



MID TERM EVALUATION UPDATE OF THE OBJECTIVE 1  
PROGRAMME OF  
CASTILLA-LA MANCHA, 2000-2006

*Executive Summary*



UNIÓN EUROPEA



**Castilla-La Mancha**

*Consejería de Economía y Hacienda*

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## 1. EXECUTIVE SUMMARY

### 1.1. Objective 1 Programme of Castilla-La Mancha

The Objective 1 Programme (OP) of Castilla-La Mancha -approved by decision of the **Commission C(2000) 2552**, the 19th October 2000- integrates the strategic lines of the *Community Support Frameworks 2000-2006* for the communitarian structural interventions of Objective 1, and the *Plan of Regional Development of Castilla-La Mancha*, the *Industrial Pacts of the Region* and the *Regional Agreement for Employment in Castilla-La Mancha*.

The **objectives of the Program**, in correspondence with the instructions of the European Commission for the period 2000-2006, are the following ones:

- To create base conditions for the regional competitiveness.
- Competitive Companies for the employment creation.
- Human resources development.
- Urban and local development and its balanced territorial contribution.

In order to attain the objectives, the Development Strategy of the OP counts with 3,183.5 million euros distributed between the following Axes, whose percentage of European participation is the 69%.

Table 7. Financial plan of the OP of Castilla-La Mancha

Priorities	Total Cost	Communitarian Aid	National Financing
1. Improve Competitiveness and Develop Production Structure	572.775.543	407.198.529	165.577.014
2. The Knowledge Society (Innovation, R&D, Information Society)	61.535.091	43.074.567	18.460.524
3. Environment, Natural Habitats and Water Resources	661.554.681	451.231.154	210.323.527
41. Educative infrastructure and reinforcement of the technical-professional education	276.057.802	188.146.733	87.911.069
42. Offer labour market insertion possibilities to the unemployed (ESF)	110.717.910	77.502.537	33.215.373
43. Reinforcement of the job stability and adaptability	12.038.589	9.028.941	3.009.648
44. Support the insertion of people with disabilities in the labour market	12.684.189	9.513.141	3.171.048
45. Participation of the women in the work market	23.006.875	18.405.498	4.601.377
5. Local and Urban Development	176.007.359	119.491.964	56.515.395
6. Transport and Energy networks	1.050.143.699	719.489.706	330.653.993
7. Agriculture and Rural Development	214.001.206	146.739.998	67.261.208
9. Technical Assistance	12.988.166	9.741.122	3.247.044
Total	3.183.511.110	2.199.563.890	983.947.220

