



# inforegio

## Activities of the Structural Funds in 1998

As the last-but-one year in the 1994-99 programming period, 1998 chiefly saw the implementation of programmes picking up speed. Few new programmes were adopted but many were amended, mainly to allocate money from indexation or reallocate funds.

In terms of overall execution, as in 1997 the delays at the beginning of the period were made up. Implementation of both the national programmes and the Community Initiatives accelerated.

1998 also saw concrete preparations for the reform of the Structural Funds ahead of the 2000-06 programming period. In March the Commission adopted proposals for new Regulations, which were then debated by the European institutions and the Member States, to be finally adopted by the Council on 21 June 1999.

As part of the overall agreement on the future budget of the Union, the Heads of State and Government decided at the European Council in Berlin to allocate EUR 195 billion to the Structural Funds for 2000-06.

This information brochure contains:

- an overview of the major events in 1998;
- information on the new programmes adopted;
- an evaluation of the budget implementation of the Structural Funds;
- a summary of the progress of programmes;
- a section on local development operations;
- the key activities of the Funds in each Member State.

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Belgium	8	France	11	Austria	13
Denmark	8	Ireland	11	Portugal	14
Germany	9	Italy	12	Finland	14
Greece	9	Luxembourg	12	Sweden	15
Spain	10	Netherlands	13	United Kingdom	16

# Overview of the year

## The Structural Funds

The four Structural Funds of the European Union are:

- the European Regional Development Fund (ERDF): assistance to less-favoured regions (infrastructure, productive investment, assistance for small firms, local development, etc.);
- the European Social Fund (ESF): promoting employment (vocational training, employment placement, etc.);
- the European Agricultural Guidance and Guarantee Fund (EAGGF), Guidance Section: adjusting agricultural structures and rural development;
- the Financial Instrument for Fisheries Guidance (FIFG): adjusting structures in the fisheries sector.

## The priority Objectives: 1994-99

- Objective 1: structural adjustment of regions whose development is lagging behind.
- Objective 2: economic conversion of areas seriously affected by industrial decline.
- Objective 3: combating long-term unemployment, facilitating the integration into working life of young people and persons exposed to exclusion from the labour market.
- Objective 4: facilitating the adaptation of workers to industrial changes and to changes in production systems.
- Objective 5(a): adjusting agricultural and fisheries structures.
- Objective 5(b): economic diversification of vulnerable 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 restricted to specific geographical areas, while Objectives 3, 4 and 5(a) cover the whole of the Union.

## March

- The Commission adopted proposals for Regulations on the Structural Funds for the period 2000-06. These adhere to the approach proposed in Agenda 2000 in July 1997.
- The Commission adopted a communication on the links between regional policy and competition policy. In truth, these two policies are not yet entirely complementary (as can be seen, in particular, in inconsistencies in their respective geographical coverage).
- The Commission published its first report on action taken in response to the communication "Incorporating equal opportunities for women and men into all Community policies and activities", which gives an account of the progress achieved in 1996 and 1997, particularly in employment, social policy and the Structural Funds.

## May

- The Commission adopted a communication on the links between regional policy, research, technological development and innovation. This document seeks to identify the types of measures in the field of RTD and innovation which could help stimulate economic growth in the less-favoured regions.

## June

- The national action plans for employment, by which each Member State transposed the guidelines set out in the European Strategy for Employment (launched in November 1997), were presented at the Cardiff European Council. The Structural Funds will gradually incorporate these plans into their assistance, so as to create an overall reference framework for human resource measures.
- At the Cardiff European Council, the Heads of State and Government asked the Commission to find the resources needed to strengthen the Peace Initiative in Northern Ireland.
- At an informal meeting in Glasgow, the ministers responsible for regional planning confirmed their commitment to present the final version of the European Spatial Development Perspective (ESDP) at the informal meeting to be held in May 1999, and agreed that it should reflect:
  - all the national consultations currently under way, as well as the views of the European institutions,
  - the results of the seminars organised by the Commission on regional development planning in Europe,
  - the early conclusions drawn from the set of studies recently launched by the Commission on trends and issues in regional development planning,
  - the new considerations arising from the territorial impact of the future enlargement of the Union.



## September

- The Economic and Social Committee delivered an opinion on all the proposed Regulations on the Structural Funds, the Cohesion Fund and the Pre-accession Structural Instrument (ISPA). The Committee of the Regions gave its opinion on the proposals for the general rules governing the Structural Funds.

## October

- The Commission adopted its communication "Sustainable urban development in the European Union: a framework for action". This framework focuses on four major challenges: developing the role of towns and cities in the European Union in improving economic competitiveness and employment; combating social exclusion in urban areas; implementing environmentally sound urban development, and encouraging innovative and flexible decision-making processes.

## November

- An Urban Forum was held in Vienna (Austria) devoted to the development of urban policies in Europe and the challenges facing the towns and cities of the European Union. The Forum was intended to serve as a catalyst for the development of urban policies in Europe.
- Parliament delivered its opinions on the proposed Regulations containing the general rules on the Structural Funds, the ERDF, the ESF and the Cohesion Fund. The Committee of the Regions adopted its opinions on those same proposals (except for its opinion on the general rules, which it had already adopted), and on the proposals for the Pre-accession Structural Instrument (ISPA).

