

Structural Funds 1996: Summary of the Annual Report

Halfway through the 1994-99 programming period for the Structural Funds, attention is focusing more on implementing the programmes already adopted than on adopting new ones.

In 1996 the Commission approved 173 new programmes, compared with 508 in 1995 and 225 in 1994. However, commitments and, still more so, payments from the Structural Funds are constantly growing. Aid paid out by the Structural Funds totalled ECU 14.4 billion in 1994, ECU 17.2 billion in 1995 and ECU 22.4 billion in 1996.

In budget terms, 1996 was well up to expectations with 98% of planned commitments and 95% of planned payments actually made.

This fact sheet contains:

- some information on the new programmes adopted in 1996;
- an assessment of implementation of the budget for the Structural Funds during that year;
- the latest news about the Community Initiatives and innovative measures;
- the main features of the work of the Structural Funds in each Member State:

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The Structural Funds

The European Union's four Structural Funds are:

- the European Regional Development Fund (ERDF): aid to disadvantaged regions (infrastructure, productive investment, aid to small firms, local development, etc.);
- the European Social Fund (ESF): promotion of employment (vocational training, recruitment aid, etc.);
- the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF): adjustment of agricultural structures and rural development;
- the Financial Instrument for Fisheries Guidance (FIFG): adjustment of fisheries structures.

In the period 1994-99, the Structural Funds are pursuing six priority Objectives:

- Objective 1: structural adjustment of regions whose development is lagging behind;
- Objective 2: economic conversion of declining industrial areas;
- Objective 3: combating long-term unemployment, integration into working life of young people and of persons exposed to exclusion from the labour market;
- Objective 4: adaptation of workers to industrial changes and to changes in production systems;
- Objective 5(a): adjustment of agricultural and fisheries structures;
- Objective 5(b): economic diversification of fragile rural areas;
- Objective 6 (Finland and Sweden): structural adjustment of regions with an extremely low population density.

Objectives 1, 2, 5(b) and 6 are limited to designated areas while Objectives 3, 4 and 5(a) cover the whole Union.

These Objectives are implemented through programmes proposed by the appropriate authorities of the Member States (national initiative programmes). They are either adopted by the Commission following agreement on a Community support framework (CSF) or are incorporated from the beginning in a single programming document (SPD) on which the Commission takes a single decision.

The Community also part-finances other programmes on subjects proposed by the Commission (Community Initiatives).

New programmes

During 1996 the Commission approved Community part-financing for 50 new national initiative programmes (mainly for Objectives 3, 4 and 5(a)). This figure is fairly low because apart, of course, from the Objective 2 programmes for 1997-99, which were prepared actively in 1996 but only adopted in 1997, most of the national initiative programmes had already been approved in 1994 and 1995.

The Commission adopted 123 new programmes under the Community Initiatives in 1996, bringing to 414 the total number of Community Initiative programmes adopted between 1994 and 1996.

In all, 906 programmes have been adopted under the Structural Funds since 1994 (225 in 1994, 508 in 1995 and 173 in 1996).

Financial implementation

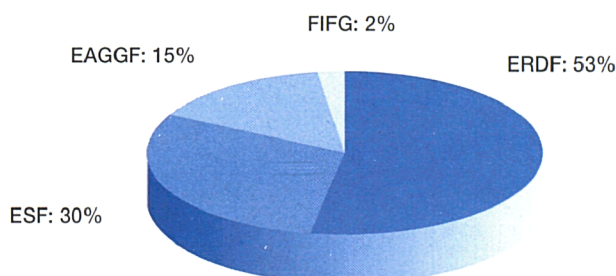
Taking all the programmes together, the Community committed ECU 26 141 million and paid ECU 22 448 million in 1996. These figures are respectively 19% and 30% higher than those for 1995 and reflect the virtually full implementation (98% and 95%) of the 1996 budget allocated to the Structural Funds.

In the case of national initiative programmes, 1996 accounted for 37% of commitments and, still more important, 44% of payments since

1994. This shows that actual implementation of these programmes is now well under way.

By contrast, for the Community Initiative programmes, many of which had begun late, 1996 was the year when implementation began. The take-off of financial commitments is demonstrated by the fact that half of total commitments for CIPs since 1994 took place in 1996.

Breakdown by Fund of amounts committed in 1996



Commitments and payments in 1996 (in ECU million)

Budget headings	Use of appropriations			
	Commitments	%	Payments	%
Objective 1	15 369.13	99.5	14 699.47	99.5
Objective 2	2 705.45	99.2	1 636.02	98.3
Objective 3	2 793.92	100.0	2 188.25	100.0
Objective 4	271.50	100.0	129.08	100.0
Objective 5(a) agriculture (outside Objective 1 and 5(b) areas)	425.83	100.0	388.87	64.8
Objective 5(a) agriculture (under Objective 5(b) areas)	376.60	100.0	343.29	68.0
Objective 5(a) fisheries	115.03	73.7	86.03	58.0
Objective 5b	971.38	99.9	922.89	89.3
Objective 6	88.65	96.9	51.14	96.2
Community Initiatives	2 798.96	94.3	1 691.39	80.0
Transitional and innovative measures	161.05	54.4	188.03	60.0
Anti-fraud operations	0.70	93.3	0.45	64.3
Former GDR	0.00	-	119.51	80.4
Total	26 078.20	98.3	22 444.42	94.8

Programming 1994-99 at the end of 1996 (national initiative programmes, in ECU million at current prices)

	Allocation 1994-99	Commitments	% of total allocation	Payments	% of payments made
B	1 618.8	699.6	43	473.0	29
DK	682.8	337.2	49	226.9	33
D	18 723.2	8 477.2	45	6 203.4	33
GR	13 844.9	6 127.6	44	4 403.1	32
E	29 346.0	15 354.5	52	10 973.6	37
F	11 177.9	5 252.8	47	3 375.6	30
IRL	5 672.0	2 861.5	50	2 270.4	40
I	17 955.8	6 461.2	36	4 186.4	23
L	73.8	35.2	48	25.2	34
NL	1 780.3	793.9	45	568.9	32
A	1 467.4	510.1	35	360.6	25
P	14 047.5	7 517.4	54	5 698.7	41
FIN	1 413.0	516.3	37	264.4	19
S	1 205.2	417.8	35	194.2	16
UK	8 659.1	5 499.0	64	3 543.2	41
Total	127 667.7	60 861.5	48	42 767.3	33

Assessment

Assessment of the implementation of programmes is still an important tool both for checking that the results obtained are in line with the targets set and for allowing measures to be redirected towards the most effective areas. Accordingly, even a partial assessment

of the first phase of Objective 2 programming (1994-96) helped contribute to preparation of the second phase (1997-99). Similarly, the interim assessments, principally of the Objective 1 programmes, should provide input for the mid-term revision.

