



MID TERM EVALUATION UPDATE OF THE OBJECTIVE 1  
PROGRAMME FOR GALICIA, 2000-2006

*Executive Summary*



November 2005

## **0. EXECUTIVE SUMMARY: MID TERM EVALUATION UPDATE MAIN OBJECTIVES**

The Mid Term Evaluation Update of the Objective 1 Programme for Galicia (OP) has persecuted four priority objectives, in accordance with the European Commission Working Paper nº 9 “*The Update of the Mid Term Evaluation of Structural Fund Interventions*”:

- Evaluate the development of the OP 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 OP macroeconomic impact on key regional indicators.
- Establish the bases for 2007-2013 Programming period, taking into account the guidelines given by the OP of Galicia 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.

### ***Evaluation of the Programme achievements until 2004***

#### ***Which has been the appropriateness and the utility of the recommendations of the Mid Term Evaluation?***

- 1) The recommendations of the Mid Term Evaluation took care of the main detected weaknesses, making possible to improve the capacity of management, absorption and programming of the intervention. Sample of this is the own valuation by the agents implied in the OP, that recognise the quality of the recommendations, and its utility to increase the effectiveness of the performances that they develop.
- 2) The application of such recommendations has been high. Thus, the priorities mentioned by the evaluator’s team in the Mid Term Evaluation have been reinforced; the indicators have been adapted in order to improve their appropriateness and the effectiveness of the Measures that displayed great problems of absorption has been increased.

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***Which is the present degree of achievement of the financial objectives of the OP of Galicia?***

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- 3) The global data of financial effectiveness the OP of Galicia for the Programming Period 2000-2004, have experienced a remarkable increase of more than 20 points in relation to the period 2000-02, reaching levels of 82,1%, which is a sign of the greater rate of execution reached in the last years.
- 4) This increase in the execution rate has been very remarkable in the *AGE* (Administración General del Estado -State General Administration-), that for the last years it has begun to execute at a rate superior to that of the first years of OP application, reason why the financial effectiveness has gotten to double.
- 5) On the other hand, the managing authorities of the *Xunta* (Galician Central Government) show a satisfactory capacity of absorption from the beginning of the OP. This is shown by an effectiveness rate of 86,4% on the programmed commitments, this is the institution that displays better financial results, being located at about eight points over the *AGE*.
- 6) The managing authorities that do not belong to the public sector show a lower financial absorption (9,1%), far below of the levels reached by the Public Administration.

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***Which are the greater levels of financial effectiveness by Priorities observed?***

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- 7) The Priority with the greater level of effectiveness is the number 2, related to *Knowledge society (innovation, R&D, information society)*, whose volume of carried out payments has practically reached the programmed one by 2004. Galicia understood the strategic importance of this type of investments, due to its multiplying effects at all economic levels and to the outstanding importance that acquires within the Lisbon Agenda. In fact, this is a priority area not only for the Programme specific objectives achievement but also for all the areas of the Programme in which might be relevant.
- 8) The Priority 4 is the second most effective one of the entire OP, with a 94,4%. Also, Priority 3 (*Environment, natural habitats and water resources*), 5 (*Local and urban development*) and 6 (*Transport and energy networks*) have shown a satisfactory absorption capacity, with effectiveness levels of around 80% for the period 2000-2004.
- 9) The measures that performed a greater rate of execution are 1.3, 2.1, 2.2, 2.3, 2.5, 2.6, 3.5, 3.7, 3.9, 41.1, 41.12, 41.13, 41.15, 42.7, 42.8, 43.3, 5.1, 5.7, 5.9, 6.2, 6.5 and 7.2.

- 10) The rest of the Priorities improved substantially their levels of effectiveness in relation to the levels obtained in the Mid Term Evaluation, being all of them above 60%. Only the Priority of *Technical Assistance* presents a relatively reduced level of execution. This is the reason why measures of this priority constitute a support to the other Measures of the Programme, where the submeasures are concentrated in the planning, study, monitoring and publicity and information of the Programme benefits to citizens.

***Which are the reasons for the increase of the financial adsorption and the good performance of the financial effectiveness?***

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- 11) The reasons for the increase in the execution rate are of diverse nature. In this sense, it is possible to stress different elements:
- The application of the recommendations settle by the Mid Term Evaluation, carried out in relation to execution and financial effectiveness matters.
  - The work developed by the *D.X. de Planificación Económica e Fondos Comunitarios*, in all the areas related to the control and management of the Funds, as well as its roll in coordination and information to the managing authorities.
- 12) The experience accumulated by the managing authorities during the previous period where the funds were applied, it allowed to increased the Programmes execution rate.
- The start of diverse projects with an extended maturation and execution degree that in the first years of execution had not shown important results.