## December

- The European Council in Vienna held a general discussion on Agenda 2000, although it reached no conclusions about the Structural Funds.
- At the same meeting, the European Council increased the priority given to employment in Europe by adopting an ambitious programme for 1999. Specifically, it stressed the need to develop indicators to measure implementation of national action plans for employment so that the joint report on employment in 1999 could include an initial evaluation of their impact.
- The Commission adopted a proposal to reallocate funds among the Community Initiatives. The Peace Initiative was allotted an additional EUR 100 million found from other Community Initiatives.

### The other financial instruments promoting economic and social cohesion

Alongside the Structural Funds, the Cohesion Fund (EUR 16 billion for 1993-99) is helping Greece, Ireland, Spain and Portugal to prepare for economic and monetary union by supporting projects relating to the environment and trans-European transport networks.

In addition, the European Investment Bank (EIB) can grant loans for all development measures. These loans can be used to finance infrastructure projects or interest-rate reductions on new or current loans. In 1998, EUR 16 billion (more than two thirds of EIB loans) were invested in projects located in the areas eligible under Objectives 1, 2, 5(b) and 6 of the Structural Funds.

# Programming

## Structural assistance

The development priorities are implemented on the ground through programmes proposed by the competent authorities of the Member States, which is why they are called national initiative programmes. These programmes are either adopted by the Commission after prior agreement on a Community Support Framework (CSF), or included from the outset in a single programming document (SPD) covered by a single Commission Decision. Such programmes account for approximately 90% of total assistance from the Structural Funds (1994-99).

The Community also part-finances other programmes covering themes proposed by the European Commission. These are the Community Initiative programmes, which account for approximately 9% of total assistance from the Funds (1994-99).

Lastly, the Commission can launch innovative measures and pilot projects accounting for up to 1% of the total budget of the Structural Funds over the entire 1994-99 programming period.

## Budget execution in 1998

The faster implementation of assistance noted during 1997 continued in 1998. The process of making up for the delays in the early years of the programming period gathered pace.

During the year, all available resources for 1998 were committed and all payment appropriations were paid out for all the Objectives, reflecting the acceleration of implementation on the ground. The only minor exception was Objective 5(a)/fisheries (FIGG assistance), which did not commit all available assistance for the year (although at 97%, this was much better than in 1997, when only 36% of the total was committed) and so the rate of payments dropped.

1998 was a major turning point for the Community Initiatives in terms of financial execution. Compared with 1997, the improvement was particularly marked in the case of commitments, which went from 61% in 1997 to 93% in 1998, with a slight improvement in payments (from 90% in 1997 to 93% in 1998).

## New programmes in 1998

In all, 25 new forms of assistance were adopted in 1998 under the various Objectives. Mostly they concerned Objective 1 and the majority were located in Italy. A major event was the adoption of the Objective 4 SPD for the United Kingdom, which is one of the main beneficiaries under this Objective.

29 new Community Initiative programmes were also adopted, the majority under the SMEs initiative, the most significant in financial terms being the Interreg II C programme to combat drought in Spain. Total Community assistance under the new Community Initiative programmes in 1998 amounted to EUR 264.1 million.

It was also decided in 1998 to reallocate funds among the different Initiatives, which resulted in the allocation of an additional EUR 100 million to the Peace programme (Northern Ireland) and a corresponding reduction in assistance for some other Initiatives.

## Outstanding appropriations at 31 December 1998 (EUR million)

	Total	ERDF	ESF	EAGGF	FIGG
Objective 1	19 262.04	12 330.80	3 932.97	2 687.81	310.47
Objective 2	3 700.27	3 100.47	599.80	-	-
Objective 3	2 621.37	-	2 621.37	-	-
Objective 4	540.21	-	540.21	-	-
Objective 5(a)	1 131.56	-	-	1 017.39	114.17
Objective 5(b)	1 136.22	495.75	168.93	471.54	-
Objective 6	171.23	76.59	32.76	61.27	0.62
<b>Total</b>	<b>28 562.91</b>	<b>16 003.61</b>	<b>7 896.04</b>	<b>4 238.00</b>	<b>425.26</b>
Community Initiatives	4 194.64				
Transitional measures	600.08				
Anti-fraud measures	0.56				
Implementation	2.63				
<b>Total</b>	<b>33 360.83</b>				



## Summary of the progress of programmes since 1994

Altogether 1 104 programmes have been adopted since 1994 to implement assistance from the Funds in the Member States (605 under the different Objectives and 499 under the Community Initiatives).

80% of the total assistance available over the period for national programmes has been committed and 61% paid, which is largely in line with the financial perspective for 1994-99. Objective 1 (regions whose development is lagging behind) and Objective 3 (combating unemployment and exclusion) had the highest implementation rates (in the case of Objective 3, particularly the measures for young people and the long-term unemployed). The Member States with the best implementation rates were the least prosperous countries of the Union and hence the main recipients of assistance from the Funds, i.e. Greece, Ireland, Spain and Portugal.

The delays experienced in launching and implementing the Community Initiatives between 1994 and 1997 continued to weigh heavily on the overall execution rate, despite the positive results in 1998.

Implementation of the Community Initiatives was much better in 1998 than in 1997: by the end of the year, commitments for the period totalled 72% and payments 45%. The delays in implementation were often due to the late approval of programmes or to very specific and innovative measures to be implemented under certain Initiatives, such as partnership at local level and transnational cooperation among firms. The progress report on the Community Initiatives drawn up by the Commission concluded that by the end of 1999 most of the programmes would have actually committed the bulk of the available resources.