Funds allocated

The total amount allocated to the Structural Funds for the 1994-99 programming period of ECU 154.5 billion (at 1994 prices) has been divided among the various Objectives, Member States, regions and programmes.

Commitments

Budgetary commitments from the Structural Funds are made as programmes are adopted and implemented. Each programme includes a financing plan setting out financial commitments by instalment: the first instalment is paid on adoption and followed by further annual instalments. Where programmes run for less than two years or have a volume of less than ECU 40 million, the whole Community contribution may be committed when the programme is adopted.

Payments

Payments are made in accordance with budgetary commitments as programmes are implemented. They therefore constitute a useful means of assessing how programmes are progressing in real terms.

Other financial instruments

Alongside the Structural Funds, the Cohesion Fund (ECU 16 billion for 1993-99) is helping Greece, Portugal, Spain and Ireland to prepare for economic and monetary union by supporting projects concerned with the environment and trans-European transport networks. All development measures may be assisted by loans from the European Investment Bank (EIB) which helps finance infrastructure projects or provide interest-rate subsidies on new or existing loans. In 1996 ECU 12 239 million, over two thirds of the EIB's lending, went to projects in the areas eligible under Objectives 1, 2, 5(b) and 6 of the Structural Funds.

Community Initiatives, allocation of the financial reserve

In 1996 the Commission allocated the ECU 1 665 million (at 1995 prices) set aside as a reserve when funding was originally decided for the Community Initiatives for 1994-99. This was based on a number of priorities: fighting unemployment, equal opportunities for men and women, the information society, regional planning and a larger trans-national dimension for the Community Initiatives. The decision meant that all the industrial conversion

Initiatives (Rechar, Resider, Retex and Konver) could be extended to 1999 and new guidelines adopted for the Employment, Adapt, Urban and Interreg II Initiatives, which will also receive extra funding. The Member States were therefore asked to put forward amendments to the Employment and Adapt programmes already running and new proposals for programmes under Urban and the new strand 'C' under Interreg II. More money was also provided to encourage trans-national cooperation and exchanges of experience under the Leader and Pesca Initiatives.

Allocations 1994-99 for Community Initiatives and allocations from reserve (ECU million at 1996 prices)

	INTERREG II		Employment		LEADER II		ADAPT		SMEs		URBAN		KONVER	
	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve
B	99.76	16.09	45.79	13.04	10.22	2.06	38.63	6.80	12.35	-	19.22	8.50	14.61	2.96
DK	22.10	4.03	14.10	2.87	9.96	1.80	31.73	1.62	2.55	-	1.53	-	2.39	-
D	455.02	44.61	200.99	40.99	208.22	30.67	256.70	23.24	188.98	2.25	115.81	17.03	338.40	115.19
GR	632.35	25.21	70.69	4.97	163.98	15.01	33.53	2.81	83.88	-	51.48	5.35	22.74	9.77
E	693.31	117.09	450.14	55.65	405.45	48.31	293.16	31.52	252.75	-	241.85	27.16	23.70	-
F	269.80	18.78	191.20	41.71	229.11	38.29	278.44	23.65	58.88	-	81.10	24.98	87.00	15.63
IRL	165.78	3.03	88.61	10.96	84.05	15.68	27.84	6.21	28.98	-	20.68	4.86	-	-
I	388.07	33.58	401.39	45.57	328.76	41.00	219.69	25.82	191.63	-	136.02	18.36	64.55	18.47
L	3.67	-	0.31	-	1.24	0.22	0.31	-	0.31	-	0.51	-	0.36	-
NL	189.44	115.97	62.58	19.31	11.60	3.03	69.62	10.94	10.41	-	22.60	13.11	27.28	15.13
A	49.83	6.31	26.56	3.09	27.05	3.26	13.59	1.76	8.98	-	13.54	3.59	-	-
P	354.95	8.32	45.47	4.35	130.29	11.92	21.43	-	124.80	-	49.75	5.16	13.99	6.05
FIN	48.91	4.31	33.16	3.42	28.72	3.46	23.56	3.42	11.09	-	7.83	3.87	-	-
S	47.52	7.27	23.96	2.86	16.47	1.98	13.12	1.62	17.21	-	4.97	1.54	3.35	-
UK	123.68	12.05	193.77	44.28	78.46	11.83	316.81	24.36	68.78	-	124.14	24.96	140.89	38.44
Networks	-	-	-	-	34.69	-	-	-	25.51	-	-	-	-	-
TOTAL	3 544.19	416.66	1 848.72	293.08	1 768.26	228.50	1 638.16	163.78	1 087.07	2.25	891.02	158.49	739.27	221.64
of which for Obj. 1 and 6	2 630.66	195.51	1 068.99	93.06	1 086.11	115.62	525.33	51.39	845.61	-	602.81	61.58	281.97	110.24

	REGIS II		RETEX		RESIDER II		RECHAR II		PEACE		PESCA		TOTAL	
	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve	1994-1999	Reserve
B	-	-	5.48	1.01	28.16	3.31	16.96	1.01	-	-	2.49	0.45	293.68	55.22
DK	-	-	-	-	-	-	-	-	-	-	19.88	3.15	104.23	13.47
D	-	-	76.07	6.48	209.36	15.54	183.05	21.66	-	-	23.47	-	2 256.07	317.67
GR	-	-	78.82	3.03	6.22	1.51	3.04	1.51	-	-	30.99	3.34	1 177.72	72.52
E	218.37	-	105.43	29.64	73.64	-	34.21	-	-	-	45.94	3.59	2 837.95	312.96
F	267.35	-	37.33	12.10	67.33	4.73	36.25	2.55	-	-	33.76	5.29	1 637.54	187.72
IRL	-	-	9.46	-	-	-	-	-	60.44	-	7.85	1.01	493.69	41.75
I	-	-	75.05	6.69	92.11	6.50	1.88	0.19	-	-	37.26	2.87	1 936.41	199.06
L	-	-	-	-	13.55	1.01	-	-	-	-	-	-	20.25	1.23
NL	-	-	1.02	-	23.69	5.04	-	-	-	-	12.94	2.02	431.17	184.55
A	-	-	2.59	-	5.24	-	1.85	-	-	-	-	-	149.21	18.00
P	126.53	-	174.90	10.08	9.05	2.02	2.25	1.37	-	-	29.28	3.16	1 082.67	52.43
FIN	-	-	-	-	-	-	-	-	-	-	3.49	0.42	156.75	18.91
S	-	-	-	-	-	-	-	-	-	-	4.06	0.49	130.67	15.76
UK	-	-	40.79	3.96	50.36	4.76	182.28	18.22	241.74	-	43.57	5.92	1 605.28	188.80
Networks	-	-	-	-	-	-	-	-	-	-	5.10	-	65.31	-
TOTAL	612.24	-	606.95	72.99	578.70	44.42	461.76	46.52	302.18	-	300.08	31.71	14 378.59	1 680.05
of which for Obj. 1 and 6	612.24	-	430.68	39.19	173.02	11.58	158.60	15.48	302.18	-	153.92	12.08	8 872.11	705.72

Innovative measures

Article 10 of the ERDF Regulation provided funding during 1996 for some 50 inter-regional cooperation projects and 32 cultural cooperation projects. Under Article 6 of the ESF Regulation, that Fund was able to finance 58 projects to promote the jobs content of growth. To assist the adaptation of agricultural structures and the promotion of rural development, the EAGGF, under Article 8 of its Regulation, financed 45 demonstration projects, four dissemination projects and three studies. The Commission also launched a number of projects and studies on the adjustment of fisheries structures under Article 4 of the FIFG Regulation.