***Have the annualised physical objectives been achieved by 2004?***

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- 13) The executed spending has led to a varied range of accomplishments and physical results, these are related to the support to business structures, the R&D promotion, the employment promotion and the human resources qualification, the infrastructures provision, the environment improvement and the rural development.
- 14) The level of these real effects can be considered suitable. Only 27% of the physical monitoring indicators within execution did not reach a level of effectiveness of 50%. Most of the indicators are situated at levels of physical effectiveness that exceed the 50% and an important part of them, 32%, already surpass the execution forecasts existing for all the period.

- 15) The structural intervention has brought important profits and it is being of benefit to broad fields of the regional economy, either in a direct way, as the SMEs through the aids direct to investment, the Galician active population due to the created and consolidated jobs and the training activities that were carried out; on the other hand, in an indirect way, through environmental protection projects or infrastructures improvement and social equipment projects that benefit the overall population.
- 16) In particular, there is an important number of OP Measures in which the indicators results have surpassed the expected level or are very near to do it. For example, for Measures of Priority 1 related to business support (1.1 and 1.2) and particularly for Priority 2, where the achievements related to R&D Measures show a good correspondence of the Programme indicate with this priority objective. The submeasures related to transport infrastructures, particularly highways and railways, are reaching the expected results at a good rate.
- 17) Therefore, the mentioned advances are closely related to those fields of economic policy that are considered key by the Commission, in accordance to their Working Paper nº 9, as it is the entrepreneurship, the infrastructures development or the human resources.

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***Which is the global efficiency of the Programme of Galicia?***

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- 18) The efficiency of the OP of Galicia can be described as acceptable. In fact, the submeasures that contribute more intensively to the achievement of the OP principal aims did not registered important changes.
- 19) The carried out analyses concludes that 80% of the executed cost had been spent in submeasures with suitable margins of efficiency, where less than 5% of them can be considered inefficient.
- 20) The physical progress corresponds to the financial progress of the Programme, which reveals a clear capacity of the spending to generate results and manifest symptoms of efficiency for most Measures of the Programme.
- 21) The calculation of the unit costs as an efficiency indicator has been carried out for those Measures that reveal greater reliability. From this perspective, the Sub-Measures related to the business support (apart from the aids direct to business creation), the environmental and Information Society improvements have reached a cost that approaches the programmed one.

- 22) Although the cost of the highway kilometre is superior to the expected initially, the efficiency of the infrastructure projects is guaranteed due to the large number of contestants taking part in the awarding of this type of projects.

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

***Will the objectives settle by the financial programming be achieved?***

- 23) The obtained results show an increasing effort developed in the last years, in which the spending had accelerate significantly. If this tendency is maintained, the executing outputs expected by the end of the programming period anticipate the achievement of the settled financial objectives for 2006.
- 24) If we consider the spending path is maintained constant (based on the performance showed to date), then the financial objective of €5.321.047.203 would be also achieved, but within the period established by the rule  $n+2$ .
- 25) Priorities 2, 4 and specially 5 maintain a very high execution rate and tendency, even without an increase in the execution rate it is possible to achieve by 2006 the objectives of the programmed commitments.
- 26) Priorities 1, 3, 6 (only Measure 6.6 seems to show certain execution problems) and 7 nor seem to have problems in order to reach the settle objectives by the end of the real execution period (by 2008), since its rate of execution increase along time; if this tendency is maintained the objectives will be achieved between years 2006 and 2008.

***Will the physical objectives concerning the expected outputs, results and effects be obtained?***

- 27) The probability to reach the established physical objectives is considered high. Most of the OP Measures will obtain the aims settle for most of their indicators, in accordance with the settle expectations.
- 28) Nevertheless, in some cases the reached results have been particularly modest. In particular, approximately 10% of the existing physical objectives determined by monitoring indicators for 2006, will be difficult to achieve. These problems concentrate in Measures 1.3 (creation and adaptation of businesses areas and services), the 3.4 (waist integrated management) and the 44.11 (integration on to the labour market of people with specific difficulties).