## Allocation of funds

The overall financial allocation of the Structural Funds for the 1994-99 programming period (EUR 160 billion at 1997 prices) was distributed among the different Objectives, Member States, regions and programmes.

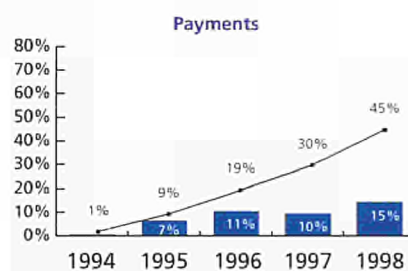
## Commitments

The appropriations available under the Structural Funds for 1994-99 were committed as and when the programmes were adopted and implemented. Each programme included a financing plan providing for the commitment of funds in instalments: the first when the programme was adopted, the rest in annual instalments thereafter. For programmes running less than two years or amounting to less than EUR 40 million, the entire Community contribution could be committed as soon as the programme was adopted.

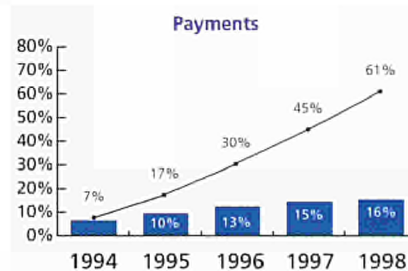
## Payments

Payments were carried out as funds were committed and implementation of the programme progressed. Payments are thus a useful tool for evaluating the real progress of programmes.

### Community Initiatives: financial implementation 1994-98



### CSFs/SPDs: financial implementation 1994-98



Caption: ■ Annual % — Aggregate %

## The European Employment Strategy

Launched at the European Council in Luxembourg in November 1997, the European Employment Strategy began operating in 1998. The 1998 guidelines for employment adopted at the Luxembourg summit provided a starting point for national action plans for employment (NAPs), which the Member States drew up in the first half of 1998. In these plans, each Member State transposed the European guidelines for employment into national policy and announced the measures it would implement, together with their budgets and timetables.

The Commission's analysis of the national plans provided input for the European Council in Cardiff in June 1998. It showed substantial disparities remained between the Member States in terms of employment rates and the ability to reach the targets set in the guidelines adopted in Luxembourg. It also showed however that the guidelines had helped increase the visibility of employment policies in all the Member States.

## Evaluation: maintaining the strategic focus

The mid-term evaluations for Objectives 1, 2 and 6, which began in 1997, were finalised in 1998. These evaluations are particularly important because they seek to gauge the degree to which programme implementation matches up to the original goals and, where appropriate, to propose adjustments in line with the degree of effectiveness achieved. Overall, the funds reallocated as a result varied greatly from one programme to another, though the adjustments did not affect the strategic priorities for Objectives 1 and 6. In the case of Objective 2, evaluation resulted in modifications of the strategic orientation of some programmes and the reorganisation of priorities and measures.

The mid-term evaluation of the ESF was also completed in 1998. The exercise generated 115 reports, containing recommendations on improving monitoring systems, strengthening instruments of the national administrations and better targeting of actions to focus on the long-term unemployed.

Lastly, 1998 saw the finalisation of four thematic evaluations launched in 1997 (SMEs, RTD, environment and equal opportunities within the ESF) and the evaluation of one horizontal topic (partnership).

## The theme of local development

A theme relevant to all four Structural Funds selected for special attention in the 1998 report was local development. Broadly speaking, local development can be defined as a development process based on the use of local resources through integrated action by various local actors. Because the process operates in a relatively small territory such as a part of a town or city, the local people attached to a place can be mobilised by appealing to their shared sense of identity, history and culture.

In contrast to "top-down" designs (decisions taken at the top and imposed on those below), which have long prevailed as a paradigm for development support, the local development approach is "bottom-up": it is based on requirements identified by the many local actors (businesses, cooperatives, public bodies, local politicians and civil servants, etc.). The involvement of local actors is truly at the heart of this approach. Significant examples abound: in Sweden, one project aims to revitalise a village with an industrial past with involvement of the village school, a tourist board and a large company; in Ireland, the urban and rural local development programme is based on the collective effort of no less than 38 local partnerships and 33 associations undertaking a wide range of local activities such as helping people who wish to set up their own businesses, offering services to the unemployed, taking steps to enhance the capacity of these associations to manage and implement measures of their own, and so on.



Of course, all the Structural Funds include local development schemes in several of their programmes and all the forms of assistance. It is estimated that such measures accounted for about 10% of total assistance from the Funds during the 1994-99 programming period. These measures cover a very wide range of actions, such as:

- Developing tourism resources by capitalising on local potential:
  - in Upper Austria, the "Eisenstrasse" railway created by various partners in the tourism sector involves a route lined with 30 different attractions linked with the local ore-smelting tradition;
  - In Mecklenburg-Western Pomerania (Germany), part of the port of Greifswald no longer used for fishing has been converted into a bathing facility for tourists;
  - in Provence-Alpes-Côte-d'Azur (France), small, declining mountain resorts are being revitalised by modernising tourist accommodation and facilities and reviving local craft industries;
  - in the centre of Portugal, a programme to develop historical villages is putting them on the tourist map.
  