Source: Fondos 2000

Priorities of the OP of Castilla-La Mancha
<p>1.1 Aid to industrial, commercial and services businesses (ERDF)</p> <p>1.2 Improvement of processing and marketing of agricultural produce (EAGGF)</p> <p>1.3 Provision and adaptation of production areas and services to businesses (ERDF)</p> <p>1.4 Aid to businesses related to the social economy (ERDF)</p> <p>1.5 Improvement of business financing conditions (ERDF)</p> <p>1.55 Improvement of the financing conditions of the companies (ERDF)</p> <p>1.6 Support for internationalisation and external promotion (ERDF)</p> <p>1.8 Favour new activities which create employment (ESF)</p> <p>1.10 Development, promotion and services to tourism businesses.</p> <p>2.1 Support investment in human capital in research, science and technology, and the transfer of knowledge to the production sector (ESF)</p> <p>2.2 Research, innovation and technological development projects (ERDF)</p> <p>2.4 Technology transfer (ERDF)</p> <p>2.5 Public research centres and technological centres (ERDF)</p> <p>2.7 Information society (ERDF)</p> <p>3.1 Water supply to residents and economic activities (ERDF)</p> <p>3.2 Improvement of the efficiency of existing infrastructures and use of water (ERDF)</p> <p>3.3 Sewers and sewage treatment (ERDF)</p> <p>3.4 Integral management of the treated urban wastes (ERDF)</p> <p>3.6 Protection and restoration of natural habitats (ERDF)</p> <p>3.8 Rehabilitation of land and areas (ERDF)</p> <p>3.9 Forestry (EAGGF)</p> <p>3.10 Environmental actions derived from countryside conservation and the agrarian economy (EAGGF)</p> <p>4.1 Construction, renovation and equipping of educational and training centres (ERDF)</p> <p>4.2 To ensure the update of the competition level of the workers (ESF)</p> <p>4.3 To ensure the consolidation of the existing employment</p> <p>4.4 To promote the modernization processes of the public and private organizations that favours the employment creation and stability (ESF)</p> <p>4.6 Offer labour market insertion possibilities to the unemployed (ESF)</p> <p>4.7 Combat long-term unemployment through reinsertion measures for the long-term unemployed (ESF)</p> <p>4.8 Offer vocational insertion opportunities to young people (ESF)</p> <p>4.10 Support the insertion of people with disabilities in the labour market (ESF)</p> <p>4.11 Offer integration opportunities to groups at risk of exclusion from the labour market (ESF)</p> <p>4.12 To promote the access of everybody to the Professional Training (FP) lessons in its two components: the Basic FP and Specific FP (ESF)</p> <p>4.14 To promote mechanisms for the integration and improvement of the subsystems of Professional Training's efficiency (ESF)</p> <p>4.15 Provision of labour-market-focused educational alternatives to those who did not complete obligatory education (ESF)</p> <p>4.16 To improve the women employability (ESF)</p> <p>4.17 Encourage entrepreneurship among women (ESF)</p> <p>4.18 Combat horizontal and vertical segregation, wage discrimination and reconcile professional and family life (ESF)</p> <p>5.3 Infrastructure and community facilities in towns with less than 20,000 inhabitants</p> <p>5.5 Promotion and Support to the Initiatives of Local Development (ERDF)</p> <p>5.6 Support local initiatives which contribute to the generation of employment (ESF)</p> <p>5.8 Conservation and rehabilitation of historic, artistic and cultural heritage (ERDF)</p> <p>5.9 Social and health infrastructure and facilities (ERDF)</p> <p>6.1 Roads and highways (ERDF)</p> <p>6.3 Railways (ERDF)</p> <p>6.8 Energy transmission networks (ERDF)</p> <p>6.9 Renewable energy, effectiveness and energy-saving actions excluding those envisaged in measure 6.10 (ERDF)</p> <p>6.10 Aid to businesses for efficiency and energy-saving measures (ERDF)</p> <p>7.2 Development and improvement of support infrastructure (EAGGF)</p> <p>7.3 Investment in farming (EAGGF)</p> <p>7.5 Endogenous development of rural areas with respect to agricultural activities (EAGGF)</p> <p>7.6 Recovery of farm production capacity lost due to natural disasters, and establishment of adequate preventative measures (EAGGF)</p> <p>7.7 Agricultural training in territories, groups and content not covered by ESF programmes (EAGGF)</p> <p>7.8 Provision of services to farms, marketing of quality agricultural produce and financial engineering (EAGGF)</p> <p>7.9 Endogenous development of rural areas with respect to non-agricultural activities (EAGGF)</p> <p>9.1 ERDF Technical assistance</p> <p>9.2 ESF Technical assistance</p> <p>9.3 EAGGF Technical assistance</p> <p>9.51 ERDF Technical assistance</p>

As it is shown in the previous box, the European aid comes through the **European Funds**: ERDF, ESF and EAGGF; without including the corresponding one to the FIG, since this one is included in an Objective 1 Multiregional Program. Table 8 shows the high financial effectiveness reached by the three Funds, specially the ESF and the ERDF.

Table 1. Financial effectiveness of the different Funds of the OP of Castilla-La Mancha.

Fund	Programmed 2000-2006	Executed 2000-2004	Effectiveness (2000-2004)
ERDF	2.228.118.910	1.493.743.948	96,41%
ESF	347.712.357	241.083.161	98,81%
EAGGF	607.679.843	336.691.800	77,43%
Total	3.183.511.110	2.071.518.909	92,97%

**Source: Fondos 2000**

With this aim, the different performances try to answer the main weakness of the region and to reinforce its more remarkable strengths and opportunities in order to improve the socio-economic situation of the region and to advance in terms of convergence with Spain and the European Union (Scheme 4).