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***The effects and macroeconomic impact of the OP***

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***Which have been the achievements in relation to infrastructures and which is the influence of the OP in the achieved advances the region obtained in this respect?***

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- 29) Through Priority 6, the OP has invested 1.389.734.057 euro in the construction of Transport infrastructures that means the construction of 151 kilometres of roads and highways, of which 128 correspond to highways. In addition to these provision performances, others were directed to improve and modernize the already existing networks; these actions were carried out on 348 kilometres long.
- 30) In addition, 155 kilometres have been constructed, of which 25 are of high speed road, and 12 level crossing have been removed, this shows the commitment to not only favour alternative ways of transport but also to improve the security conditions. Similarly, there have been improvements at the airport and ports (28) and half hundred ports have benefited from the OP funds.
- 31) The influence of these projects has been remarkable. Nowadays, almost the whole actual overland network exists because of the existence of the OP. In this relation, 72% of the increase that has taken place in the road provision in Galicia and 16% of the Galician rails are co-financed with resources of the present Programme.
- 32) In relation to environmental infrastructures, the investment raises to 660,7 million Euros; this has provided, for example, the improvement of the power network in 2.657 kilometres that has benefited an overall population of 135.294 inhabitants, which means a 4% of the overall Galician population.
- 33) Finally, the most significant advances in social equipment correspond to the building of houses and other tourist and cultural infrastructures (54), 195 submeasures were destined to monuments or hospital reforms. In sanitary and social matter, indeed, the executed spending (€243.387.263 -total executed cost 00-04-) has made possible to improve the population sanitary and social coverage, increasing to an 87% of the total (number of users of the created services and population in general).
- 34) The evolution of the general context in relation to infrastructures in Galicia maintains a positive profile, it converges with the Spanish average and shows indicators that are situated over the national average along with other that did not reach the Spanish average level yet:
- The degree of convergence in overland infrastructures with respect to the Spanish average is greater in the case of the railways than of the highways. Nevertheless, the last one maintains relative values that surpass the Spanish average.

- On the other hand, while the harbour stock stays over the national average, the harbour infrastructure is still far from the Spanish average.

***Which have been the achievements in relation to the productive structure competitiveness and which is the OP influence in the achievements the region obtained in this respect?***

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- 35) The Measures that in a direct or indirect way persecute this objective correspond to Priorities 1, 2, 4 and 7. Therefore, the OP approach to the support of the Galician productive structure is centred in three basic elements:
- To improve the attraction of productive investment, to promote the localisation and creation of new businesses and improve the modernising capacity of the existing ones, for which already 418,34 million euro have been invested.
  - To promote rural productive diversification in the countryside, in order to improve the existing endogenous advantages of the rural areas; to date the made investment has been of 234 million euro.
- 36) The business structure has experienced a direct benefit of 16.678 businesses that benefited from the OP, of which 94% of them have been SMEs, as established in the *European Letter of Small and Medium-sized Enterprises* and the *European Program Promoting entrepreneurship*. The generated investment on these projects constitutes 940 million euro that have intensified the direct influences of the OP on the Galician productive structures.
- 37) This means than more of 9% of the overall Galician companies have received some type of aid and almost a fifth of the SMEs. The increase in the financial capacity generated by the OP has limited the existing indebtedness level of the region. Thus, the total investment carried out for the last five years almost represents a 3% of the overall volume of given credits during this period of time.
- 38) Finally, the evolution of the Galician business structure for this period shows a clear convergence with the national average values. This approach means that the Galician business structure does not differ significantly from the Spanish one, although the SMEs predominance is greater in Galicia. In relation to other variables, like the business creation, the internationalisation or the financing capacity, there is a greater differ, although the tendency is also of convergence with the Spanish average, so if this effort is maintained the convergence with national average levels would be guaranteed.



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***Which have been the achievements in relation to R&D and Information Society and which is the OP influence on the achievements the region obtained in this respect?***

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- 39) The area of R&D has experienced particularly important benefits. Almost 100,2 million euro were executed by 2004, this has favoured an inversion of more than 20 million Euros, this gives an idea of increasing public and also private effort made in Galicia in this respect. At the same time, the investment made in order to introduce the principles of the Information Society has been of € 43.288.342 (Measure 2.7- total executed cost 00-04-), this funds have allowed the creation of 614 networks that have been expanded to a total of 331.572 users. The impact on the connected households has been estimated in 102.185 people.
- 40) The influence of these advances is considered a 15% of the total spending of businesses in R&D, this indicates a high influence capacity of the co-finance spending, for 11% of the Galician households (this increases if it is only considered the total of households connected to Internet, where 68% of the households connections to Internet correspond to the OP) and a 37% of its users.
- 41) Despite the relative position of Galicia is still far with respect to Spain, the tendency is very positive. For the last period, there has been observed an important progress of those variables related to the area of R&D, like the increasing intensity of spending in R&D in the Galician economy.