- Assistance for founding small businesses as an integral part of the local economic fabric:
  - in Copenhagen (Denmark), the fish market project has transformed that market into the main centre for fish marketing and processing in this part of the country;
  - in the region of Marche (Italy), a plant has been created for storing local fisheries production and processing frozen fishery products, creating 130 jobs directly and over 50 more indirectly;
  - in Groningen-Drenthe (Netherlands), extensions to the Emmen zoo, the country's second largest tourist attraction, should create both direct and indirect jobs linked with tourism.
  
- Targeted training schemes:
  - in Eastern Macedonia (Greece), the territorial employment pact for Drama includes numerous vocational training measures in traditional carpet-making;
  - in Northern Ireland, an ESF-funded project is training people who run very small businesses or single-person handicrafts businesses, which have a high development potential in rural areas;
  - in Liège (Belgium), an association bringing together the university, employers and trade unions is organising training schemes to support companies undergoing restructuring and to help them build up their technical expertise.
  
- Developing local agricultural and fisheries resources:
  - in Luxembourg, the creation of a national park has led to the set-up of regional markets for agricultural products and regional cuisine, a living rural museum, etc.;
  - in South Ostrobothnia (Finland), a development agency has been concentrating its activity on promoting local farm produce.

### The territorial employment pacts

The bulk of the action plans for the 89 Territorial Pacts for Employment were finalised and endorsed by the Commission in 1998.

The plans were prepared using Community technical assistance totalling EUR 200 000 per pact and seek to develop integrated measures affecting both the supply of and demand for employment through a broad local partnership. The pacts are financed from the financial latitude within the Structural Funds and funds deriving from application of the deflator mechanism. This redirection of the Funds resulted in the creation of two multi-fund operational programmes (Spain and Italy). More than half the available financial resources have been committed to measures to develop human resources and local potential.

# Implementation of the programmes in the Member States

## Changes to the new programmes

### Belgium

**Objective 1.** The financial instalments for agriculture were rescheduled and additional funds from indexation were allocated (largely to conversion and economic development measures and to technological innovation and the development of tourist sites).

**Objective 5(b).** The SPDs for both regions were amended. The funding for measures to improve the efficiency of agricultural structures were reallocated between the federal and regional levels to take account of the regionalisation of aid mechanisms.

**Community Initiatives.** The Interreg II C programme for the North Western Metropolitan Area was adopted and an Urban II programme for Mons-La Louvière was approved (EUR 7 million). Assistance was increased to Rechar II in Limburg (EUR 1 million), Urban II in Antwerp (EUR 770 000) and Retex for Flanders (EUR 1 million). Also in Flanders, EUR 2.1 million was transferred from Adapt to Employment.

### Denmark

**Objective 5(b).** Financial transfers placed greater focus on the agricultural conversion programme, aid for investments in small businesses, vocational training and continuous training linked to the development of small businesses, and tourist infrastructure.

**Community Initiatives.** Ten projects were adopted under Adapt and four under Employment. An additional EUR 3.25 million of national resources were made available to the FIGF for Pesca.

## Belgium

**Objective 1.** Following improved implementation in 1998, some of the delay experienced in previous years was made up. The aid measures for companies and RTD promotion measures were extremely successful, so that more jobs were created than initially forecast (8 000 instead of 5 000). New projects to redevelop industrial sites helped make the region more attractive. In the human resources field, some 22 000 individuals benefited from training schemes financed by the ESF in 1998. In the agricultural sector, unusual projects continued to be financed in the region (processing of flax, applied research into potatoes, and so on).

**Objective 2.** In the Meuse-Vesdre area, the aid to productive investment and tourism development was increased. The Commission approved an extension to 2000 of the period eligible for payments relating to programmes in the 1994-96 SPDs for Limburg and Turnhout because it had proved impossible to apply for payments for a number of ERDF projects by the original deadline.

Turning to the ESF, the measures initiated under the SPD for Limburg and Turnhout concentrated on in-house training of employees, while in the Meuse-Vesdre area the priority was to upgrade skills in the labour force. In Aubange, most of the ESF assistance was employed, mainly for human resources in local small businesses and promoting technological innovation.

**Objectives 3 and 4.** In all, some 48 000 people benefited from measures under Objective 3 in 1998. Most measures targeted the least-favoured groups (young people with no qualifications, the elderly and long-term unemployed). Under Objective 4, around 18 000 employees of small businesses benefited from training. The Flemish Community programme, which suffered considerable delay, picked up somewhat during the year.

**Objective 5(a).** Aid for the processing and marketing of agricultural products focused on the same sectors as in the previous year: potatoes, fruit and vegetables, meat and forestry products in Wallonia, and meat, eggs and poultry and fruit and vegetables in Flanders. Investments under the fisheries strand of the Objective also continued to focus above all on the processing and marketing of fishery products.

**Objective 5(b).** In Wallonia considerable progress was made in implementing the programme and previous delays were made up. However, the progress of the two Flemish programmes (Meetjesland and Westhoek) remained very slow.

**Community Initiatives.** Overall, the Community Initiatives for industrial conversion made satisfactory progress, while implementation of innovative Initiatives like SMEs and Urban again came up against delays. As for human resources (Adapt, Employment), the second series of projects selected in 1997 were launched in the course of 1998.

## Denmark

**Objective 2.** The two new programmes adopted in 1997 (Lolland and North Jutland) were launched during 1998 and the first payments were made. By the end of the year it already appeared likely that more jobs would be created than originally forecast (600 in Lolland and 2 100 in North Jutland).