At the service of RTD

While the 1995 Report focused on the environment, the 1996 Report highlights research and technological development (RTD). The aim of the Union's policy on RTD is to raise the level across the Union so that it can meet the challenges at a global scale. This is being done through framework RTD programmes, which concentrate on leading laboratories, and

measures to increase the RTD capacities of the least-favoured areas of the Union.

Backwardness in RTD is a major structural handicap for these regions and an obstacle to full development of Europe's technological potential.

Many programmes financed by the Structural Funds include assistance, both physical and non-material, for RTD provided to research centres, universities, vocational training, cooperation between research workers and business and the transfer of technology to firms.

During 1994-99, the share of funding earmarked for RTD will increase. In the Objective 1 regions it has grown from 2% to 4.5% and in the Objective 2 areas has reached 10%. It appears that the regional capacity for innovation depends not only on supply (RTD infrastructure) but also, and increasingly, on demand, particularly from small firms. This means that greater stress is now being placed on market demand rather than technological and scientific supply, even though this often requires extra investment. Increasing attention is also being devoted to the information society.

Community Initiatives and RTD

RTD is a means of achieving a number of the goals of the Community Initiatives. An example is the SMEs Initiative (competitiveness of firms), where information and communications technologies, RTD networks and innovation are of key importance. The extension of cross-border or trans-national cooperation to areas covered by RTD makes a major contribution to Interreg II programmes. Economic diversification, which is the aim of the four industrial conversion Initiatives, also involves RTD, as does the adaptation of human resources to industrial change (Adapt and, in particular, the new Adapt-BIS strand "Building the Information Society"). The Leader programmes highlight the role data transmission plays in the development of rural areas.

Innovative measures and RTD

The innovative measures for 1995-99 include 19 RIS (regional innovation strategies) projects, 7 RTT (regional transfers of technology) projects, 22 RISI 1 (regional strategies and action plans to develop the information society) and 10 RISI 2 (regional data transmission applications) projects. Naturally, RTD also plays a role in all innovative measures.

Disparities in RTD between Member States

	GR	E	IRL	P	B	DK	D	F	I	NL	UK
Total expenditure (% GDP)	0.47	0.87	0.91	0.5	1.69	1.54	2.81	2.42	1.38	2.06	2.21
Private expenditure (% GDP)	0.1	0.52	0.55	0.12	1.23	0.85	2.02	1.48	0.77	1.11	1.47
Research workers and engineers (% workers)	1.4	2.2	5.0	1.1	4.4	3.8	5.9	5.1	3.2	4.0	4.6

Source: Fifth Periodic Report on the Social and Economic Situation in the Regions.

Data not available for Luxembourg, Austria, Finland and Sweden.

Belgium

In Wallonia, the SMEs programme is supporting the establishment of a centre for technological promotion to develop links between firms and research centres and universities. To help small firms exploit information and communications technologies, the programme also makes available shared data bases and telecommunications services. In Flanders, the SMEs programme is helping establish innovative projects and RTD networks.

Denmark

Most of the programmes in Denmark stress the information society and cooperation between the public and private sectors in this area. The aim is encouraging the exchange of information, making firms more competitive, increasing the transparency and quality of public services and combating social exclusion. Technological development therefore is given a major role in the programmes: in North Jutland for example, 21% of Structural Fund appropriations are devoted to it, principally to develop new products and advanced technology services, services which create jobs and services integrated into the production process.

BELGIUM

Objective 1 (Hainaut). Aid for investment by small firms (under the AIDE and ACE measures) proceeded apace and the absorption of Community appropriations was high. This meant that appropriations earmarked for measures with a lower priority or which had progressed less were transferred to AIDE, which will concentrate more on the manufacturing sector and business services. Measures to render the area more attractive made little progress. Establishment of measures for training, reintegration and the modernisation of vocational training proceeded.

Objective 2. Only in the case of the Aubange SPD were all the Community appropriations for 1994-96 committed. In the other three cases, appropriations ranging from 11% (Meuse-Vesdre) to 29% (Limburg) were transferred to 1997-99. For that period, the eligible areas were not altered and the structure of the future programmes is similar to that in the first phase.

Objectives 3 and 4. The federal structure of the Belgian state meant that for each of these Objectives one CSF implemented through five OPs was established. During 1996, 70 000 people (outside Objective 1) were trained under the Objective 3 measures, which concentrated on the most disadvantaged. Implementation was highly satisfactory and some projects were short of funds. The approach adopted was that of a "pathway to integration in the labour market", adjusted to meet the needs of each unemployed person and requiring an individual partnership. 1996 was the first year of implementation of Objective 4 because of the delays caused by the large number of authorities involved. The measure benefited 6 000 workers in small firms.

Objectives 5(a) and 5(b). During 1996 the regions of Wallonia and Flanders revised their legislation on the implementation of Community schemes to aid the structures of agricultural production. Projects concerning the processing and marketing of agricultural products are already well under way but aid for fisheries structures encountered considerable reticence on the part of investors. Implementation of Objective 5(b) speeded up in Wallonia but encountered technical difficulties and financing problems in Flanders.

Community Initiatives. Three new programmes were adopted in 1996: SMEs Flanders, Retex Flanders and Urban Brussels. In the case of Leader, it has still not proved possible to adopt the three programmes proposed. All the Initiatives except SMEs received extra funding from the ECU 55.2 million allocated from the reserve.

DENMARK

Objective 2. All the appropriations for the North Jutland SPD were committed before the end of 1996 but in the case of the SPD for Lolland 28% of the initial assistance had to be transferred to 1997-99. Assessment of the two programmes during the year demonstrated the need to support the establishment and installation of new firms in Lolland and suggested that greater weight should be placed on the growth potential in firms when selecting projects in North Jutland. The areas eligible will remain the same in 1997-99 and the programmes have undergone only minor adjustments to simplify their management.

Objectives 3 and 4. Implementation of the SPDs under Objectives 3 and 4 progressed well in 1996 and the appropriations for 1994-96 were committed as planned. These SPDs also cover the period 1997-99 with extra funding. During 1996 new legislation was introduced to improve administration of the ESF as regards the management of funds, project selection and the rules on checks, monitoring, accounting and assessment.