**Scheme 4. Castilla-La Mancha SWOT Analysis.**

STRENGTHS	WEAKNESS
<ul style="list-style-type: none"> <li>- Strategic location within Spain and proximity to the national capital.</li> <li>- Higher industrial presence in the territory.</li> <li>- Enterprise activities related to the endogenous resources with possibilities of facilitating a suitable territorial organisation.</li> <li>- Continuous advances in the tourist sector</li> <li>- Existence of differentiated product with export capacity.</li> <li>- Increasing population's entrepreneurship spirit of the. Higher enterprise dynamism.</li> <li>- Improvement of the labour qualification, especially, increasement of the population with high education.</li> <li>- Consolidation of a Social Dialogue culture and agreement between the social and economic agents.</li> <li>- Increase of the services sector's weight in the economy.</li> <li>- Increasing convergence of the regional productive structure in comparison with the national and communitarian average.</li> </ul>	<ul style="list-style-type: none"> <li>- Deficits of water resources.</li> <li>- Limited innovation capacity, concentrated in the enterprise sector.</li> <li>- Low integration of the formation/science/innovation with the production structures' system.</li> <li>- Entrepreneurship culture with low cooperative spirit.</li> <li>- Very traditional entrepreneurship base, low strategic positioning and predominance of the traditional SME.</li> <li>- Deficiency of commercial networks sufficiently developed, what makes difficult the exit to the international markets.</li> <li>- Low complementariness between the primary, secondary and services sector (which displays a remarkable dual character).</li> <li>- Dispersed territorial model and with organisation difficulties - accessibility, connection and interrelation problems-.</li> <li>- Population ageing and countryside desertification.</li> <li>- Human capital deficiencies.</li> <li>- Female and young unemployment.</li> <li>- Deficits in equipment and infrastructures, especially related to environment, public health, education and Information Society.</li> <li>- Low environmental investment of the companies /low recycling.</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>- Existence of areas productive already initiates and in growth in which to seat the diversification necessities (especially services).</li> <li>- Increasement of the direct foreign investment in strategic sectors (Aeronautical).</li> <li>- Potentiality of the tourism sector, specially the rural tourism and the historical heritage.</li> <li>- Existence of a favourable enterprise situation for the economic growth and the employment creation.</li> <li>- Agro-alimentary industry development.</li> <li>- Possibilities of improvement for the directive capacities of the SME, thanks to the existence of a dynamic enterprise nucleus that can work like source of diffusion of innovating impulses.</li> <li>- Relative employment stability.</li> <li>- Availability of a territorial administration with a high competential scope and a solid institutional framework.</li> <li>- Possibilities of renovation and diversification in the more traditional and complexes sectors.</li> </ul>	<ul style="list-style-type: none"> <li>- Effects of the EU Enlargement and progressive commercial liberalization in the developed economies (in sectors of strong implantation in Castilla-La Mancha, like the wood, the textile and shoes industry).</li> <li>- The EU Enlargement can also carry a decrease of the aids received from the European Union in Castilla-La Mancha in favour of the countries of the new integration.</li> <li>- Reduction of the R+D investment processes of the Castilla-La Mancha companies and reduction of the total cost in R+D, what would place the region in an unfavourable competitive position.</li> </ul>

Source: Quasar

## 1.2. Mid Term Evaluation Update

The Mid Term Evaluation Update of the Integrated Operational Programme of Castile-La Mancha has persecuted four priority objectives, in accordance with European Commission Working Paper nº 9:

- Evaluate the development of the IOP in financial and physical terms to 31 of December of 2004.
- Assessment of the capacity to achieve settled the programme outputs both financial and physical.
- Appreciate IOP macroeconomic impact on key regional indicators.
- Establish the bases for 2007-2013 Programming period, taking into account the guidelines given by the IOP of Castile-La Mancha 2000-2006, Planning and Execution, the economic, social and territorial context, as well as the communitarian principles and strategy.

The analysis allows to understand a series of questions that will guide the reading of the present evaluation document, in which causes and explanatory elements of the results are detailed with greater depth; next pages show a preview of these. The analysis allows to understand a series of questions that will guide the reading of the present evaluation document, in which causes and explanatory elements of the results are detailed with greater depth; next pages show a preview of these.

### Evaluation of the IOP development (2000-2004)

Did the programme show a suitable absorption capacity?
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- 1) The extraordinary dynamism reached by the IOP of Castile-La Mancha in the period 2000-2002 (period of study of the last IE) made the Region the most effective intervention of all Objective 1. This **optimal** operation of the Programme in financial terms is maintained to date.
- 2) The greater execution showed by the Programme during years 2003 and 2004 and the progressive adjustment of the programmed objectives to the regions reality, along with the accumulated experience of the managers during the development of the Programme, has made possible to improve the levels of financial and physical effectiveness of the IOP of Castile-La Mancha.
- 3) The financial effectiveness of the Programme has been of 93% for the period 2000-2004, this allows to describe **very positively** the managing capacity shown by the IOP different executing authorities, mainly, by those of the Regional Administration of “Junta de Comunidades de Castilla-La Mancha” (108,85%), as well as of the AGE (Estate General Administration) (80,69%).

- 4) The main Priorities, have been the performances destined the **Knowledge society – Priority 2 (effectiveness of 114,08%)**, **Transport and energy networks – Priority 6 (112,69%)** and **Human Resources Development, employability and equal opportunities - Priority 4 (102,87%)**.
- 5) The most effective priorities correspond to Priority 2 (priorities 2.2, 2.4, 2.5) that, like measure 5.3, has already completed their programmed spending for 2006. These efforts show the emphasis made by the Programme managers for the attainment of the established objectives in relation to **innovation support and technological transfer** – as a competitive factor- and of **regional cohesion** (with special attention given to the municipalities of reduced size). Only 9 of the 58 priorities (2,18% of the Programming) have effectiveness under the 15%.

On the other hand, the less effective priorities are the 1.5, 3.2, 3.8, 7.5 and 7.9.

- 6) In accordance with the performance of the different Funds, both the ESF and the ERDF have reached effectiveness levels that surpass 95%. The EAGGF, with a financial effectiveness of 77%, is particularly relevant for the great efforts made in these last two years.