**Objectives 3 and 4.** On the whole, both Objectives made satisfactory progress. For Objective 3, about 82% of financial assistance for the period was committed and measures geared to the weakest groups of the unemployed were bolstered by introducing longer training sessions and schemes to reduce unemployment among women. For Objective 4, the guidelines serving as a basis for implementation were re-examined and special focus placed on five themes: the organisation of work, the approach to consumers, internationalisation, the environment, and greater concentration of measures.



**Objective 5(a).** With regard to assistance to improve the efficiency of agricultural structures, farmers on 30 small islands have received compensatory allowances totalling EUR 250 000 per year since 1998. As regards aid for the processing and marketing of agricultural products, 132 projects had been approved by the end of 1998, mostly in the meat sector. For fisheries, the fields which made most progress in 1998 in terms of commitments were aquaculture and promotional measures.

**Objective 5(b).** The programme made rather slow progress at the beginning of the programming period, but the situation gradually improved. By the end of 1998, 57% of Community assistance had been committed and 49% paid.

**Community Initiatives.** The two Interreg II C cross-border programmes in which Denmark is involved (Baltic Sea and North Sea) got off to a satisfactory start in 1998. The progress of the programmes in hand varied widely, with a high rate of implementation in some programmes, such as Adapt, Employment and Urban, while delays persisted in others, particularly Leader and the SMEs initiative, which saw no payments at all throughout the year.

## Germany

**Objective 1.** By the end of the year, the ERDF had financed some 29 000 projects since 1994, thereby creating 122 000 new jobs and safeguarding 293 000 existing ones. In the field of human resources, in 1998 measures focused above all on combating unemployment amongst women. Likewise, basic training for particularly disadvantaged groups was again allocated a considerable amount of part-financing. Since rural areas have been suffering massive job losses following the transformation of the economy in the new Länder, the safeguarding of existing jobs and creation of new ones was the top priority of the programme.

**Objective 2.** The 1997-1999 programming period retained the same priorities as in the earlier period, but with a different emphasis. The four main priorities were: business development (particularly small firms), RTD, developing economic infrastructure and environmental measures.

**Objectives 3 and 4.** The government announced the launch of a new programme involving EUR 1 023 million directed at 100 000 young unemployed people, to be part-financed by the ESF to the tune of EUR 300 million under Objectives 1 and 3. While the accent had previously been on the long-term unemployed, the recent increase in numbers of young unemployed and the growing number of school-leavers without any qualifications led to a redirection of resources (see margin). 1998 also saw the launch of the ex-post evaluation of the CSF for Objective 3. The five territorial employment pacts (Bavaria, Berlin, Bremen, Hamburg and Lower Saxony) were approved and implementation got under way.

**Objective 5(a).** About 50% of the total financial allocation to improve agricultural structures was used to pay compensatory allowances to farmers. For fisheries, some 63% of payments had been transferred to the final beneficiaries by the end of 1998 and some investments planned for 1999 had already got underway.

**Objective 5(b).** The programmes progressed as forecast, although progress was slightly slower in Saarland and North Rhine-Westphalia. In all, at the end of 1998 both commitment and payment rates were higher than the Community average.

**Community Initiatives.** A number of Interreg programmes and other Community Initiatives were evaluated in the Objective 1 regions (SMEs, Resider, Rechar, Retex, Konver and Urban). Implementation of Employment, Adapt and Leader continued to progress satisfactorily. After a difficult start, the implementation of Pesca speeded up significantly in 1998, and the programme was expected to have been executed in full by the deadline set for it.

## Greece

**Objective 1.** The most significant element of 1998 was the programmes' major quickening of pace, which brought the rate of commitments to 82% and payments to 61% at the end of the year.

The Postal Services Operational Programme, blocked in 1997, was relaunched in 1998, but the Telecommunications OP had to be

## Germany

**Objective 1.** The allocation of the results of indexation increased the assistance available under the CSF by EUR 153.8 million.

**Objective 2.** The deadline for payments for the previous period was extended to 31 December 1999 (except for Bremen, Bavaria and Rhineland-Palatinate).

**Objective 3.** The programme was amended to help young people to follow preparatory training accompanied by a part-time job.

**Objective 4.** Appropriations worth EUR 15 million were reallocated to the Länder which had made most progress.

**Objective 5(a).** An additional EUR 42.7 million was allocated to measures for the processing and marketing of agricultural products.

**Objective 5(b).** The results of indexation were allocated and funds transferred between measures. In Hesse and Bavaria the "village renewal" measure was given a considerable financial boost.

## Greece

**Objective 1.** The assistance rate was increased for certain programmes to reduce the effect of the Greek drachma's devaluation and appropriations were transferred within programmes and between some programmes. Appropriations were transferred from the "Education and Basic Training" and "Social Exclusion" OPs to the "Continuing Training" OP. Appropriations were also transferred within the Education and Basic Training OP from the ESF to the ERDF. An additional EUR 80 million were made available to the Agriculture OP.

**Community Initiatives.** An additional EUR 18.7 million was made available to Leader II.



## Changes to the new programmes

### Spain

**Objective 1.** Three multiregional programmes were adopted (gas infrastructure, technical assistance for evaluation purposes, and innovation and technology), as well as a regional OP (small businesses in Seville). For rural development, appropriations were reallocated between programmes in addition to the extra funding released through indexation. The main beneficiary of this exercise was the food industry and structural agriculture measures OP (an additional allocation of EUR 144 million).