Objectives 5(a) and 5(b). Most of the Community contribution to the improvement of the structures of agricultural production goes to aid for investment and new entrants. In the field of processing and marketing, implementation of the SPD has been so successful that the national authorities intend to increase funding. Utilisation of appropriations for fisheries was particularly high in the case of measures concerning the processing of products and the adjustment of the fleet. The financing plan for the Objective 5(b) SPD was amended in November 1996 to take account of changes in the socio-economic conditions since 1994.

Community Initiatives. Three new programmes were adopted in 1996: the SMEs and Leader programmes and the Interreg II programme with Sweden. An additional ECU 13.5 million from the reserve was allocated to the Adapt and Employment Initiatives, which became fully operational in 1996, to Leader and particularly Pesca and Interreg II C. The Konver programme will not continue after 1997.

GERMANY

Objective 1. Implementation of the CSF priorities has already generated concrete results. By the end of 1996, the priority supporting investment in production and production-related areas had resulted in over 4 000 projects aided, some 38 000 jobs created and about 90 000 safeguarded. Under the priority for SMEs, some 10 000 projects were supported, some 50 000 jobs created and almost 83 000 safeguarded. Several thousand jobs in agricultural production and the food industry were also created or safeguarded through the rural development programmes. The promotion of human resources received Community support for 187 projects concerning infrastructure for vocational training.

Objective 2. Financial transfers to 1997-99 will be made for five of the nine SPDs adopted in December 1994; these total 6.5% of the initial assistance. All the programmes were extensively amended in terms of both the measures and their financial allocation. In preparation for 1997-99, new development plans were prepared against a background which closely resembled the previous period.

Objectives 3 and 4. The sound implementation of the Objective 3 CSF and its 12 programmes is demonstrated by the fact that half the appropriations for 1994-99 had been committed by the end of 1996. Demand for the "AFG-Plus" federal programme, which complements the law supporting employment (Arbeitsförderungsgesetz), was unexpectedly high. Under the regional programmes, a number of non-profit-making temporary employment offices were established, which generally offer pathways to work integration for the long-term unemployed. Utilisation of Objective 4 funding improved during 1996. However, while some Länder have overcome the start-up problems experienced in 1995, others required more time to set up the innovative training courses required by the SPD. This was also true at federal level.

Objective 5(a) and 5(b). Compensatory allowances in the least-favoured areas accounted for two thirds of the Community contribution for improving agricultural structures. The rate of implementation of the SPDs for the processing and marketing of agricultural products improved so that, at the end of 1996, about 40% of the Community contribution had been committed. Aid for fisheries structures made satisfactory progress: 300 projects were approved, mainly concerned with the processing industry and the modernisation of the fleet. Financing for Objective 5(b) increased in 1996, which enabled the programmes planned for the three years 1994-96 to be completed in two.

Community Initiatives. During 1996 17 new programmes were approved: two Leader, six SMEs, one Rechar, three Konver, one Resider, one Retex, two Urban and one Interreg. This brought the total number of Community Initiative programmes approved for Germany to 83. ECU 317.7 million from the reserve will be allocated to Konver (over one third), Interreg and Employment and will enable two new Urban programmes to be launched as well as supporting the Interreg II C programmes.

Germany

In Saxony, one of the new Länder, aid is being provided for a particularly innovative technology centre (Landkreis Riesa-Großain) which is working on renewable sources of energy and laser technology applied to the treatment of raw materials. It is working with the Fraunhofer-Institut in Freiburg on development of a fuel cell and offers advice and advanced training for firms. In the declining industrial areas of Lower Saxony, development of a continuous electrostatic filter by the Braunschweig-Wolfenbüttel advanced institute would not have been possible without ERDF finance. This new process, which has already been patented, should be widely used in surface treatment.

Greece

A sustained effort is being made to improve telecommunications services in the regions, mainly by boosting digitisation of the network to 90% and making greater use of advanced technologies (RNIS and ATM). A further goal is to encourage firms to use new technologies by offering training, particularly in modern management methods. Substantial Community funding is being used to increase the RTD capacity of the country through the transfer of technology and innovation (purchase of licences, small industrial research projects, development of technology parks, etc.), support for sectors of major economic importance (biotechnology, new materials), training for research workers, etc.

Spain

The programme in Murcia is concentrating on ocean research to develop saltwater aquaculture; in Andalusia the preparation of multimedia educational materials will assist in the dissemination of technologies; in the Canary Islands the Regis programme is providing support for the astrophysics institute. Measures for industrial conversion include developing the science faculty of Zaragoza university, the combustion technologies laboratory in Aragon, the Zamudio technology park in the Basque Country, construction of food research centres in Catalonia and so on. In Madrid the ESF is part-financing the advanced centre for fashion design (FUNDISMA), which brings together all aspects of textiles and clothing: industry, commerce, technology and training in new techniques of design and production.

GREECE

Objective 1. A number of operational programmes, both national (Railways and Telecommunications) and regional (Western Macedonia and Western Greece), received extra funding and have already undergone financial reprogramming to bring them more closely into line with the situation on the ground. The national OP for agriculture started very well, unlike the Rural Development strand of the regional OPs, where progress is patchy despite some improvement in 1996. In general, however, 1996 was a key year for the CSF in Greece. Improvements in the macroeconomic fundamentals led to an upturn in private investment, particularly under the Industry and services OP and in the major transport projects through the system of concessions which will help build new sections of road for which sufficient public funding is not available.

Together with the establishment of a number of specialist agencies to improve implementation mechanisms, this creates a favourable climate for the success of the CSF. The Greek authorities have also adopted a public investment budget for 1997 well in excess of that for 1996. This should ensure national part-financing, and a high absorption rate could mean retrieval of some of the delays which arose in 1994-96.

Community Initiatives. Ten programmes are being implemented at national level in Greece and there are three Interreg programmes. The SMEs, Resider, Rechar and Urban programmes are still at the preparatory stage. Retex and Interreg-Regen (Gas) are progressing normally, as are Employment and Adapt. However, environmental considerations are creating problems as regards social acceptance by the Italian authorities of Interreg-Regen (Cable). The Interreg programme for the external frontiers has ground to a halt because of the political and social situation in Albania and Bulgaria. Allocation of the reserve provided an extra ECU 72.5 million which will go mainly to the new strand Interreg II C, Leader and Konver.

SPAIN

Objective 1. During 1996 11 new programmes were adopted representing just under 3% of the total Community contribution to the CSF. They include three major ERDF projects for energy infrastructure, two ERDF global grants to improve energy efficiency and to introduce new financial products in Castile-La Mancha, and six mono-Fund OPs (two ERDF, two ESF and two EAGGF) for various purposes (technical assistance, supply of technology, etc.).

Of the original amount for 1996 in the CSF, 95% has been programmed. The priority which is furthest advanced is that for integration and spatial structuring. A new Information Society sub-priority will be included in the CSF to improve the use of computer techniques in the administration of public services, the creation of employment and technological innovation.