Are the annualised physical objectives being achieved by 2004?
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- 7) The reached physical degree of effectiveness in these five years of execution can be considered **satisfactory**. The structural intervention has meant considerable profits and it is benefiting outstandingly the Castile-La Mancha productive structure - in terms of beneficiary companies and stimulated investment- as well as to the active population - thanks to the created or maintained jobs and the carried out educational actions- and to women particularly.
- 8) Only a 26% of the monitoring physical indicators with execution do not reach a minimum level of effectiveness of 50%. Most of the pertinent indicators are in levels of physical effectiveness over 50% and an important part of them (24,56%) surpasses 90%.
- 9) The priorities whose physical results reveal greater levels of effectiveness, for most of the indicators that are defined, are the **1.1** (Companies Support), **1.2** (Improvement the processing and marketing of agricultural goods), **1.5** (Improvement of the financing possibilities), **2.2** (Projects of R&D&i) and **4.6** (Favour the jobless their integration into the labour market).
- 10) These advances are closely related to the areas of economic policy considered key by the Commission, based on the Commission Working Paper nº 9, such as the entrepreneurship, innovation and human resources development.
- 11) In particular, the improvements occurred in the Programme respond to several factors:

- Observing the execution data, the changes concerning the physical objectives of some indicators have facilitated a greater adjustment of them to the real possibilities of the management authorities. However, there are still some indicators whose aims do not seem to correspond in relation to the real evolution of the indicators (specially in Priorities 3 and 4).
- The incorporation of a high number of physical indicators (60% of the total of indicators) in all the Programme Priorities has helped to improve the monitoring capacity of the actions developed by the Programme.
- The efforts made in favour of a greater integration in the Programme of the horizontal priority of equal opportunities.

Are the subpriorities carried out by the IOP Castilla-La Mancha being efficient?

- 12) The degree of efficiency reached by the IOP Castile-La Mancha has been **positive**. The conducted analyses conclude that two third parts of the made spending have been applied in subpriorities that have obtained suitable efficiency margins and, only a 3%, can be considered not very efficient.
- 13) The physical achievements keeps a suitable correspondence with the financial achievements of the Programme, this, a priori, reveals a clear capacity of the spending to generate results and a manifest symptoms of efficiency for most of the priorities.
- 14) The calculation of the unit costs as efficiency indicator has been centred for those priorities in which the use of this indicator displays a greater reliability. From this perspective, the subpriorities related to the **Business support** have been the most efficient.

#### Assessment of the possibilities to achieve the settle objectives

Will be achieved the objectives established in the financial programming? It is possible to execute all the programmed spending if the present execution rate is maintained?

- 15) The good development shown by the Programme from the beginning **does not foresee problems for the absorption** of the more than 3.183 million Euros assigned to the IOP for Castile-La Mancha.
- 16) In fact, according to the estimated calculations, the present rate of execution reached by the Programme is sufficient to certify the spending of all the programmed commitments of the intervention within the eligibility period.
- 17) The fact that practically all the Priorities maintain a high execution rate makes high expectations to achieve absorption of the financial allocations.
- 18) In agreement with the previous statement, there is not an appreciable risk of not-commitment in application of the rule  $n+2$ . Only measure 7.6 (prevention for possible



natural disasters) is the only one that by 2005 does not presents any execution due to its circumstantial character, that makes the spending to depend on random events (natural disasters or catastrophes).

- 19) However, with the purpose to specify possible alerts regarding the absorption capacity of some priorities, the results of the applied analysis suggest the necessity to act on priorities 1.5 and 1.6 (Priority 1), 3.2, 3.6 and 3.8 (Priority 3), 6.3, 6.9 and 6.10 (Priority 6) and priorities 7.5 and 7.9 (Priority 7).

Will be achieved the established physical aims by the end of the present programming period?
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- 20) The estimation of the results that will be reached, once applied the totality of the IOP resources, reveals the **high capacity** of the Programme to obtain the settle objectives. Particularly, three fourths of the priorities will surpass 50% of the objectives established by their physical indicators and, around half of them will surpass 75% of its aims. In this respect, stress Priority Axes 2 and 7.
- 21) Nevertheless, in some cases the results have been more modest. In particular, in priorities 1.3, 3.3, 3.10 or 6.9, in which it is required either greater efforts in future execution of subpriorities or a revision of their settle objectives.
- 22) Also, it is necessary to emphasize the improvement the results reached in relation to the objectives in the area of equal opportunities, considering, in addition, the greater difficulties the Programme faces in order to attend concrete groups - high territorial dispersion of the population and weakness of the cross-sectional main routes of transport.

### **The effects and macroeconomic impact of the IOP**

Which have been the achievements in order to improve the infrastructure provision?
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- 23) The IOP has invested 857,76 million Euros in the construction of transport infrastructures, 324,58 million Euros in environmental type infrastructures and 189,73 million Euros for the improvement of social equipment. These resources have been conducted through Priorities 3, 4 and 6.
- 24) These expenses have allowed, among others, the construction of 124 new kilometres of motorways, railcars and roads, which means that the Programme has given coverage to more than 80% of the new kilometres that were constructed in the region in the last years. In addition, other 1.619 Km have been prepared, which shows not only the interest to increase the provision of the road network transport, but also to improve and to modernize the existing one in order to elevate its quality and security.