**Objective 2.** Two regional OPs were adopted (Madrid and Basque Country), as well as one multi-regional OP (ESF) with part-financing from the Structural Funds worth EUR 633.2 million.

**Objective 3.** The funding available through indexation was allocated to the most advanced regional programmes: Catalonia, Navarre, Basque Country and La Rioja.

**Objective 5(b).** All the SPDs were amended, with transfers between the Funds for some regions (from the ESF to the ERDF for Aragon, the Balearic Islands and Madrid and from the EAGGF Guidance Section to the ERDF for the Basque Country).

**Community Initiatives.** Programmes were adopted under the following Initiatives: one Urban II programme (EUR 77.3 million) providing assistance to 12 Spanish towns and cities; three Interreg II C programmes: one for Spain/France/Italy/Greece (EUR 14.5 million), one for Spain/Portugal/France (EUR 5.2 million) and one for drought-prevention (EUR 107.7 million). In addition, seven small regional programmes were adopted under the SMEs Initiative, with part-financing totalling EUR 1.7 million.

temporarily put on hold because of the Greek authorities' failure to transpose a number of Community directives.

Most of the other programmes progressed smoothly. The Agriculture OP was practically completed and the reprogramming of fisheries resulted in payment of the full instalment for 1997.

**Community Initiatives.** The 177 projects selected in 1997 under the Employment Initiative started in 1998. 114 projects were also launched under Adapt. Small businesses make up a very significant component of the Adapt projects and this was one of the Initiative's aims. Leader was behind schedule, mainly due to management problems. In the case of Pesca, only 0.6% of total assistance was paid out in 1998, and reprogramming was carried out to resolve the problem.

### Spain

**Objective 1.** By the end of 1998 the most dynamic regions had committed 100% of the appropriations for the period (the Canary Islands, Andalusia and Ceuta and Melilla), and paid out over 75% (Ceuta, Castile-La Mancha, the Canary Islands). Turning to human resources, not only were the recommendations contained in the mid-term evaluation implemented, but a new evaluation was launched covering the period 1996-98, so that account might be taken of its outcome in the next programming period. For fisheries, some 60% of the total amount programmed was paid out to the final beneficiaries.

**Objective 2.** The new programmes (see margin) were already registering commitment rates of between 60% and 67% by the end of the year, and payment rates were in line with the Community average. All the human resources programmes adopted in 1997 started up in 1998.

**Objectives 3 and 4.** Under Objective 3 the breakdown by assistance priority was maintained, with most of the funding targeted at integrating young people into the labour market and combating unemployment. Under the multiregional programmes, new resources were allocated as a priority to the youth integration measures in the INEM (national employment institute) OP. These resources also allowed new measures involving active labour market policies to be funded, as provided for in the European Employment Strategy. Under Objective 4, a review of business training needs resulted in the inclusion of 38 new groups of measures and to deletion of 116 others. This review was expected to result in more appropriate use of resources.

**Objective 5(a).** Implementation of the SPD on aid for the processing and marketing of agricultural products kept up a steady pace in 1998. Some 1 049 projects were approved for the period 1994-98, with more than 85% of investments in the beef, fruit and vegetables, wine and milk sectors. For fisheries, the programme continued to progress satisfactorily (66% of the total amount programmed had been used by the final beneficiaries by the end of 1998).

**Objective 5(b).** The Spanish programmes had a higher implementation rate overall than the Community average (73% of the funding committed and 65% paid by the end of 1998). According to the evaluation study carried out in 1997, more than 33 000 new jobs would be created over the whole period.

**Community Initiatives.** In addition to the various programmes adopted (see margin), 689 human resource projects were selected under the Employment Initiative and 189 under Adapt. In the case of Leader II, 1998 was a very active period: at the end of the year, more than 70% of the total cost of the different programmes had been committed for the final beneficiaries. Pesca, on the other hand, was delayed somewhat.



## France

**Objective 1.** Only 63% of the funding for the 6 SPDs had been committed by the end of 1998, with Martinique and Guadeloupe the farthest behind schedule. Implementation of the agricultural measures nevertheless gathered pace, particularly in those two regions. For fisheries, at the end of the year reallocations of funds were either being studied or had been accepted for Guadeloupe, Guyana, Martinique, Corsica and Reunion.

**Objective 2.** The 19 SPDs for 1994-96 were wound up without all the funds initially allocated having been committed. The situation of the 21 SPDs and OPs for the current period was equally worrying, since by the end of 1998 commitments had reached 57% of total funding and payments barely 10%. The delay was therefore significant.

**Objectives 3 and 4.** Objective 3 was reprogrammed as part of the ESF's reinforced tie-up with the European Employment Strategy (accompanying measures for job-seeking activities were strengthened, the number of posts in integration enterprises was increased, as was the amount of aid for each post). Budgetary implementation of Objective 4 improved in 1997 and this trend continued in 1998. An analysis of the cases submitted in 1998 pointed to a significant increase in the number of schemes to anticipate skills needs.

**Objective 5(a).** Under the schemes to improve the efficiency of agricultural structures, start-up aid for young farmers picked up again in 1998. Over 80% of the total volume committed for the processing and marketing of agricultural products related to investment in the meat, fruit and vegetables, milk and milk products and eggs and poultry sectors. The fisheries programme progressed sufficiently for the 1998 instalment to be committed but wide gaps between the various measures remained. It was decided to reprogramme some measures in response to developments in the Community rules (ban on driftnets).