Objective 2. Community finance for the 8 CSF programmes for 1994-96 finally totalled ECU 990 million, 88% of the initial contribution. Winding up these programmes meant the transfer of the remaining 12% to 1997-99. These transfers concerned the seven regional programmes and ranged from 6% (Basque Country) to 38% (Aragon) of the initial amount. Following approval of the new CSF, proposals for OPs for 1997-99 will have to be considerably reworked in the light of the new priorities and the funding transferred from the previous period.

Objectives 3 and 4. The Objective 3 CSF concentrates resources on improving access to training, the quality of training, and integrated schemes for integration into working life. The average rate of implementation of the 11 programmes is satisfactory since all of the ECU 244.1 million for 1996 was committed. The level of implementation of the Objective 4 SPD was not as high as expected. Financial reprogramming was required in December 1996 to transfer amounts unused in the 1995 instalment to 1996, 1997, 1998 and 1999.

Objectives 5(a) and 5(b). In 1996 Spain decided to transfer some of the appropriations originally allocated to improving the structures of agricultural production into measures to assist the processing and marketing of products. In the case of fisheries, implementation of the SPD consumed all the 1994 instalment, 80% of the 1995 instalment and 25% of the 1996 instalment. The Objective 5(b) SPD also progressed satisfactorily in terms of both financial and physical implementation. By the end of 1996, 50% of the financial allocation had been committed.

Community Initiatives. Five new programmes were adopted in 1996: the SMEs, Resider and Rechar programmes and two Interreg II programmes (Spain-Morocco and Spain-France). A further ECU 312.96 million from the reserve will go to the Adapt, Employment, Leader, Pesca, Retex, Urban and, particularly, Interreg II C Initiatives.

FRANCE

Objective 1. In general the slow start-up of most of the SPDs continued, particularly in Corsica, Guadeloupe, French Guiana and Martinique. Community commitments for these four SPDs were about 31% of the total appropriations available for 1994-99. To boost implementation, three of them (Corsica, Guadeloupe and Martinique) were amended in 1996, most extensively in the case of Guadeloupe where reprogramming was required to deal with the impact of several hurricanes in 1995.

Objective 2. The 19 SPDs for 1994-96 were closed; the total amount involved was ECU 1 582 million, 88% of the original allocation. Four programmes were fully implemented, in Alsace, Franche-Comté, Upper Normandy and Poitou-Charentes. The total amount unused from the others, ECU 208.6 million, will be transferred to 1997-99.

Objectives 3 and 4. Further information on 1995 shows that implementation was 71% and that the bulk of the extra funds spent went on those hardest hit by unemployment. Of the 1996 annual instalment of ECU 478.9 million, ECU 421.6 million was committed. During 1996 the Objective 4 projects also gathered pace, increasing from 533 at the end of 1995 to 2 076 in 1996. On the whole, the projects were fairly well spread across sectors and in terms of the workforces involved. While finance in 1995 had concentrated on the major motor vehicle and electrical and electronics firms, there was greater diversity of beneficiaries in 1996. Firms employing fewer than 250 people accounted for the bulk (73%) of the workers concerned.

Objectives 5(a) and 5(b). Aid for investment to modernise agricultural holdings has increased sharply over the last two years. An increase in the number of applications concerning the establishment of young farmers likewise presages an upturn in aid for new entrants, which is a priority in France. The first aid for the processing and marketing of agricultural products was granted in 1996, mainly to the meat and fruit and vegetable sectors. Financial commitments in the fisheries sector were satisfactory despite the cessation of public aid for the renewal of the fleet. In 1996 32% of Community appropriations under Objective 5(b) for 1994-99 were committed but this was not sufficient to make up for the backlogs which had developed in 1994 and 1995.

Community Initiatives. A large number of programmes were adopted in 1996, 23 regional programmes and 10 under Interreg II. The regional programmes included the last nine Leader programmes, eight Urban programmes and three under Regis. The decision on allocation of the reserve provided an extra ECU 187.7 million for programmes in France, principally the Employment, Leader, Urban and Adapt Initiatives.

France

RTD plays a very important role in all the regions affected by industrial decline. There are centres of excellence (the life industries in Lower Normandy), technology centres (Aquitaine), aid for small firms (establishment of a counter-guarantee fund for firms with innovative projects and the creation of European partnerships), relations between research and industry (e.g. in Caen, where an information network connecting the university and electronics firms has been established) and research grants for technology transfer centres (Brittany). In rural areas, support for RTD concentrates on strengthening the business and industrial fabric and on the adaptation and diversification of agricultural and forestry activities.

Ireland

The Ireland-Wales Interreg programme for cross-border cooperation is developing data transmission applications to improve information systems on transport, safety at sea and the protection of the environment of coastal areas. It also supports technological innovation for economic, tourist and cultural cooperation. The Leader programme contains measures to help rural areas access new technologies through "telecentres", encourage the transfer of technology and teleworking to establish small firms and local services and to encourage trans-national relations in the field of RTD (teleconferences, exchanges, etc.).

Italy

Technological development plays an important part in most of the measures for the Mezzogiorno, whether in telecommunications (fibre optics, digitisation, access to the RNIS, satellites), data transmission applications (automatic system for monitoring motorways, etc.) or RTD infrastructures (e.g. a large-scale programme to create science parks). Agricultural research in several regions is also involved; an example is weather forecasting for agricultural purposes in Sicily. In the industrial conversion areas of central and northern Italy, measures to disseminate and apply technology are planned. In Piedmont, it is planned to develop 1 000 firms and create 650 jobs through science parks, aid for innovative investment in small industries and training.

IRELAND

Objective 1. The Irish economy continues to grow faster than the Community average, and this is partly due to assistance from the Structural Funds. With the adoption in July 1996 of the Technical Assistance operational programme, all programmes are now being implemented. Some were amended to reprogramme expenditure. For example, the 'Food Industry' sub-programme in the Industry OP was amended to take account of delays in its early years. Expenditure under the Local Development OP, which includes measures for village renewal, is in line with forecasts and, apart from two minor measures, the Agriculture and Rural Development OP approved in 1994 is now in operation.

In general, the CSF has made substantial progress. ERDF commitments in 1996 amounted to ECU 1 008 million of the ECU 1 011 million originally planned. ESF commitments totalled ECU 320.2 million of the ECU 322.9 million planned. A special CSF information unit was also set up.

Community Initiatives. The Urban programme for two areas in Dublin and one in Cork was approved in July 1996, with ECU 15.8 million shared equally by the ERDF and the ESF. Allocation of the reserve provided an extra ECU 41.7 million for Ireland, most of which will go to Leader and Employment although Adapt, Urban, Interreg and Pesca will receive small amounts. The work of the Peace programme in the northern border counties has speeded up.

