the details of which shall be determined by the provisions referred to in Article 3 (5).

Operational programmes shall be undertaken on the initiative of the Member States or of the Commission in agreement with the Member State concerned.

Article 6

Monitoring and assessment

1. Community operations shall be constantly monitored to ensure that the commitments entered into as part of the objectives set out in Articles 130a and 130c of the Treaty are effectively honoured. Such monitoring shall, where necessary, make it possible to adjust operations in line with requirements arising during implementation.

The Commission shall periodically submit reports on the implementation of operations to the Committees referred to in Article 17.

2. In order to gauge their effectiveness, Community structural operations shall be the subject of an *ex-ante* and

an *ex-post* assessment designed to highlight their impact with respect to the objectives set out in Article 1 and to analyse their effects on specific structural problems.

3. The procedures for monitoring and assessing Community operations shall be established by the provisions referred to in Article 3 (4) and (5) and, in the case of the EIB, in the manner provided for in its Statute.

Article 7

Compatibility and checks

1. Measures financed by the Structural Funds or receiving assistance from the EIB or from another existing financial instrument shall be in keeping with the provisions of the Treaties, with the instruments adopted pursuant thereto and with Community policies, including those concerning the rules on competition, the award of public contracts and environmental protection.

2. Without prejudice to the Financial Regulation, the provisions referred to in Article 3 (4) and (5) shall lay down harmonized rules for strengthening checks on structural operations. They shall be adjusted to reflect the special nature of the financial operations concerned. The procedures for carrying out checks on operations undertaken by the EIB shall be as set out in its Statute.

III. PROVISIONS RELATING TO THE SPECIFIC OBJECTIVES

Article 8

Objective 1

1. The regions concerned by Objective 1 shall be regions at NUTS level II whose per capita GDP, on the basis of the figures for the last three years, is less than 75 % of the Community average.

They shall also include Northern Ireland, the French overseas departments and other regions whose per capita GDP is close to that of the regions referred to in the first subparagraph and which have to be included within the scope of Objective 1 for special reasons.

2. The list of regions concerned by Objective 1 is given in the Annex.

3. The list of regions shall be applicable for five years from the entry into force of this Regulation. The Commission shall review the list in good time before the five years have elapsed in order for the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, to establish a new list to apply for the period after the five years have elapsed.

4. The Member States shall submit to the Commission their regional development plans. Those plans shall include in particular:

- a description of the regional development priorities selected and of the corresponding operations;
- an indication of the use to be made of assistance available under the Funds, the EIB and the other financial instruments in implementing the plans.

The Member States may submit overall regional development plans for all their regions included in the list referred to in paragraph 2, provided that such plans comprise the features listed in the first subparagraph.

Member States shall also submit the plans referred to in Article 10 (2) and the operations referred to in Article 11 (1) for the regions concerned, including the data relating to the operations under Article 11 (1), which under Community rules constitute rights for the beneficiaries.

In order to expedite the examination of applications and the implementation of action, the Member States may include with their plans applications for operational programmes that they cover.

5. The Commission shall examine the proposed plans and operations and the other information referred to in paragraph 4 to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. On the basis of all the plans and operations referred to in paragraph 4, it shall establish, through the partnership referred to in Article 4 (1) and in agreement with the Member State concerned, the Community support framework for Community structural operations, in accordance with the procedures referred to in Article 17.

The Community support framework shall cover in particular:

- the priorities adopted for Community assistance;
- the forms of assistance;
- the indicative financing plan, with details of the amount of assistance and its source;
- the duration of the assistance.

The Community support framework shall provide coordination of Community structural assistance towards those of the objectives referred to in Article 1 which may be pursued in a particular region.

The Community support framework may, if necessary, be revised and adjusted, on the initiative of the Member State or of the Commission in agreement with the Member State, in the light of relevant new information and of the results obtained during implementation of the operations concerned.

At the duly substantiated request of the Member State concerned, the Commission shall adopt the distinct Community support frameworks for one or more of the plans referred to in paragraph 4.

6. Assistance in respect of Objective 1 shall be predominantly in the form of operational programmes.

7. The provisions for implementation of this Article shall be specified in the provisions referred to in Article 3 (4) and (5).

Article 9

Objective 2

1. The declining industrial areas concerned by Objective 2 shall comprise regions, frontier regions or parts of regions (including employment areas and urban communities).

2. The areas referred to in paragraph 1 must represent or belong to a NUTS level III territorial unit which satisfies all the following criteria:

- (a) the average rate of unemployment recorded over the last three years must have been above the Community average;
- (b) the percentage share of industrial employment in total employment must have equalled or exceeded the Community average in any reference year from 1975 onwards;
- (c) there must have been an observable fall in industrial employment compared with the reference year chosen in accordance with point (b).