**Objective 5(b).** The 18 regional programmes made considerable progress in 1998; only two programmes were significantly behind schedule (Pyrenees and Massif Central). The national technical assistance programme, which was adopted late, was also behind schedule. As a whole however, France's completion rate was above the Community average for Objective 5(b). Based on the evaluation reports, various changes were proposed in some regions so that the development objectives sought might be better realised.

**Community Initiatives.** Many of the Initiative programmes suffered significant delays, although these did not affect Konver, Rechar, Resider, Leader II and Employment. As for human resources, an estimated 80 000 people benefited from the Employment Initiative and 108 000 from Adapt, the focus being on innovation, transnational exchanges of experience and the dissemination of best practice.

## Ireland

**Objective 1.** Generally speaking, the programmes all made satisfactory progress, and implementation rates were considerably higher than the Community average. As regards human resources, there was a constant increase in the number of adult education courses for the unemployed, and the target of 1 260 courses was reached. The training courses for the long-term unemployed were attended by 39 000 people. On the agricultural side, almost all of the EAGGF Guidance Section appropriations had been committed by the end of 1998 and the fisheries programme progressed satisfactorily.

**Community Initiatives.** Here too, progress was satisfactory, and the Irish programmes were therefore not affected by the reallocation of appropriations carried out in 1998. At the beginning of the year, 127 projects were launched under the second phase of the Employment Initiative as well as 34 new projects under Adapt. Financial implementation of Leader II speeded up in 1998, although it remained behind schedule. Pesca made good progress, and more than 65% of payments reached final beneficiaries.

## France

**Objective 1.** The programmes for Martinique, Guadeloupe, French Guiana and French Hainault were rescheduled.

**Objective 5(a).** An additional allocation from the EAGGF (EUR 259-278 million) was approved for aid schemes for the processing and marketing of agricultural and forest products.

**Community Initiatives.** Changes were made to a number of programmes (Regis, Leader II, Pesca) to allay problems relating to uptake of appropriations. In the case of Pesca, reprogramming resulted in the creation of three new priorities.

## Ireland

**Objective 1.** Some projects had all their appropriations withdrawn ("Waste to energy"), others had them cut (the LUAS (light-rail system for Dublin) was cut from EUR 150 million to EUR 15 million). For human resources, the number of training schemes offered was increased. The main target groups were young people without qualifications, travelling people and the unemployed. Additional ESF funds were made available for measures relating to adaptation to industrial change.



## Changes to the new programmes

### Italy

**Objective 1.** Four new OPs were approved (territorial employment pacts, improved security for production facilities and for industrial areas in the Mezzogiorno and technical assistance) and eleven global grants.

**Objective 5(a).** The contribution from the EAGGF Guidance Section was increased. A programme for the Abruzzi was adopted with EUR 2.9 million from the EAGGF and many programmes were amended to take account of the progress of operations on the ground.

**Objective 5(b).** Community assistance was increased (EUR 495.77 million) following the earthquake which hit Marche and Umbria in 1997.

**Community Initiatives.** Two new programmes were adopted under Interreg II C (Western Mediterranean - French and Italian Alps and the flood control programme with France) and three minor measures were adopted under the SMEs initiative, with a total Community contribution of EUR 1.3 million. Some of the resources for Retex (EUR 17.024 million), Resider II (EUR 20.780 million), SMEs (EUR 16.841 million) and Konver (EUR 39.128 million) were transferred to the Objective 5(b) SPDs for Umbria and Marche. A major reprogramming decision was taken at the end of the year for Pesca.

### Luxembourg

**Objective 5(b).** Appropriations from the EAGGF, ERDF and ESF were redistributed among the different measures under each Fund and appropriations were transferred from the ERDF to the EAGGF.

**Community Initiatives.** The Interreg II C programme for the North Western Metropolitan Area was adopted. The Leader II Monitoring Committee approved the adjustment of "innovative investments in small businesses" and "promoting teleworking in rural areas", to highlight more clearly the fact that they were pilot projects.

## Italy

**Objective 1.** The two most important events in 1998 were the allocation of the remaining appropriations and finalisation of the mid-term evaluation. The reallocation of resources had three goals: financing the solidarity drive to assist the regions of Umbria and Marche hit by earthquakes in 1997, topping up the programmes considered to be most successful and injecting more funds into certain strategic priorities, particularly job creation. The closer monitoring introduced in 1997 appears to have borne fruit: by the end of 1998, most of the delays in commitments had been made up and the payment rate (55%) had hit the target set at the beginning of the year. The payment rate for fisheries, however, fell short of the target.

**Objective 2.** 31 December 1998 was the closing date for payments for the period 1994-96. In all, seven regions achieved expenditure levels between 80% and 100%, but four (Lazio, Marche, Umbria and Veneto) failed to reach 80%. The Italian authorities confirmed their determination to keep a closer watch on the progress of programmes during the current programming period.

**Objectives 3 and 4.** A more innovative approach was sought for Objective 3: all the pilot projects in the national action plan on employment were granted ESF assistance. The eligibility criteria were changed to ease the way for young people and adults threatened with long-term unemployment. Although the rate of implementation of Objective 4 was consolidated in 1998, this was not enough to make good the slow start at the beginning of the period.