- 25) On the other hand, the volume of treated water for the population supply has been increased in 2,8 million annual cubic meters and 30 GWh/year of electric energy through renewable energies have been produced; these subpriorities have benefited to a 6% of the Castile- La Mancha population and have supposed 19% of the overall production of energy achieved through renewable energies, respectively. With respect to the subpriorities of social equipment, emphasize the creation and equipment of 146 health centres.
- 26) Such advances have allowed to **improve the relative position of the region** - with respect to Spain and to all Objective 1 regions- in relation to transport infrastructures provision; this improvement it is very necessary due to the regions particular characteristic in this respect and this makes it necessary to achieve a higher effort in this field.
- 27) Nevertheless, it is necessary to increase the effort made up to the present in the area of environmental infrastructures, whose modest results are justified by a smaller execution of a number of Priority 3 priorities (Priorities 3.1, 3.2, 3.6 and 3.8).

Which have been the achievements in the area of business network?
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- 28) The priorities that, direct or indirectly, pursue this objective are included within Priorities 1, 2, 4 and 7. Therefore, the IOP approach to support the Castile- La Mancha productive structure is centred in three basic elements:
- To favour the attraction of **productive investment** in the region, stimulating the location and creation of new companies, as well as improving the capacity of the existing ones in order to modernize its activity. For it, 453,2 million Euros have been invested.
  - To intensify the **internationalisation** processes and the presence of the company of Castile-La Mancha in the external markets, through an effective spending of 208 million Euros approximately.
  - To promote the **productive diversification** in the countryside, with the purpose of exploiting the existing endogenous advantages in such areas, where the made investment to date amounts to 271,7 million Euros.
- 29) The number of companies benefiting from the given aid has been a total of 9.589 companies, being all of them SME, along with the *European Letter of Small and Medium-sized Enterprises* and the *European Program Promoting entrepreneurship*, this represents the 17% of the companies with less than 99 employees located in the region.
- 30) The IOP effect becomes noticeable in the internationalisation field, since the number of SME that have entered the international markets for the first time, due to the IOP intervention, represent 52,5% of the overall exporting companies of the region. This

shows the Regional Government intention to promote the internationalisation of the companies of Castile-La Mancha.

- 31) The obtained achievements in relation to the private investment stimulated by the executed communitarian aids, indicate an acceptable involvement of the private sector in order to articulate viable and concrete business proposals for those lines cofinanced by the IOP. The volume of this investment has increased up to more than 1.000 million Euros, what means an incidence of approximately the 5% on the increase of the credits volume of the financial system.

Which have been the achievements in the area of innovation, technological development and the Information Society?

- 32) The IOP is a very important instrument for the promotion of technological progress, from a sectorial perspective, but also as a horizontal principle. Although the priorities related to this field of performance are essentially framed in Priority 2, its horizontal character makes it latent in other Priorities of the Programme (Priority 1 - new applied technologies constitute a determinant of the companies competitiveness-, Priority 4 – training direct to the active population for the knowledge and use of the technological advances- or Priority 3 - waste treatment-).
- 33) The IOP has been aware of the importance of these interventions, and has mobilized 26,6 million Euros to increase the technological profile of the companies in the region and to favour the processes of innovation, as well as 21,4 million Euros to implant Information Society processes in the area of the Public Administrations, the economic activity and the population in general.
- 34) The main results achieved in this area, can be seen in the greater incidence of the Programme on the **regional technological activity** (the given aid has been directed to 449 technological based companies, a 36% of this type of companies of the region) and on the **researchers** training, since almost the 300 beneficiaries of these performances suppose 23% of the overall investigators in R&D of Castile-La Mancha.
- 35) However, the regional context in this area, locates Castile- La Mancha in a position of relative delay in relation to its process of incorporation to the Information Society. A greater effort in the provision of necessary basic infrastructures (ADSL lines, households with Internet access, etc.), as well as a greater spending in innovation - public and private- constitute a key requirement in order to obtain a convergence with the Spanish average and Objective 1 regions.

Which have been the profits in relation to the employability objectives and the human resources qualification improvement?