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***Which have been the achievements of the OP in relation to employment issues and which is the OP influence on the achievements the region obtained in this respect?***

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- 42) The Galician labour market has experienced a general improvement since the beginning of the actual programming period, as it is indicated increasingly by the employment and occupation rates, especially for those groups related to young people and women, and the decrease of the unemployment rate. Nevertheless, in the last year a slight rise of this rate has been registered, due to the incorporation to the labour market of new flows of young people and women on one hand, and immigrants, on the other.
- 43) The influence the OP had on the employment creation has been based on three elements:
- The generation of direct employment related to the OP investments, especially in relation to infrastructures, that has constituted an important activity for Galicia.

- The support to the employment creation through direct aids, specially that one directed to self-employment and SMEs employment that have benefited the base of the Galician productive structure revitalizing its structures.
- The generation of employment related with training actions, particularly Occupational Training, has generated positive effects due to the greater qualification of the labour force and the integration of people with specific difficulties as young people and women.

***Which have been the achievements of the OP in relation to training issues and which is the OP influence on the achievements Galicia obtained in this respect?***

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- 44) The training has been mainly carried out through Priority 4 and it is essentially developed through the ESF. In addition to the mentioned Occupational Training, the other pillar of the training in the OP of Galicia is the Official Professional education and training. The attention to this type of training has not only been a priority based on the provision of funds but also on the philosophy of the OP.
- 45) The Professional Training is part of the Educational System that is undergoing a process of important transformation, as it is incorporating new elements as the training in companies as a substitute and complement of the classroom training, also the priority of counselling and advice as the way to relate educational and productive systems and to respond to the concrete necessities of the productive system, along with a particular attention that is given to students with particular difficulties through the restructuring of the Social Support Programs (*Programas de garantía social*).
- 46) The achievements in training have been very important, with more of a million beneficiaries and a financial effectiveness of 96,4%.

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***Which have been the achievements of the OP in relation to rural development and which is the OP influence on the achievements Galicia obtained in this respect?***

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- 47) Willing to strengthen the agrarian and cattle sector and to promote diversified strategies of rural development, the OP centre their efforts mainly in three directions: To increase the productive level of the agrarian and cattle operations, improving its efficiency, competitiveness and quality of its products; To preserve the environment and natural resources through an integrated development of the support to the maintain of the human activity in rural area and, To increase the incomes and the life conditions in these areas through opportunities of complementary activities and a better picture of life guaranteeing the creation of employment and avoiding the massive desertion of the areas.
- 48) The Measures that concern directly the field of the agrarian production and the rural development are mostly in the Axis 7. Anyway, they are complemented by the Measure for the improvement and the commercialisation of the agrarian products (Measure 1.2), silviculture (Measure 3.8) and environmental actions from the preservation of the landscape and the agrarian economy (Measure 3.9), all of them co-financed through EAGGF-Guidance.
- 49) Nevertheless, there are numerous actions financed by ERDF and the ESF that favour the rural development as the improvements in the territory accessibility, action typically co-financed by the ERDF or the actions concerning the training and qualification, co-financed by the ESF. In addition, the complementariness of the three Structural Funds is clear: EAGGF-Guidance co-finances the rehabilitation of footpaths and forest roads, as well as agrarian training in territories and groups not covered by the programs of the ESF.
- 50) In relation to more concrete aspects, we find a high effectiveness, efficiency and favourable impact of the submeasures in the area of industrialization and agrarian trade, the integration of the submeasures in relation to Quality, Food Security and environment, and the acknowledgement of the submeasures in relation to Measure 7.5 (PRODER).

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***Which is the OP of Galicia contribution to the communitarian priorities?***

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- 51) The OP of Galicia carries out a very important contribution, both in a direct and cross-sectional way, to the Lisbon and Gothenburg Strategies as well as to the European Employment Strategy. In fact the Regional Development Plan and the OP share the priorities established by all of them:
- Improvement of the policies related to Information society and R&D.

- To intensify the process of structural reform to favour competitiveness and innovation.
- The modernization of the social structure through the investment in social human capital and combat social exclusion.
- Sustainable economic development in environmental terms.

52) The 81% of the measures included in the OP of Galicia have a clear connection with the established objectives in Lisbon and Gothenburg. Special interest receives the area of competitiveness and innovation that, on the other hand, is one of the weak points of the Galician economic system. The presence of these objectives in the definition of the Measures shows a high coherence of the planning with the communitarian directives of Lisbon and Gothenburg.