ITALY

Objective 1. 1996 saw improvements in the monitoring instruments and adoption of a methodology for the reprogramming of the CSF in line with the agreement reached between the Commission and the Italian administration in July 1995.

However, by the end of 1996 the position of the CSF was still critical with commitments at only 41% of the amount available, partly as a result of programme approval taking longer than expected. Now that most of the assistance has been approved, this backlog

should be made up during the second part of the period. Five new operations were adopted in 1996: two regional global grants (Crotone and Manfredonia) and three multi-regional programmes (two financed by the ERDF and one by the EAGGF) for transport infrastructure, energy and services for the commercial exploitation of southern agricultural products. Following adoption of the laws on national part-financing, work of information, organisation and project selection began under the programmes already being implemented, particularly those financed by the EAGGF. The Commission adopted 18 amending decisions. Five of these were for the Abruzzi, a region eligible under Objective 1 only from 1994 to 1996, which applied for a two-year extension of national commitments and payments.

Objective 2. Appropriations uncommitted at the end of 1996 totalled 25% of the amount planned for the 1994-96 phase. The capacity to absorb appropriations varies from one region to another with only Emilia-Romagna able to do so virtually completely. Transfers in the other regions ranged from 9% (Lazio) to 51% (Umbria) of the amount allocated. The areas eligible for 1997-99 are virtually unchanged, with the exception of Ferrara in Emilia-Romagna, where three municipalities were added. Available resources, including transfers from 1994-96, total ECU 967.5 million.

Objectives 3 and 4. Since the rates of financial implementation of the regional and multiregional operational programmes under Objective 3 were too low, in 1996 the Italian Government decided to undertake a substantial mid-term reprogramming. A new multiregional OP, to be adopted in 1997, will receive ECU 27.1 million from the ESF under the confidence pact for employment. Its funding will be innovative in that it will come from resources for current OPs not committed by the end of 1997, 1998 and 1999. Financial implementation of the Objective 4 appropriations for 1996 is also low as a result of delays in making available national counterpart funds and because of the lack of a system of on-going training for workers which is holding back the SPD as far as anticipatory training measures are concerned. There are more operations relating to training, guidance and advice and absorption of funds is better.

Objectives 5(a) and 5(b). Under the SPD for Agriculture, 25 programmes for improving the processing and marketing of agricultural products in 11 regions were approved in 1996. Implementation of the Fisheries SPD concentrated on final cessation of fishing activity followed by modernisation of the fleet. There are some delays in the absorption of funds by the beneficiaries. In the case of Objective 4, a genuine start to programmes in mid-1996 speeded up commitments considerably.

Community Initiatives. The Commission approved 14 new programmes in 1996: seven new Leader programmes, a single SMEs programme for all the areas eligible, a multi-regional Resider programme, a Konver programme and an Urban programme covering a number of municipalities. There are also five new Interreg programmes: three with France (Sardinia-Corsica, Corsica-Tuscany and Alpes), one with Switzerland and one with Albania. Allocation of the reserve provided Italy with a further ECU 199 million which will go mainly to the Employment, Leader, Interreg II C, Adapt, Urban and Konver Initiatives.

LUXEMBOURG

Objective 2. The financing plan for the SPD was amended by transfers between measures and by reducing the Community contribution to ECU 5.3 million because of the lack of commitments. A total of ECU 1.8 million (25% of the original assistance) was transferred to 1997-99.

Objectives 3 and 4. During 1996 the priority groups targeted under the Objective 3 OPs were poorly qualified workers. Almost 1 400 people benefited from training measures under the Objective 4 SPD.

Objective 5(a) and 5(b). Under Objective 5(a), Luxembourg decided to transfer some of the appropriations originally allocated to the improvement of agricultural structures to aid for the processing and marketing of agricultural products. Since 1994 Luxembourg has spent two thirds of the Community aid planned for 1994-99 on investments concentrated on the wine-growing sector, the only one in the programme. The worrying delay in implementing the Objective 5(b) programme led the Commission to make representations on a number of occasions.

Community Initiatives. Two new programmes were approved in 1996, an SMEs programme and an Interreg II programme with Belgium and France. Further funding for the Resider and Leader Initiatives was provided from the allocation to Luxembourg of ECU 1.23 million from the reserve.

Luxembourg

Measures to promote technological innovation have been introduced to convert traditional engineering industries into an electrical sector. The economy of rural areas has been boosted by reducing the distance between home and place of work through new technologies and by support for RTD in small firms and the establishment of branch offices of administrative bodies.

The Netherlands

In Flevoland, the KIM project is helping firms recruit graduates and highly qualified staff to introduce new technologies into areas such as water engineering and the management of water resources, industrial hydrodynamics, the balanced development of coastal areas, fire prevention, etc. In the Arnhem-Nijmegen area, aid for industrial conversion includes the development of business niches directed, for example, to cooperation within the industry producing silver-plated products, the promotion of innovation and quality in medical technology, etc. In the rural areas of Overijssel, the development of data transmission services and research projects goes hand-in-hand with the development of new agricultural products and the general exploitation of natural resources.

Austria

In Burgenland, a region whose development is lagging behind, support for RTD from a variety of sources is designed to give fresh boost to commerce, industry and tourism and raise living standards. Projects include the construction of technology centres and higher technical colleges. To check the industrial decline of Lower Austria, industries are receiving support to raise the level of their technology to the national average and it is intended to set up large-scale research centres while ensuring that technology is transferred to small firms. In addition, some 300 innovative agricultural projects in that region will receive Community support.

NETHERLANDS

Objective 1. The Objective 1 area in the Netherlands, Flevoland, is also participating in implementation of the territorial pacts for employment. The region has prepared an action plan entitled "Action for employment" which follows the lines of the Objective 1 SPD by stressing better coordination among all the regional partners and seeking consistency among existing projects rather than launching new ones.

The measures progressing satisfactorily concern support for firms (particularly small firms) and transport infrastructure (the main project being conversion of the N-27 into a motorway). The Fisheries, Commercial Infrastructure and Research and Development priorities are progressing less swiftly although in the latter case the regional technological plan has led to an upsurge in the number of projects. Financial implementation of measures funded by the EAGGF under the Agriculture and Rural Development priority is well behind schedule.

Objective 2. A large proportion (27%) of the appropriations originally programmed had not been committed and so was transferred to 1997-99. Each programme developed in its own way, sometimes, as in the case of South Limburg, with financial transfers between measures. The programmes for 1997-99 follow the lines set down in the previous period although with some changes of priority, as in the case of the Arnhem-Nijmegen programme, which in future will stress business investment and information technologies.

Objectives 3 and 4. Expenditure under Objective 3 tended to concentrate more on pathways of integration into work rather than counselling. The ESF is also seeking to bring supply of and demand for apprenticeships into balance in each region and sector. The Objective 4 SPD reached cruising speed in 1996. Most of the projects selected involve clusters of firms in the same sector of the economy. The bulk of finance goes to the training priority.