- 36) The reached achievements have been **satisfactory**, having being directed a total of 241.083.161 € in the period 2000-2004, that have been mainly concentrated in Priority 4. The financial effectiveness of the overall subpriorities cofinanced by the FSE reaches 69% of the total programmed for the period 2000-2006, emphasize the good accomplishment of priorities 4.6, 4.7, 4.3 y 4.12 with an effectiveness of 94%, 86%, 82% y 81%, respectively.
- 37) The high-priority objectives established in the Programming are directed to favour training (mainly vocational training) and employment, with a 58% and 24% of the programmed cost respectively, and have been fundamentally carried out through priorities 4.12 and 4.15; and 4.6, 4.7 and 4.8, respectively. To these objectives it is necessary to add the aids direct to self-employment, with a financial weight of 6,14%, and that it is mainly achieved through measure 1.8.
- 38) From the set of subpriorities developed in this field, a total of 178.142 people have been benefited for the period 2000-2004. In relation to the Mid Term Evaluation, the number of participating people has increased in 77.155 people, and women participation has been maintained, with a weight over the total of a 53%. In some priorities (1.8, 4.7 and 4.3) the participation of women surpasses the 60%.
- 39) The **beneficiary profile** of the subpriorities cofinanced by the FSE, in accordance with the social and working structure of the region, corresponds with a woman (53%) under 45, with secondary studies and unemployed for less than a year.
- 40) Among the reached achievements in the area of *continuing education*, stress its high contribution to the employment maintenance (71,6%) and the significant percentage of its contribution to the improvement of the present job (30%), as well as, the satisfactory rate with the received training of almost 90%.
- 41) It is also relevant, the induced effects on SME that have improved their employees' education, this wouldn't have been possible in absence of the aids. In this sense, it is very important the training given in new technologies.

Which have been the achievements in the area of rural development?
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- 42) The IOP attention to rural development has been very **significant** due to the impulse and support made to improve the quality of production. These interventions are developed in a synergistic and complementary way by means of different priorities of the IOP:
- Training and sensitising of farmers in order to improve the quality culture (Measure 7.7)
  - Approach between the agri-foodstuffs and the basic production (Measure 1.2).

- The improvement of the parcel irrigation system (Measure 7.3) and the implementation of good practice in the agricultural holdings as it is the integrated pest control (Measure 7.8).
  - The support and recognition of brands and signs of agri-foodstuffs quality (Measure 7.8).
- 43) The cost made during period 2000-2004 presents a strong concentration in the **agri-foodstuffs** area (63,97% of the total cofinanced with the EAGGF).
- 44) The effectiveness of these subpriorities has been **favourable**, based on the observed rigour in the management, the high rate of private participation and the good assessment given by the recipients of Communitarian aid, that financially have participated in a more relevant way. In particular, a 70% of the polled beneficiaries companies affirm to have increased their production value by obtaining a greater control of their products final quality.
- 45) A private investment of more than 411 million € has been introduced improving the existing quality, protecting the natural environment and increasing the physical and economic dimension of the agricultural holdings. Particularly, 54,57% of the investments in agrarian industries have been concentrated in the improvement of the wine sector that is of great regional importance.
- 46) Five quality-trading groups have been created and 1.373 projects for the trading of quality agricultural products have been developed. On the other hand, 307 services to companies and rural population have been provided and 1.003 training activities have been organized in which 34.659 people have participated.
- 47) In employment terms it has mainly been favoured the job maintenance: 9.795 jobs have been maintained versus 3.971 jobs created.
- 48) The IOP has also contributed considerably to improve the use of production factors in farms, it has been specially remarkable in the case of water irrigation use, for which a reduction of the water irrigation losses reached nearly 6 millions of m<sup>3</sup> in the 515 farms beneficiary of irrigation aids - through the implementation projects of improvement, consolidation and transformation of irrigated land -.

<p>What achievements have been obtained with respect to the horizontal priorities of environment and equal opportunities?</p>
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- 49) The effects of the programming on the **environment** are **significant** thanks to the carried out efforts, specifically in Priority 3 of Environment, and in the other Priorities of the IOP, from the point of view of the integration of this horizontal principle.
- 50) In the projects execution and subsidized subpriorities there has been strict fulfilment of communitarian, national and autonomic existing environmental legislation - both the one relative to environmental impact as the specific sectorial legislation -.
- 51) In the management of these aids, possible impacts of projects and subpriorities on the environment and, particularly, on the *Natura 2000 Network*, including the Spaces established of Communitarian importance and the Birds Special Protection Areas, have been effectively prevented.
- 52) The subpriorities promoted by the IOP in relation to gender present a direct relation with the guidelines established in the *Community action programme* on the communitarian strategy in the area of equal opportunities for men and women (2001-2005), as well as, a perfect coherence with the **regional strategy in gender issues** (*Plan por el Empleo de la Mujer del Acuerdo por el Empleo de Castilla La Mancha y el IV Plan de igualdad de Oportunidades "Piensa en un futuro, construye en igualdad"* from the *Instituto de la Mujer de Castilla La Mancha*.).
- 53) The spending of the subpriorities that more directly affect gender inequalities issues - Priority 45- have reached approximately a total of 10 million Euros.
- 54) A sample of the **greater efforts** made to favour women integration in the labour market is the following new developed subpriorities: *Cheque Empleo (Employment Cheque)* - to promote women self-employment- or the given aids to obtain the driving-licence B type- to favour the employability of women and its business activity.
- 55) Generally, women benefiting from the Castile-La Mancha IOP aids surpasses in average the beneficiary men of the Programme. In particular, the IOP has attended 94.593 women.