53) In financial terms, the programmed cost for the period 2000-2004 that is closely related to the objectives of Lisbon and Gothenburg ascends to 3.482.697.26 Euro, which is around 92,5% of the total. The priorities that receive a more important support are the one in relation to the intensification of the process of structural reform in favour of competitiveness and innovation (61,67%) and the improvement of sustainable economic development in environmental terms (15,05%).

54) The recent evolution of the structural indicators of Lisbon shows an improvement that makes possible a gradual approach to the objectives established in this Strategy, although the effort to improve still must be remarkable. From this perspective, the future OP of Galicia would have to stress more intensively these priorities.

55) In the same way that the structural priorities in Lisbon and Gothenburg expressed, the POI of Galicia definitively contributes to the achievement of the objectives of the EES. Although all the Priorities consider the objectives of the EES, a greater influence in Priority 2.4 and 6 it is observed.

56) In financial terms, the importance of the EES is reflected in the fact that 76% of the programmed cost for the period 2000-2004 has a clear relation with at least one of the guidelines that articulate these objectives.

57) The guideline of the EES that constitutes a budget priority is Priority 10 (relieve regional disparities of employment), to which more than half of the Programme has an influence. The cross-sectional character of it make it necessary to consider other factors like infrastructures provision, that indirectly affects employment creation, particularly important in Galicia where the created employment in this respect is self-employment.

- 58) The Priority 6 influences with a larger number of funds to the set priorities. On the other hand, Priority 4 is the one that makes a greater contribution to the EES from the perspective that it contributes to the attainment of a greater number of guidelines.
- 59) The programmed cost that intervene on the guidelines that consider the underprivileged groups (Priorities 1, 6 and 7) does not reach 3% of the overall OP, being these those areas in which the contribution of the Programme is less important.
- 60) The achievements in terms of employment creation have been very important, those related to the infrastructures construction and the ones resulting from the enterprise promotion, with diverse degrees of efficiency. The generation of employment associated to the submeasures of the ESF through employment and training aids, have not been able to quantify due to the non-availability of data.

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***Which is the attention paid by the OP to the environment?***

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- 61) The effects of the programming in the priority area of spillage, the gas emissions and the waste are positively relevant, specifically in Priority 3 Environment and the other Priorities of the OP from the point of view of environmental integration.
- 62) The environmental deficits of the region have been reduced due to the OP execution, being specially remarkable the achievements reached in relation to the management of water resources, both in relation to water supply as to cleaning and purification of residual water. Also the advances in the management of waste are relevant, being this one a very sensible area by the dispersion of the population along the territory. As well, in relation to environment there have been relevant advances, in a region where the natural value and the rural matters are main assets.
- 63) The execution of the projects and the subsidized submeasures have fully followed the communitarian, national and regional environmental legislation, both the one relative to environmental impact as the specific sectorial legislation.
- 64) The possible negative impacts of projects and interventions on environment have been prevented effectively, specifically, on the Natura 2000 Network, including the Spaces established of Communitarian importance and the Birds Special Protection Areas.

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***How did the OP contributed to the theme of Equal Opportunities?***

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- 65) The analysis of the relevance of the principles of Equal Opportunities in the OP of Galicia, as well as the evolution of the Galician socio-economic context indicates the noticeable observance of the Equality of Opportunities between sexes in the Programme development and the favourable evolution of the context in this matter. Nevertheless there is still a long way to achieve total gender equality at the different social and economic areas of Spain and Galicia.
- 66) The submeasure approach on this horizontal principle that the OP adopted corresponds with the European strategy regarding this matter, in addition based on its principles the “*IV Plan de Igualdade de Oportunidades das Mulleres Galegas*” has been made, which it is articulated in the same way as it is the European strategy in areas, objectives and concrete actions.
- 67) The contribution of the Programme to the fully materialization of the EO between sex seems important, although in many aspects, like the diffusion or the public awareness of this questions, it is difficult to obtain the correct measurement of the European Funds contribution.

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***Which is the macroeconomic impact of the OP in Galicia?***

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- 68) The total impact of the OP in Galician real production is equivalent to a differential of 0,46 percentage points in the growth rate of the annual real GDP during the period 1999-2006, that would constitute an increase in the rent per inhabitant (GDP per capita) that in average would be 381 Euros superior (approximately a 3,3% of the GDP per capita per year) to the resultant one in absence of the OP.
- 69) In relation to the labour market, it is estimated that the total effects of the OP investments would generate or maintain, as an average for the period 2000-2006, 26 thousand employments more than those than would be created in the basic scene, which it is translated in an average reduction of 1,31 percentage points of the unemployment rate during the same period.
- 70) This production and employment performance would have as a result a maintained increase in the apparent labour productivity (GDP per occupied) that would register an accumulated average rate of 1,67% with the OP investments during period 1999-2006, as opposed to an increase of 1,35% in the absence of these investments.