Community assistance may, subject to the provisions of paragraph 4 below, also extend to:

- adjacent areas satisfying criteria (a) to (c) above;
- urban communities with an unemployment rate at least 50 % above the Community average which have recorded a substantial fall in industrial employment;
- other areas which have recorded substantial job losses over the last three years or are experiencing or are threatened with such losses in industrial sectors which are vital to their economic development, with a consequent serious worsening of unemployment in those areas.

3. As soon as this Regulation has entered into force, the Commission shall, in accordance with the procedure laid down in Article 17 and on the basis of paragraph 2 above, establish an initial list of the areas referred to in paragraph 1.

4. In establishing the list and in defining the Community support framework referred to in paragraph 9 below, the Commission shall seek to ensure that assistance is genuinely concentrated on the areas most seriously affected, at the most appropriate geographical level, taking into account the particular situation of the areas concerned. Member States shall supply to the Commission all information which might be of assistance to it in this task.

5. Berlin shall be eligible for aid under this objective.

6. The list of areas shall be reviewed by the Commission periodically. However, the assistance granted by the Community in respect of Objective 2 in the various areas listed shall be planned and implemented on a three-yearly basis.

7. Three years after this Regulation enters into force, the criteria laid down in paragraph 2 may be altered by the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament.

8. The Member States shall submit their regional and social conversion plans to the Commission. Those plans shall include in particular:

- a description of the conversion priorities selected for the areas concerned and of the corresponding operations;
- an indication of the use to be made of assistance available under the Funds, the EIB and the other financial instruments in implementing the plans.

In order to expedite the examination of applications and the implementation of action, the Member States may include with their plans applications for operational programmes that they cover.

9. The Commission shall examine the proposed plans to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. It shall establish, through the partnership defined in Article 4 (1), in agreement with the Member State concerned and in accordance with the procedures referred to in Article 17, the Community conversion support framework for Community structural operations.

The Community support framework shall cover in particular:

- the priorities adopted for Community assistance;
- the forms of assistance;
- the indicative financing plan, with details of the amount of assistance and its source;
- the duration of the assistance.

The Community support framework may, if necessary, be revised and adjusted, on the initiative of the Member State or of the Commission and in agreement with the Member State in the light of relevant new information and of the results obtained during implementation of the operations concerned.

10. Assistance in respect of Objective 2 shall be predominantly in the form of operational programmes.

11. The arrangements for implementation of this Article shall be specified in the provisions referred to in Article 3 (4) and (5).

Article 10

Objectives 3 and 4

1. In accordance with the procedure laid down in Article 17, on the basis of this Regulation and the provisions implementing this Regulation, the Commission shall establish for a period covering a number of years general guidelines that set out and clarify the Community choices and criteria concerning action to combat long-term unemployment (Objective 3) and to facilitate the occupational integration of young people (Objective 4).

2. The Member States concerned shall submit to the Commission plans for operations to combat long-term unemployment (Objective 3) and to facilitate the occupational integration of young people (Objective 4) for which they are applying for Community support. Those plans shall include in particular:

- information on the employment and labour market policy implemented at national level;
- an indication of the priority operations for which Community support is sought, planned in principle for a specific number of years to help those sections of the population concerned by Objectives 3 and 4, and coherent with the general guidelines laid down by the Commission;
- an indication of the use to be made of assistance available under the ESF — where appropriate, in conjunction with assistance from the EIB or other existing Community financial instruments — in implementing the plans.

In order to expedite the examination of applications and the implementation of action, the Member States may include with their plans applications for operational programmes that they cover.

3. The Commission shall examine the proposed plans to determine whether they are consistent with the objectives of this Regulation, with the general guidelines laid down by it and with the provisions and policies referred to in Articles 6

and 7. It shall establish for each Member State and for the individual plans submitted to it through the partnership referred to in Article 4 (1), in agreement with the Member State concerned and in accordance with the procedures referred to in Article 17, the Community support framework for the attainment of Objectives 3 and 4.

The Community support framework shall cover in particular:

- the specific priorities adopted for Community assistance in respect of the persons concerned by Objectives 3 and 4;
- the forms of assistance;
- the indicative financing plan, with details of the amount of assistance and its source;
- the duration of the assistance.

The Community support framework may, if necessary, be revised and adjusted on the initiative of the Member State in the light of relevant new information and of the results obtained during implementation of the operations concerned.

4. Assistance in respect of Objectives 3 and 4 shall be predominantly in the form of operational programmes.

5. The arrangements for implementation of this Article shall be specified in the provisions referred to in Article 3 (4) and (5).

Article 11

Objective 5

1. The arrangements for implementation of operations connected with the accelerated adaptation of agricultural structures (Objective 5 (a)) shall be determined in the provisions referred to in Article 3 (4) and (5).