Which is the IOP macroeconomic impact?
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- 56) The estimation of the Programme's macroeconomic impact - considering Hermin's macroeconometric model - it has shown the better results the economy of Castile-La Mancha will reach, this occurred thanks to the IOP aids and in terms of production, employment, productivity and public and private capital stock.
- 57) In particular, the application of this investment policy - communitarian and national- means an increase in the GDP growth rate of 0,35 percentage points, for the period 2000-2006, with respect to what would be reached in absence of the IOP. This positive differential on the GDP growth rate would increase revenue per habitant in 351 Euros.

- 58) The total effects of the IOP investments will generate or maintain as an average and for the period 2000-2006 15.000 jobs more than in absence of the intervention, therefore, it corresponds to the Programme an decrease of 1,2% in the unemployment rate and a loss 0,3% smaller in the reduction of the labour productivity.
- 59) On the other hand, the growth of the annual accumulative rate of the private capital stock will be a 0,44% greater thanks to the IOP, whereas the corresponding rate of infrastructure stock is a 0,94% higher.
- 60) Finally, stress that the estimated average growth rate for the period 2000-2010 is located in 3,03%, slightly superior to the objectives fixed by the Lisbon Agenda. Nevertheless, the objectives of the Agenda in the area of employment seem to be more ambitious, so it is necessary to make greater efforts in this respect.

### **Guidelines proposal for 2007-2013 Programming**

Which is the IOP contribution to the Lisbon and Gothenburg strategic priorities?
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- 61) The remarkable contribution of the Programme with the objectives established by the Lisbon Agenda and the Gothenburg Strategy has favoured the improvement of the relative position of Castile- La Mancha, this has mainly occurred in the area of infrastructures and productive structure.
- 62) In financial terms, the programmed spending for the period 2000-2004 is closely related to the Lisbon and Gothenburg objectives, it ascends to € 2.012.191.788, which corresponds to about 90% of the total. The priorities that receive a more important support are related to competitive policies (63%) and social and employment cohesion (18%).
- 63) However, for those aspects related to the Information Society, the women incorporation to the labour market and the human resources training are areas in which, the obtained results show a need for a greater emphasis in relation to the Lisbon and Gothenburg objectives fulfilment.

Which is the IOP contribution to the European Employment Strategy?
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- 64) The IOP Castile- La Mancha has elaborated its strategy in total correspondence with the EES objectives (High level of employment, quality and productivity of work and social cohesion and inclusion) and along the priorities in which these are articulated. All the Priorities and Funds consider, in a greater or smaller extent, the EES objectives, although is observed a greater incidence in Priorities 6.4 and 1, and in the ESF and the ERDF.
- 65) In financial terms, the importance of the EES is reflected in the fact that 70,6% of the programmed spending for the period 2000-2004 have a clear link with some of the guidelines that articulate these objectives.



- 66) The EES directive that has a greater budgetary attention is the directive number 10 (to overcome regional disparities in terms of employment), which affects to around a 40% of the Programme. The cross-sectional character of it makes to consider other factors like the infrastructure provision that, at least indirectly, affect the employment creation, and even more in a territory such as Castile-La Mancha, whose geographic and demographic characteristics require to intervene in this respect with greater intensity.
- 67) The programmed spending that was direct to the directives destined to the most deprived groups (Directives 1, 6 and 7) hardly surpasses 5% on the overall of the IOP, therefore this is an area on which the Programme shows a more discrete contribution.
- 68) The achievements in terms of employment creation have been high, both for the results consequent of infrastructures construction as those resultant of business promotion and the action of employment support and training, at average efficiency degrees.
- 69) It emphasizes the important achievements reached in policies of business promotion in job maintenance, with effectiveness over the 100%.
- 70) The achievements in training have been important, with approximately 25.000 beneficiaries. Nevertheless, the predicted objectives for the introduction of the horizontal priority of environment have not been reached for period 2000-2004, where the effectiveness of this indicator is located in a 47,33%.

Which are the main challenges Castile-La Mancha is facing for the next programming period?
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- 71) The next planning needs to respond to the detected necessities of Castile-La Mancha, as well as to strength the opportunities generated by the undergone transformations of the region.
- 72) The natural growth of Castile- La Mancha registered for the last years has taken its rent per inhabitant to be located in the threshold of 75% of the average of the Europe of the Twenty-five and, therefore, in the limit of the eligibility as an Objective 1 region.
- 73) However, in spite of the important advances obtained through the regional policy development, there persist a series of obstacles that constitute the pending challenges that Castile-La Mancha must overcome in the future:
- **Social and territorial** obstacles: the population's geographic dispersion supposes a great cost in order to face the attainment of the necessary territorial cohesion of the region.
  - Obstacles related to the **model of economic growth**: little diversification of the regional economy and maintenance of a process of unfinished structural change.