71) In addition, the OP will make possible the stock of private capital in real terms to grow at an annual cumulative rate of 2,36% during period 1999-2006 (as opposed to a growth of 1,34% in absence of the investments contemplated by the OP), whereas the infrastructure stock grows in real terms to an annual cumulative rate of 3,42% during that same period (as opposed to a growth of 1,72% in absence of the OP).

***Main conclusions and recommendations for the remaining application period of the OP***

***Which are the main conclusions on the Mid Term Evaluation Update?***

72) The most relevant conclusions are included in the Table 1.

***Table 1: Main conclusions of the Mid Term Evaluation Update of the Objective 1 Programme for Galicia 2000-2006.***

C.1. The application of the recommendations formulated in the Mid Term Evaluation has been generalized and has been considered "useful" by most of the managers. These recommendations give an answer to the main problems that affect the programming what means they are appropriate.
C.2. The Financial effectiveness degree has risen until 82% for the period 2000-2004. The most effective administration concerning the Financial field is the "Xunta de Galicia" (Regional government) with 86%. The "Administración General del Estado" (Central Administration) has increased sensibly its effectiveness (79%) and the private executors bodies have begun to certify payments. The behaviour by Funds is quite homogenous. The Axis 2 and 4 stand out from the rest.
C.3. The degree of fulfilment of the financial objectives seems ensured.
C.4. The physical results of the OP are considered suitable from the advance registered by most of the indicators for monitoring.
C.5. The expectations of the degree of fulfilment of the physical objectives by the end of the period are high.
C.6. The efficiency of the OP for Galicia is acceptable. In main lines, the Financial Execution has a parallel effect in the physical land, which reveals a priori indications of efficiency in most of the Measures.
C.7. The OP for Galicia has contributed to the competitiveness improvement of Galicia (mainly Axes 1, 5 and 7). The effect is obvious on the business base (16,674 supported companies), in macroeconomic terms and on the Galician entrepreneurship, that show a clear convergence with the national average values.
C.8. The improvement of the territorial accessibility is highly materialised in Axis 6 (transport infrastructure), where an investment of 1.389.734.057€ has been carried out during the period 2000-2004. The development projection in the Galician territory has mobilized 492.033.048€ until today in order to promote the productive diversification of the countryside.
C.9. Concerning the rural development, the intervention and effects of the ERDF and ESF Funds must be emphasized. Although they do not have the rural development as main objective, they promote it through the actions financing, which affect them direct o indirectly.
C.10. The achievements reached in the employability and the skilled workforce fields have been outstanding. The volume of aids that has affected direct or indirectly the work market and the training is 2.866.899.895€ (Measures related to the European Employment Strategy). The number of beneficiaries by the training actions in Galicia in this last period (2000-2004) reaches nearly one million and a half.
C.11. Concerning the environment, the execution of the OP during the period 2000-2004 has produced notable achievements in this field. It is necessary to underline the increase of the biodiversity and of the availability of water resources; improvements in cleaning, purification and reusability of residual waters; urban and agrarian improvements; forest reproduction methods and aids for the implantation of quality systems and environmental improvement in SME.
C.12. Concerning the Equal Opportunities, the OP adopts a double perspective in order to face the subject: in one hand, it adopts a series of Measures specially directed to alleviate the gap between the real possibilities of both genders; on the other hand, it considers the Equal Opportunities like a horizontal principle that inspires all the Program and that must be favoured there where it is possible.



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***Which are the main recommendations on the Mid Term Evaluation Update?***

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73) As in the previous point, the most relevant recommendations are included in the Table 2.

*Table 2: Main recommendations of the Mid Term Evaluation Update of the Objective 1 Programme for Galicia 2000-2006.*