2. Areas eligible under Objective 5 (b) shall be selected in accordance with the procedure referred to in Article 17, taking into account in particular the degree to which they are rural in nature, the number of persons occupied in agriculture, their level of economic and agricultural development, the extent to which they are peripheral and their sensitivity to changes in the agricultural sector, especially in the context of reform of the common agricultural policy.

These criteria shall be specified in the provisions adopted pursuant to Article 3 (4) and (5).

3. The Member States shall submit their development plans for rural areas to the Commission. Those plans shall include in particular:

- a description of the rural development priorities and of the corresponding measures;
- an indication of the use to be made of assistance available under the different Funds, the EIB and the other financial instruments in implementing the plans;
- any link with the consequences of reform of the common agricultural policy.

To expedite the examination of applications and implementation of assistance, Member States may attach to their plans applications for operational programmes covered by the latter.

The Commission shall examine the proposed plans to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. It shall establish, through the partnership referred to in Articles 6 and 7. It shall establish, through the partnership referred to in Article 4 (1), in agreement with the Member State concerned and in accordance with the procedures referred to in Article 17, the Community support framework for rural development.

The Community support framework shall cover in particular:

- the rural development priorities adopted for Community assistance;
- the forms of assistance;
- the indicative financing plan, with details of the amount of assistance and its source;
- the duration of the assistance.

The Community support framework may, if necessary, be revised and adjusted on the initiative of the Member State concerned or of the Commission in agreement with the Member State in the light of relevant new information and of the results obtained during implementation of the operations concerned.

The arrangements for implementation of this paragraph shall be specified in the provisions referred to in Article 3 (4) and (5).

4. The part-financing of national aids and of operational programmes shall be the predominant form of assistance.

5. Operations eligible for assistance under the different Funds in respect of Objective 5 shall be specified in the provision referred to in Article 3 (4) and (5). In the case of the EAGGF Guidance Section, those provisions shall distinguish between operations to be financed in connection with the adaptation of agricultural structures (Objective 5 (a)) and operations to be financed in connection with rural development (Objective 5 (b)).

IV. FINANCIAL PROVISIONS

Article 12

Fund resources and concentration

1. Within the framework of the multiannual budget forecasts, the Commission shall present each year a five-year projection of the appropriations needed for the three Structural Funds taken together. The projection shall be accompanied by an indicative breakdown of the commitment appropriations to be assigned to each objective. In drawing up each preliminary draft budget, the Commission shall, where the allocation for the Structural Funds is concerned, take account of the indicative breakdown by objective.

2. Commitment appropriations for the Structural Funds shall be doubled in real terms in 1993 by comparison with 1987. In addition to the resources earmarked for 1988 (7 700 million ECU), the amounts of annual increase in commitment appropriations for this purpose shall be 1 300 million ECU each year from 1989 to 1992, resulting in 1992 in a figure of 12 900 million ECU (1988 prices). The effort shall be continued in 1993 to achieve doubling.

To these amounts shall be added those required for aid to farm incomes and the set-aside scheme up to a maximum of 300 million ECU and 150 million ECU respectively in 1992 (1988 prices).

3. A considerable proportion of budgetary resources shall be concentrated on the less-developed regions covered by Objective 1.

The contributions of the Structural Funds (commitment appropriations) to these regions shall be doubled in real terms between now and 1992. All operations under Objectives 1 to 5 to assist the regions covered by Objective 1 shall be taken into account for that purpose.

4. The Commission shall ensure that, in the framework of the additional resources for the regions covered by Objective 1, a special effort is undertaken for the least prosperous regions.

5. The ERDF may devote approximately 80 % of its appropriations to Objective 1.

6. To facilitate the planning of assistance in the regions concerned, the Commission shall, for a period of five years and as a guide, establish the allocation per Member State of 85 % of the commitment appropriations of the ERDF.

This allocation shall be based on the socio-economic criteria determining the eligibility of regions and areas for ERDF

assistance under Objectives 1, 2 and 5 (b), while ensuring that the objective of doubling appropriations for the regions covered by Objective 1 takes the form of a substantial increase in assistance in those regions, particularly in the least prosperous regions.

Article 13

Differentiation of rates of assistance

1. The Community contributions to the financing of operations shall be differentiated in the light of the following:

- the seriousness of the specific, notably regional or social, problems to be tackled;
- the financial capacity of the Member State concerned, taking into account in particular the relative prosperity of that State;
- the special importance attaching to measures from a Community viewpoint;
- the special importance attaching to measures from a regional viewpoint;
- the particular characteristics of the types of measure proposed.

2. Such differentiation shall take account of the planned link between grants and loans, as referred to in Article 5 (4).

3. The rates of Community assistance granted by the Funds in respect of the various objectives listed in Article 1 shall be subject to the following ceilings:

- a maximum of 75 % of the total cost and, as a general rule, at least 50 % of public expenditure in the case of measures carried out in the regions eligible for assistance under Objective 1;
- a maximum of 50 % of the total cost and, as a general rule, at least 25 % of public expenditure in the case of measures carried out in the other regions.