Objectives 5(a) and 5(b). The substantial fall in the number of holdings receiving help for the modernisation of structures of production may be ascribed to the "wait-and-see" attitude to agricultural incomes adopted by farmers in the Netherlands. Implementation of the Fisheries programme began with measures for the permanent laying-up of vessels. The SPDs under Objective 5(b) are progressing normally except in Groningen-Drenthe where there is some delay in implementing projects.

Community Initiatives. The Commission adopted the multi-regional programme under the Konver Initiative in 1996. The Resider programme for IJmond was extended to 1999 and received an extra ECU 5 million from the reserve; most of the other programmes too will receive extra funds from the ECU 184.5 million allocated to the Netherlands from the reserve.

AUSTRIA

Objective 1. Following a difficult start-up period, considerable progress was made during 1996 in implementation of the Burgenland SPD, which is now in line with forecasts. This was particularly true of measures providing direct assistance to productive investment in industry and those concerning upgrading of tourist potential and business infrastructure (industrial estates, science parks, etc.). Rural development measures are also making progress, with particular stress on the creation of alternative employment.

Objective 2. Implementation of the four SPDs progressed satisfactorily in 1996. The absorption of funds by measures for productive investment was generally very satisfactory. Some more innovative measures are lagging behind and require greater publicity.

Objectives 3 and 4. By mid-1996, over 28 000 people had already benefited from measures under the Objective 3 SPD, some 26 700 from projects to raise skill levels and recruitment aid and the remainder through using advisory and follow-up services. By the end of October 1996, over 28 800 people, including poorly skilled workers, managers and the partially or seasonally unemployed, had benefited from training under Objective 4. These figures are well ahead of estimates.

Objectives 5(a) and 5(b). Most aid for structures of agricultural production is aimed directly at less-favoured areas; a request for adjustments in classification has been made. By the end of 1996, 44% of planned investment in improving structures for the processing and marketing of products had already been committed. 1996 was the first year of implementation of programmes under Objective 5(b) and proved satisfactory.

Community Initiatives. In 1996 13 new programmes and two Interreg programmes were adopted for Austria. Eight of these programmes were under the Leader Initiative, three were for industrial conversion (Retex, Rechar, Resider), one, under Urban, concerned the restoration of part of Graz and the last was for small firms. The allocation of the reserve provided an extra ECU 18 million for Initiatives adopted for Austria; one third will go to Interreg and the rest to Urban, Leader, Employment and Adapt.

PORTUGAL

Objective 1. Progress in implementing the CSF in 1996 was generally satisfactory with an overall rate of about 82%. The regional programmes made good progress and had a considerable impact on regional development (particularly in terms of basic infrastructure relating to living conditions). Most of the sectoral programmes were also problem-free and some sectors, such as telecommunications and transport, exceeded the planned rate of implementation. Implementation of the vocational training and employment programme, which accounts for 40% of ESF assistance under the CSF, also continues to be very satisfactory at almost 100%.¹

Some programmes were amended or reprogrammed. The most important change concerned the Modernisation of the Economic Fabric operational programme which received an extra ECU 101 million from the Community. Of this amount, ECU 61 million from the ERDF and ECU 11 million from the ESF were allocated to the Autoeuropa major project.

Community Initiatives. Allocations from the reserve fund provided Portugal with a further ECU 52.4 million, which will go mainly to extending to 1999 the four industrial conversion Initiatives (Retex, Konver, Resider and Rechar) and to the new Interreg II C. Since most of the programmes were approved in 1995, 1996 was the first year of full implementation. Overall, the rates of financial implementation may be considered good. Under the Interreg Regen programme, the national gas trunk pipeline was completed at the end of 1996 and the first inter-connection with the Spanish gas network made.

FINLAND

Objective 6. Implementation of the programme continued at a fairly rapid rate. By the end of the year about 30% of assistance had been allocated to the various projects. The many categories receiving finance include small-business start-ups and investment in the expansion of activities, cooperation between firms (mainly on the transfer of technology), training, projects concerned with the information society and the development of tourism. Agricultural investment and the development of tourism were delayed somewhat by a review of the conformity of national aid schemes. Implementation with regard to fisheries was more satisfactory. In general, while commitments to projects were quite swift, payments to beneficiaries were much too slow.

Portugal

A programme to reduce the dependence of Portuguese industry on low-technology work seeks to promote the development of scientific and technological infrastructure and encourage its use by firms by helping them participate in research work based on new products and processes. It makes grants so that they can acquire and develop new technologies. The programmes for agriculture and fisheries stress the importance of research (particularly in Madeira). The education programme is concentrating on scientific and technological training in secondary and higher education. This involves a substantial effort since 600 000 people are expected to benefit.

Finland

The information society is being encouraged everywhere in order to make Finland competitive in this field at world level. In the very thinly populated Arctic regions, programmes will encourage cooperation between research centres, local development agencies, schools and firms and help restructure working time and workplaces. Industrial development and clean technologies go hand in hand in the conversion areas, as at Uusimaa where a technological know-how centre will be established. The programmes for rural areas include experimental projects for the establishment of networks, the establishment of teleworking centres and the acquisition of modems or software. In Joensuu, the Urban programme combines fighting social exclusion with new technologies and will help develop the Palveluelli chain of data transmission services.

Sweden

In the very thinly populated areas of northern Sweden, 16.2% of Community appropriations are earmarked for the information society to develop communications systems, encourage the use of new technologies, particularly in small firms, establish regional data bases, draw up applications for basic and secondary education, improve local public services, promote the cultural heritage, particularly the Sami culture and language, and combine new technologies with the traditional herding of reindeer. Industrial conversion programmes are paying great attention to the environment; in Fyrstad, for example, the use of environmental technologies is a criteria for project selection.

Objective 2. Implementation of the Objective 2 SPD proceeded quite rapidly. By the end of 1996 76% of Community appropriations for the first two years had been committed. It also seemed that checks on results were not reliable, particularly with regard to jobs created and the target of 10 000 new jobs for the first period did not appear to have been hit. The amount not committed during the period was transferred to the 1997-99 programme, which was simplified by reducing the number of measures from 15 to nine.

Objectives 3 and 4. 1996 was the first year of full activity for the Objective 3 SPD. All three priorities made good overall progress. Pathways for the integration into work of the socially excluded, training of the unemployed in small firms and innovative workshops exceeded the quantified objectives in the programme by far. The Objective 4 SPD generated great interest in Finland and a large number of small firms took part in projects, particularly in the southern industrial areas. By the end of 1996, 40% of funding for the ESF had been committed at project level.