- Obstacles related to the **provision of productive factors**, especially in the area of technological innovation and the knowledge resources.
- 74) This situation makes it necessary to count on new favourable factors of regional growth based on the EU territorial disparities. From the previous, it is deduce that Castile-La Mancha has, among other relevant aspects, the necessity to improve its competitive position within its territorial field of reference - national, European and worldwide and to find impelling factors of competitiveness.
- 75) Without a doubt, the solidity of the future development strategy will be conditioned by the final magnitude of the communitarian cofinancing and the regional budgetary effort.

Which would have to be the essential priorities for the Development strategy of Castile-La Mancha?

- 76) The high-priority objectives outline of the region would have to be directed, given their main outstanding challenges, to the promotion of its regional economy, this will favour the territory sustainable development, an increase of the productive structure competitiveness and to harness the main factors that influence human capital quality.
- 77) Therefore, the main strategic reference of the future *Plan of Economic, Social and Territorial Development of Castile- La Mancha* (Plan de Desarrollo Económico, Social y Territorial de Castilla La Mancha) would have to be based on the consolidation of the existing conditions – making special emphasis to key competitive factors- in order to convert the region in an economic and social area of highest order within Spain and Europe, based on the distinctive characteristics that the region shows.

What instruments must be stimulated by the future Operative Programme in order to advance in the attainment of such priorities?

- 78) The **business network competitiveness** of Castile-La Mancha as a driving force to a real convergence, this, among other aspects, means:
- To improve and optimise transport infrastructures - commercial networks- as key competitiveness factors.
  - Improvement of the business adaptation to changes in the environment with special attention to the small and medium company.
  - To harness the business culture in relation to quality management and product differentiation.
- 79) Development of the **Knowledge Society**. For what, among others, it is suggested to:
- To increase the carried-out effort in R&D activities with the objective of reducing the existing digital gap.

- To reinforce the initial drive for an effective introduction of the Information Society in all areas of the economy.
  - To fortify the development of a science-technology-business system in which the company plays an active role.
- 80) To improve the **employability and the investment in human capital** as carriers of social cohesion, with particular attention to equal opportunities. For its attainment it is necessary to:
- Accentuate the technological contents of the training programs to be able to satisfy the quality requirements, in relation to human resources, of the productive system for the next years.
  - As regards vocational training, the integration actions must be centred in the support of new ways, where the accomplishment of placements in companies and the acquisition of professional experience must be a high-priority.
  - To define business initiative programs that include training actions, technical assistance, advice and guidance in order to reduce the mortality rate that occurs in the process of entrepreneurship and business creation.
  - To reinforce the adaptation and labour stability of the employed.
  - To reinforce the efforts for the integration of groups in risk of exclusion from the labour market and to grant a greater participation of organizations specialized in the field. For example, to keep extending the legal and social channels developed by the SEPECAM, next to the activity developed by the agents of collective negotiation - mainly in terms of wage discrimination-, as well as to give a higher participation to the specialized organizations in these groups (as the ONG) -especially considering the high geographic dispersion of the region-.
  - To increase the preventive character of the Occupational Training to avoid situations of long-term unemployment.
  - To increase the profitability of the performances destined to women through a greater specialization, both in training and employment issues.
  - To improve the living conditions of the elder population through programs of active transition towards the old-age -considering the high rate of ageing population, particularly in the agrarian sector-. For example, through programs of continuous formation of the workers that will make possible a prolongation of the active life and/or through programs of taken care of dependent people.

- Finally, in relation to the R&D&i, as it is a priority of the new programming framework, it will be necessary to implement more priorities to harness the investigation and technological development.
- 81) To stimulate the **territorial structure** of Castile-La Mancha, through actions in favour of the balanced development in the rural and urban environment – infrastructures provision and necessary equipment -.
- Basic Provision of essential services for society.
  - Endogenous development based on the creation of comparative advantages (rural tourism, cultural heritage, local economy...)
- 82) Favour a greater integration of the **environment principle** in all the Programme subpriorities, with preventive policies -education, investment, etc.- and infrastructure provision for the resources optimisation.

Which must be the role of the Structural Funds within the Castile-La Mancha development strategy?
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- 83) This reconsideration of priorities and instruments implies a driving force for the transition from a relatively simple model of economic promotion - fundamentally based in the provision of productive factors- to another more centred in the innovation and the investment in intangibles; without implying a multiplication of the number of instruments to for its implementation.
- 84) In particular, the role of ERDF it is considered very important for the competitiveness innovation and environment priorities.
- 85) On the other hand, the ESF is essential in order to face an increase the investment in human capital, social integration and the workers adaptability to the changes in the environment.
- 86) Finally, the EARDF plays a fundamental role in facilitating the processes of diversification in rural areas, as an alternative source of income and employment.