R.1. To take into consideration those recommendations of the Mid Term Evaluation that, in spite of their appropriateness, have been moderately applied until the moment. It is necessary not to relax the efforts for the promotion of the renewable energies, the efficiency in the management of the water resources (reusability and processing) or the introduction of a greater degree of competition between different transports by the impulse of the intermodality and the complementariness.
R.2. As far as possible, to increase the mechanisms that cause an increase of the financial effectiveness of the non-public institutions that are implied in the OP or, to transfer those commitments towards those organisms of the Administration with a greater capacity of absorption. Special attention to Measures 9.3, 9., 7.5, 3.2 and 9.1.
R.3. The transfer of additional resources to the regional bodies that are competent in the Priority 2, since the level of financial effectiveness of its Measures is high what denotes the success of the management of the Funds in this aspect. Also a reprogramming assigning a greater amount of resources to these Priorities is susceptible of application. In an analogous sense we find the Priority 4 and the Measures 5 and 7.
R.4. The effectiveness of the physical indicators and the probability of the fulfilment of the established objectives are affected by their quantification. In this sense, it is still necessary to make adjustments in those that display very high deviations between Execution and Programming.
R.5. In order to improve the efficiency analysis of the program, a solution to be considered would be to indicate a series of "key efficiency indicators" in different Measures, in which to centre this type of analysis with views to the final evaluation of the Program.
R.6. It is necessary to increase the support to the entrepreneurship base, especially in the R&D field, where Spain has a negative difference, conditioning potential competitiveness increases thanks to this aspect.
R.7. To improve the land transports network and its connectivity to the transeuropean main network as well as to promote the limited development of the centres of intermodality transport exchange.
R.8. Concerning the labour market, it is necessary to reinforce the preventive character in the Occupational Training to avoid the long-unemployment situations, as well as to reinforce the guidance and advising as complement of the training. Also the link between the employment and the training must improve, thanks to programs based on the real situation of the labour work.
R.9. To study in depth the socioeconomic diagnosis of Galicia in relation with the gender perspective, in order to lay the foundations of the future Programming. The improvement of the different statistical series at regional and national level by introducing the breaking down of the main variables by gender is necessary.

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***Strategic guidelines for 2007/2013 future programming***

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***Which are the main challenges Galicia is facing for the next programming period?***

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74) The natural growth registered in the last years has brought to locate the rent by inhabitant of Galicia in the threshold of 75% of the Europe-25 average and, therefore, in the eligibility limit as an Objective 1 region. Without a doubt, the solidity of the Galician development strategy will depend on the magnitude of the communitarian co-financing. In any case, the strategic formulation will have to respond to the region necessities and to contribute to the own communitarian priorities.

75) In spite of the important advances obtained through the development of the regional policy, a series of obstacles persists that are those that determines the unresolved challenges that Galicia needs to face in the future:

- Obstacles of socio-cultural nature: geographic dispersion of the population that supposes a great cost facing the attainment of the necessary territorial cohesion of the region, stressed smallholder businesses that represents a clear impediment for the regional economy in order to effectively face the actual globalisation process.
- Obstacles related to the economic growth model: difficulties to attract foreign investment; insufficient growth of the service sector, and maintenance of a process of unfinished structural change.
- Obstacles related to the provision of productive factors, particularly in the area of technological innovation and knowledge resources.

76) This situation arises the necessity of new factors that would favour the regional growth, which constitutes the main issue on the territorial disparities of the UE. From the previous statements, it is assumed that Galicia needs, among other relevant aspects, to improve its competitive position and to find factors that boost its competitiveness. Such factors are related to:

- Productive Capital: business culture, internationalisation, innovation, access to the funding, among others.
- Human Capital: availability of labour force, high qualification, high managing capacity.
- Governmental capital: general, power, technological and knowledge infrastructures.

77) In this respect, the fundamental challenges are in relation to competitiveness, especially for the small and medium companies, the employment promotion, the innovation, the sustainable development and the access to Transeuropean networks and the information and communication technologies.

***Which would be the fundamental priorities of the Galician development strategy?***

- 78) The scheme of high-priority objectives of Galicia would need to be addressed to increase the resources directed to knowledge, to improve the employment capacity, to meliorate the basic determinant factors for the human capital quality, to protect and improve the environment, to increase the territorial scope for development, to improve the accessibility of the territory, to harness the competitiveness of the Galician productive core and the basic factors of competitiveness.
- 79) Therefore, the main strategic reference of the Future Plan of Economic, Social and Territorial Development of Galicia would have to be "to promote a greater economic growth, that would generate more and better jobs, and consolidate the base conditions already existing and to improve key competitive factors to favour, with greater intensity, the real convergence with Spain and the UE".