Objectives 5(a) and 5(b). Aid for improving the efficiency of the structures of agricultural production was extended to the whole of Finland with the adoption in 1996 of provisions for the Åland Islands. Most of the amount allocated will be used directly for the less-favoured areas. Aid for the processing and marketing of products will concentrate on the meat, milk and milk products sectors. Implementation of the Fisheries programme was satisfactory apart from the aquaculture scheme. The rate of implementation for Objective 5(b) was quite low, partly because of delays in adopting national aid schemes, particularly those for agriculture.

Community Initiatives. Five new programmes were adopted for Finland along with seven Interreg programmes. They comprised an Urban programme (Joensuu), an SMEs programme, two Leader programmes (areas under Objectives 6 and 5(b)) and a Pesca programme. Two Interreg programmes concerned cooperation with Sweden, another with Sweden and Norway north of the Arctic Circle, three with Russia and one with Estonia. The decision on allocations from the reserve provided an extra ECU 18.9 million for Finland.

SWEDEN

Objective 6. The rate of implementation of the Objective 6 SPD adopted in November 1995 proved disappointing. Following publication in mid-1996 of guidelines for the work of the bodies responsible for project selection, the situation improved so that projects approved by the end of the year accounted for about 80% of total finance for 1995-96. The level of payments to final beneficiaries was, however, too low (6.5% for the 1995 and 1996 instalments). Measures for local development, R&D and information technologies made the best progress while measures to support business lagged behind.

Objective 2. The five Objective 2 SPDs approved at the end of 1995 concerned mainly measures to improve the general business climate, support local SMEs and develop tourism. By the end of the year, the amount for projects approved at national level accounted for 20% of the appropriations from the Structural Funds available for the programming period. The rate of project approval improved in the second half of the year but payments to beneficiaries are still too low (only just over 5%).

Objectives 3 and 4. The introduction of structures and procedures for implementation of the Objective 3 SPD somewhat delayed the launch of the programme on the ground. Between July 1995 and the end of 1996, 643 projects were financed and almost 34 000 people benefited from ESF finance. The Objective 4 SPD was not adopted until February 1996 and concentrates on workers in small firms. This Objective was received with great interest in Sweden; 3 066 projects were selected and the participants number 63 620. However, there is a danger of this enthusiasm being undermined by delays in financial implementation.

Objectives 5(a) and 5(b). The first measure to improve the efficiency of the structures of agricultural production concerns compensatory allowances which affected 23 000 people in 1996. The same is true of the SPD on aid for processing and marketing which was primarily aimed at the meat, milk and milk products sectors (61% of appropriations). The adoption in May 1996 of five Objective 5(b) SPDs suggested a new approach to rural

development, mainly through long-term strategies and areas straddling the traditional county boundaries.

Community Initiatives. Fourteen programmes were adopted in 1996, eight of them Interreg programmes associating in various combinations Denmark, Finland, Norway and Russia. There is also one programme each under Urban (Malmö), SMEs, Konver and Pesca and two under Leader. Allocations from the reserve provided an extra ECU 18.8 million for Sweden, of which half will go to Interreg.

UNITED KINGDOM

Objective 1. On Merseyside the programme made substantial progress in practical terms although high levels of expenditure have not yet been achieved for many of the projects approved. A venture-capital fund, the Merseyside Special Investment Fund, was set up. Implementation of the SPD for the Highlands and Islands speeded up. New rules on project monitoring were adopted so that support from the Structural Funds could be withdrawn from projects which did not generate the expenditure required to trigger contributions from the ERDF. Economic activity in Northern Ireland continued to expand despite the political troubles. The continuing process of consultation and partnership established under the Peace Initiative reflected the Community contribution to social cohesion in the province. Expenditure under the SPD on economic development, the improvement of the environment and tourism was on target. Financial implementation varied from one SPD to another. For example, ERDF payments at the end of the year as a proportion of the total allocation for the programming period stood at 23% (Merseyside), 22% (Highlands and Islands) and 40% (Northern Ireland).

Objective 2. All regions except Gibraltar had to transfer unused appropriations to the 1997-99 programming period. These transfers amounted to 7% of the initial allocation for Objective 2 to the United Kingdom as a whole

and ranged from less than 1% for Greater Manchester-Lancashire to 37% for Thanet. Over the period 1997-99, there will be ECU 2.5 billion available from the Structural Funds and the eligible areas are unchanged. Implementation of the programmes will have to take account of the challenge posed by the reorganisation of local government in the United Kingdom.

Objective 3. During 1996 8 000 projects were financed under the 1994-96 SPD and 90% of finance went to training measures. Implementation continued to be somewhat delayed because certain sectors found it difficult to comply with the financial provisions for each measure in the programme. The new programme for 1997-99 was adopted in December.

Objectives 5(a) and 5(b). The measures applied vigorously for the improvement of the structures of agricultural production are compensatory allowances. The authorities in England have problems in providing public finance for assisting the processing and marketing of products and have been authorised to limit the scheme to applications submitted before the end of March 1996 while in Scotland and Wales it will continue until the end of 1999. The original Community contribution of ECU 227 million was cut sharply to ECU 51.2 million. Progress in fisheries remains slow but applications for certain schemes suggest a faster pace in 1997. The laying-up scheme introduced in 1993 applied to 578 vessels. Local Implementation Plans should help simplify administrative problems under Objective 5. Financial implementation is fairly slow, which, in the case of commitments, reflects the low level of application for funds.

Community Initiatives. During 1996, ten new programmes were adopted, nine for Urban, mainly in three urban areas of Merseyside, and a Resider programme for England. Substantial work on development and the exchange of experience was required to make the Wales-Ireland Interreg programme operational and implementation of the Gibraltar-Morocco programme was held up by administrative difficulties. The United Kingdom received ECU 188.8 million from the reserve, most of which was allocated to Employment, Konver, Urban and Adapt.

The United Kingdom

On Merseyside high priority is being given to advanced technologies: the establishment of new "high-tech" firms, the promotion of clean technologies, training in new techniques of environmental management, etc. In the outlying Highlands and Islands region, information and communications technologies have a key role; the measure includes improved access to these technologies for firms and groups. Among the many industrial conversion programmes, Konver is assisting the application of advanced military technologies to civilian use by improving links between research centres and small firms and between suppliers and manufacturers, and by establishing networks of small firms. In many regions the Adapt programme is assisting staff in research centres to solve specific technical problems for companies, while the Employment-Horizon programme supports the use of information and communications technologies and inter-active video in the training of the handicapped as well as the training of teachers in this field.

The Annual Report

The 1996 Annual Report on the Structural Funds was adopted by the Commission on the 30th of October 1997 and sent to the European Parliament.

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European Commission
Directorate-General for Regional Policy and Cohesion CX-08-97-444-EN-C

Editor: J.-P. Berg, EC DG XVI/F.2. This publication does not necessarily express the official views of the Commission.
For further information, please contact: Mr L. Nigri. Fax: +32 2 296 60 03. Address of DG XVI on the Internet: <http://www.inforegio.org>
This Fact Sheet is published in the eleven official languages of the European Union.
Printed on recycled paper.