

Brussels, 17 June 2003

## European Structural Funds contribute to higher growth, new jobs and sustainable development in the least developed regions

***With the help of the Structural Funds, the poorest parts of the Union have been able to create 800,000 jobs during the 1994-99 period, while adding to their GDP levels, according to a new evaluation study. The study highlights the many ways in which European programmes have had an impact on the quality of life of the poorest ("Objective 1") regions<sup>1</sup>. In these regions the EU contributed € 114 billion from the Structural Funds to programmes mobilising some € 210 billion, including national public and private contributions.***

Presenting the study, Michel Barnier, the Commissioner responsible for regional policy and institutional reform, said: *"The results of this study are further proof of the added value of European regional policy. This policy has contributed to growth, competitiveness and convergence, helping the whole of the Union to take advantage of the opportunities of Europe's single market. This study provides important lessons as the Union prepares new programmes for the new Member States. It will also help us to make intelligent decisions regarding future policy, which the Commission will take when it presents the Third cohesion report at the end of 2003".*

At the global level, the evaluation found that :

- the Structural Funds raised the GDP within a range from 1.4% to 4.7% for the Objective 1 regions. The most positive results were found in Portugal, where the GDP was boosted by 4.7%, followed by Eastern Germany (4%), the biggest beneficiaries in relative terms, while for Spain (1.39%) and Northern Ireland (1.27%) impacts reflect the smaller scale of the interventions in relation to the size of the economy;
- 800,000 jobs (gross) were created with support from the Structural Funds in Objective 1 regions. This included 390,000 jobs in Greece, 213,000 in Ireland, 74,000 in Italy and 57,000 in Germany.

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<sup>1</sup> Objective 1: "Promoting the development and structural adjustment of regions whose development is lagging behind". These regions are defined by a GDP per capita below 75% of the EU average. Between 1994 and 1999 the following regions were concerned: Austria: Burgenland (1995-1999); Belgium: Hainaut; Germany: Brandenburg, Mecklenburg-Western Pomerania, East-Berlin, Saxony, Saxony-Anhalt, Thuringia; Greece: the entire country; Spain: Andalucia, Asturias, Cantabria, Castilla y Leon, Castilla-La Mancha, Ceuta y Melilla, Comunidad Valenciana, Extremadura, Galicia, Canary Islands, Murcia; France: French Overseas Departments, Corsica, the 'Arondissements' of Avesnes, Douai and Valenciennes; Ireland: the entire country; Italy: Abbruzzi (1994-1996), Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily; Netherlands: Flevoland; Portugal: the entire country; United Kingdom: Highlands and Islands Enterprise area, Merseyside, Northern Ireland

The global results reflect the combined outcome of many individual success stories:

- access to regions has been improved through the construction or upgrading of at least 4,100 km of motorway and 32,000 km of other roads. For example, in Andalusia in Spain, 200 km of new motorway was built and 300 km of the regional road network was enhanced including a link to neighbouring Portugal and the Mediterranean motorway;
- competitiveness has been enhanced with the stock of physical infrastructure and human capital significantly improved. The estimated increase in the stock of physical infrastructure ranged from 5.8% over the period for Ireland to 15.3% for Portugal, while human capital increased within a range from 4% for Spain to 20.5% for Portugal;
- support has been granted to 214,000 firms and at least 3,800 hectares of industrial sites have been developed. The highest numbers of SMEs supported were in Italy (105,000), Spain (62,000) and Germany (26,000), although these figures are under-estimates on the basis of the partial information available. Industrial sites were developed in Portugal, the Netherlands, France, the UK, Spain and Italy;
- at least 8.15 million people were trained with the help of the funds and the quality of education and training has been improved with an investment in educational infrastructure. For example, in Portugal a more comprehensive network of vocational training centres was provided, while schools were built or refurbished at primary, secondary and tertiary level;
- positive environmental effects were identified, particularly in Spain, Portugal and Greece, where basic environmental infrastructure projects had significant impacts.

The direct impact in Objective 1 regions was accompanied by the positive indirect returns to other Member States through higher imports and increased trade. An earlier study<sup>2</sup> estimated that for each €100 spent under structural instruments in Objective 1 regions, between €20 and €40 returns to other Member States in the form of exports to the Objective 1 regions.

The current study also provides many lessons and the following recommendations:

- the strategies adopted and implemented in the Objective 1 regions were broadly appropriate. However, when changes to the strategies were introduced, these did not always lead to improvements except in relation to absorption;
- management and implementation systems of the Structural Funds form part of their value added. For example, partnership working, requiring the involvement of different actors at regional level, has been embedded in many Member States as a result of Objective 1. The multi-annual programming approach of the Structural Funds has been found to be particularly valuable and enhances the possibility of strategic planning. Evaluation practice has progressed, in both quality and the number of evaluations taking place, although there is still room for improvement;

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<sup>2</sup> Jörg Beutel: "The economic impact of Objective 1 interventions for the period 2000-2006". Final report to the Regional Policy Directorate-General, European Commission. Konstanz, Germany, May 2002  
[http://europa.eu.int/comm/regional\\_policy/sources/docgener/studies/study\\_en.htm](http://europa.eu.int/comm/regional_policy/sources/docgener/studies/study_en.htm)

- monitoring systems improved over the 1994-1999 period, although the absence of quantified objectives and targets in 1994 made evaluation difficult. This aspect has received much greater emphasis in the current 2000-2006 funding period;
- the implementation of large projects needs to be improved in order to ensure that cost and time over-runs are minimised.

The findings of the study are based on a detailed review of programme information complemented by an extensive series of interviews with over 350 programme managers, social and economic partners and representatives of the private, community and voluntary sectors. The Commission will encourage the Member States to use the lessons in the course of mid-term review of current Structural Fund programmes of 2003/04. The Commission will also ensure that the lessons of the evaluation are brought to the attention of the future Member States as they prepare their European programmes for the 2004-2006 period.

## **Background**

The EU's Structural Funds finance multi-annual programmes to foster regional development, employment and structural change. The programmes are drawn up in a tripartite partnership associating the regions, the Member States and the European Commission. Between 1994 and 1999, more than two thirds of the interventions amounting to about € 114 billion were concentrated in "Objective 1" regions, where the gross domestic product was below 75% of the Community average. Of this total, about 41% were targeted at strengthening the productive environment, such as investments and modernisation of enterprises, research and technological development or tourism, about 30% contributed to infrastructure development (transport, environment, water, energy etc.) and some 25% to human resources. Outside "Objective 1" regions, some additional € 25 billion were spent across 5 further objectives, supporting industrial or rural areas in difficulties, human resources and areas with a low population density.

For more information on the Structural Funds at:

[http://europa.eu.int/comm/regional\\_policy/](http://europa.eu.int/comm/regional_policy/)

The complete text of the evaluation can found at this site:

[http://europa.eu.int/comm/regional\\_policy/sources/docgener/evaluation/rado\\_en.htm](http://europa.eu.int/comm/regional_policy/sources/docgener/evaluation/rado_en.htm)