***Final objectives for period 2007-2013***

1. To boost and stimulate regional economy
2. To increase the competitiveness of the Galician productive framework increasing the presence of key factors on growth (infrastructures, human capital, R&D)
3. To increase the social and territorial cohesion of Galicia, providing opportunities for all citizens and areas of the region

***Intermediate objectives for period 2007-2013***

1. To promote the economic activity, particularly, in those sectors and projects with capacity to act as a motor for the development of other activities.
2. To favour the creation and consolidation of companies, specially those with great demand potential and elevated technological content, as well as the modernization of traditional companies, incorporating intangible factors as publicity and marketing, brand image creation, design, quality control, management systems, among other).
3. To support the productive diversification in the rural areas as an alternative source of rent and employment creation.
4. To wipe the negative differential in R&D, constituting this element as one of the pillars of the Galician economic competitiveness, that will benefit increasing the industrial investigation and knowledge resources.
5. To increase the workforce qualification and the educational levels of the working population, in order to increase its employability.
6. Revitalize the labour market, specially for those groups with greater problems of integration
7. To facilitate the initiation of external relations of the Galician companies, specially those of small size, and to impel the cooperation through mechanisms of collaboration between companies and the creation of business networks
8. To guarantee in a quality and equality base the access of the population to the basic public services

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***What instruments must the future Programme promote in order to advance in the achievement of such priorities?***

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80) The approach on which focus this strategy is based on two essential components:

- The investment like a stimulus mechanism of endogenous development in Galicia and as a fundamental element in relation to wealth creation and employment generation in the Galician territory.
- The training and innovation through which capitalize the economy concentrating in the intangible elements of development, like human or technological capital.

81) This reconsideration of priorities implies an impulse for the transition from a relatively simple model of economic promotion - fundamentally based in the productive factors provision- to another one more centre in the innovation and investment in intangible assets.

- Competitiveness and economic progress: to boost a real convergence:
  - To influence the development of a quality infrastructure network that permits to improve the isolation problems Galicia presents.
  - To support the small and medium business, especially relevant in the Galician economy.
  - To promote the openness to the international markets of the Galician companies, solving one of the main weaknesses of the region.
- Development of the Knowledge Society:
  - To increase the effort made in R&D activities with the aim of reducing the actual gap that differentiates the Galician situation in relation to the national one.
  - To maintain the effort in order to continue the initiated development of the Information Society.
  - To strengthen the development of a science-technology-business system in which the enterprise plays an active role.
- To improve the qualification and the employable capacity of the human capital
  - In relation to the professional training, the submeasures of integration must be centred in supporting new ways, where the accomplishment of internships in companies and the professional experience acquired have to be a high priority.

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- To increase the technological contents of the training programmes, in order to satisfy the quality requirements in relation to human resources of the productive system for the next years.
  - To increase the preventive character of the Occupational Training to avoid long-term unemployment situations.
  - To define business initiative programs that includes training actions, technical assistance, counselling and orientation to reduce the big mortality rate that appears in the creation of new enterprise initiatives.
  - To reinforce the adaptability and labour stability of the employed people.
  - To maintain the efforts made for the insertion of groups with risk of exclusion from the labour market and to give a greater participation to those organizations that are specialized in this area.
  - To increase the return of the submeasures destined to women through a greater specialization, both from a training perspective as an employment one.
  - Finally, in relation to the R&D&i, it is considered a priority for the new programming framework, and it will be necessary to define the Measures direct to improve technological research and development.
  - Environment conservation and sustainable development:
    - Prevention and conservation of the natural and cultural heritage.
    - To improve the power efficiency and to promote environmental innovations ("eco-innovations").
    - To improve the environmental infrastructure provision to optimise the water resources and waste management.
  - Local development and territorial cohesion:
    - Provision of basic services to society.
    - Creation of comparative advantages based on sustainable endogenous factors.
  - Rural development:
    - Improvement of the human and physical potential of the agrarian and forestry sectors, as well as to increase the quality of the products.
    - Sustainable use of the agrarian and forest lands, mainly through agro-environmental measures.
    - Diversification of the rural economy and increase of the life quality.

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***Which must be the role of the Structural Funds within the Galician strategy of development?***

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- 82) The implementation of the previously stated strategic principles, in spite of its scope, does not imply a multiplication of the number of instruments required for its execution.
- 83) Particularly, the role of ERDF it is considered very important for the priorities of competitiveness, innovation and environment.
- 84) On the other hand, the ESF it is essential in order to increase the investment in human capital, social integration and the adaptability of the workers to environment changes.
- 85) Concerning the EAFRD, this one becomes the main instrument for reorganisation and development of the agricultural and forestry sector, as well as for the promotion and economic diversification and the innovation in rural environments. However, the rural areas which are object of the diversification actions financed by the future Structural Funds -ERDF and ESF- will have to act in a complementary way, coordinated with the EAFRD -that replaces EAGGF-Guidance- but it will not make part of the Structural Funds.