The minimum rates of assistance laid down in the first indent shall not apply to revenue-bearing investment.

4. Preparatory studies and technical assistance measures undertaken on the initiative of the Commission may be financed at 100 % of total cost in exceptional cases.

5. The arrangements for implementation of this Article, including those concerning public funding of the operations

concerned, and the rates applied to investment generating revenue, shall be laid down in the provisions referred to in Article 3 (4) and (5).

V. OTHER PROVISIONS

Article 14

Combination and overlapping of assistance

1. For any given period, an individual measure or operation may benefit from assistance from only one Fund at a time.
2. An individual measure or operation may benefit from assistance from a Fund or other financial instrument in respect of only one of the objectives set out in Article 1 at a time.
3. The arrangements governing the combination and overlapping of assistance shall be laid down in the provisions referred to in Article 3 (4) and (5).

Article 15

Transitional provisions

1. This Regulation shall not affect multiannual operations approved by the Council or by the Commission on the basis of the existing rules governing the Funds before adoption of this Regulation.
2. Applications for assistance from the Funds towards a multiannual operation which are submitted before this Regulation is adopted shall be considered and approved by the Commission on the basis of the rules governing the Funds before the adoption of this Regulation.
3. New applications for assistance from the Funds for a multiannual operation, submitted after the adoption of this Regulation and before the entry into force of the provisions referred to in Article 3 (4) and (5) shall be examined in the light of the provisions of this Regulation. Approval for Community assistance, if given shall be in accordance with the forms and procedures laid down by the rules in force at the time of the approval of the application.
4. Applications for aid for assistance for non-multiannual operations which are submitted before the entry into force of the provisions referred to in Article 3 (4) and (5) of this Regulation shall be examined and approved on the basis of the rules governing the Funds in force before the entry into force of this Regulation.
5. The provisions in this Regulation which require the Member States to draw up plans and operational

programmes shall be implemented progressively as laid down in the transitional provisions referred to in Article 3 (4) and (5), in accordance with rules applied without discrimination to all the Member States. The Commission shall help with implementation in particular by means of the technical assistance measures referred to in Article 4 (3).

6. The provisions referred to in Article 3 (4) and (5) shall, where appropriate lay down specific transitional provisions relating to the implementation of this Article, including provisions to ensure that aid to Member States is not interrupted pending the establishment of the plans and operational programmes in accordance with the new system and that the higher rates of assistance can apply to all forms of assistance as from 1 January 1989.

Article 16

Reports

Within the framework of Articles 130a and 130b of the Treaty before 1 November of each year, the Commission shall submit to the European Parliament, to the Council and to the Economic and Social Committee a report on the implementation of this Regulation during the preceding year.

In this report, the Commission shall in particular indicate what progress has been made towards achieving the objectives set out in Article 1 and in concentrating assistance as required by Article 12.

Article 17

Committees

1. In implementing this Regulation, the Commission shall be assisted by three Committees dealing respectively with:
 - Objectives 1 and 2
 - Advisory Committee composed of representatives of the Member States;
 - Objectives 3 and 4
 - Committee under Article 124 of the Treaty;
 - Objective 5 (a) and 5 (b)
 - Management Committee composed of representatives of the Member States.
2. Provisions setting out the arrangements for the operation of the Committees referred to in paragraph 1 and measures concerning the tasks of those Committees in the framework of management of the Funds shall be adopted in accordance with Article 3 (4) and (5).

VI. FINAL PROVISIONS

force. It shall act on the proposal in accordance with the procedure laid down in Article 130d of the Treaty.

*Article 18***Implementation**

The Commission shall be responsible for the implementation of this Regulation.

*Article 19***Review clause**

On a proposal from the Commission, the Council shall re-examine this Regulation five years after its entry into

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 24 June 1988.

*Article 20***Entry into force**

This Regulation shall enter into force on 1 January 1989.

Subject to the transitional provisions laid down in Article 15 (2) and (3), it shall be applicable as from that date.

The date of entry into force may be deferred by the Council, acting by a qualified majority on a proposal from the Commission, to allow for the entry into force of the provisions referred to in Article 3 (4) and (5).

For the Council

The President

M. BANGEMANN

ANNEX

REGIONS CONCERNED BY OBJECTIVE 1

SPAIN:	Andalusia, Asturias, Castilla y Léon, Castilla-La Mancha, Ceuta-Melilla, Valencia, Extremadura, Galicia, Canary Islands, Murcia
FRANCE:	French overseas departments, Corsica
GREECE:	the entire country
IRELAND:	the entire country
ITALY:	Abruzzi, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily
PORUGAL:	the entire country
UNITED KINGDOM:	Northern Ireland