**Objective 5(a).** On the agriculture side, most of the expenditure on the processing and marketing of products was on meat, milk and milk products and wine. On the fisheries side, implementation was speeded up but nevertheless fell short of expectations.

**Objective 5(b).** Implementation of the programmes progressed much faster in 1998 and no substantial amendments were made apart from the transfer of funds to Marche and Umbria (see margin).

**Community Initiatives.** Implementation of the Pesca initiative was delayed, as was Interreg IIA, though to a lesser extent (the average rate was around 50% for commitments and 30% for payments). By contrast, the Urban programme made considerable progress and all the Italian regions completed their selection procedures for the local action groups (LAGs) under Leader II. Italy concentrated most of its activity in the field of human resources on implementing the projects under Employment and Adapt. The Ministry of Labour regularly organised information seminars for the project sponsors.

## Luxembourg

**Objective 2.** The measures to promote the use of new environment-friendly technologies ran into implementation difficulties. By contrast, a detailed analysis of industrial wasteland in the area was finished during the year and many innovative human resource initiatives were successfully completed.

**Objectives 3 and 4.** Throughout the country there was a constant high level of job creation. One foundation presented an innovative project to integrate workers with disabilities using a learning method based on pictograms.

**Objective 5(a).** Between 1994 and 1998, Luxembourg committed EUR 2.560 million, i.e. 50% of the financing plan, to 15 investment projects (14 for wine and one for potatoes). The single beneficiary under the fisheries programme continued to face major technical difficulties, so investment remained limited.

**Objective 5(b).** After a late start, the programme made relatively satisfactory progress, with 66% of funds committed and 45% paid by the end of the year.

**Community Initiatives.** Despite administrative and institutional difficulties, the Employment, Adapt and Leader II programmes made satisfactory progress.



## Netherlands

**Objective 1.** The programme made fairly satisfactory progress in terms of financial implementation, though the commitment rate was below the Community average.

Two measures were launched in 1998, namely APR Flevoland (action for employment) and RTP (Regional Technology Policy). APR seeks to enhance the competitiveness of small businesses by subsidising each new job created and aims ultimately to create 7 800 jobs (at the end of 1998, 65% of that target had already been met). The RTP project seeks, in particular, to develop know-how, develop new products and prepare for the information society.

**Objective 2.** The SPDs adopted in 1997 continued to be implemented, though commitments in 1998 were very low: new commitments were recorded only in the SPD for Arnhem-Nijmegen. Two SPDs (Groningen-Drenthe and South Limburg) recorded no payments at all in 1998. This brought the overall implementation rate substantially below the Community average.

**Objectives 3 and 4.** 80% of the forecast budget for Objective 3 for the year was implemented. Many projects were introduced under Objective 4 by sectoral organisations, which stimulated and organised training programmes. The selection criteria were adjusted to give priority to projects to improve the qualifications of workers in small businesses.

**Objective 5(a).** Some changes were made in 1998 to the measures to improve the efficiency of agricultural structures (transfers of funds) and the processing and marketing of products (see margin notes). Implementation of the fisheries strand of the Objective remained a cause for concern: no commitments or payments were made.

**Objective 5(b).** Implementation of the programmes progressed without any major difficulty, except in the regions of Friesland and Groningen-Drenthe, where progress was still not satisfactory. At the end of 1998, 50% of total appropriations had been committed and 41% paid, rates appreciably lower than the Community average.

**Community Initiatives.** Satisfactory implementation rates were recorded for the industrial conversion Initiatives (Resider II, Konver and Retex) but payments slowed

considerably. The rate of payment under the Urban programmes was also unsatisfactory (30%, compared with 100% for commitments). Only the Rotterdam programme progressed satisfactorily (80% of appropriations had been paid by the end of 1998).

The 110 projects selected in 1997 under the Employment initiative started in 1998. Implementation of Leader II was in line with the forecasts. By contrast, the execution rate remained slow for Adapt and only one quarter of the Pesca programme had been executed by the end of 1998.

## Austria

**Objective 1.** Implementation of the programme continued at a good pace (one third of payments for the period were made in 1998 alone). The rate of implementation increased, particularly in the measures relating to tourism and RTD. A new measure called "Existenzgründungsinitiative" was introduced to speed up the enterprise launching phase and lock the big companies into the local economy. By the end of the year, 2 100 new jobs had been created and more than 5 800 existing jobs preserved. In addition, over 6 000 people underwent training part-financed by the ESF.

**Objective 2.** Satisfactory progress was made in all four programmes. The measures relating to productive investments and direct aid to enterprises progressed apace, but the measures to support tourism, innovation, technology transfer and advice to businesses ran into some difficulties. Various steps were taken to improve the take-up of appropriations allocated to those measures.

**Objectives 3 and 4.** The progress of the Objective 3 programme was satisfactory. In the first six months, more than 32 000 women took part in the various measures. The progress of the Objective 4 programme was appreciably ahead of the Community average. Beneficiaries under the measures stood at 32 600 at 30 June 1998.

**Objective 5(a).** By the end of the year, over 99 000 farmers had already received compensatory allowances and some 426 projects for the processing and marketing of agricultural products had been approved. The fisheries programme progressed according to schedule.

## Netherlands

**Objective 1.** Support for employment ("Job Employment Scheme") was increased by EUR 11.9 million.

**Objective 5(a).** EUR 20 million were transferred to the SPD for the processing and marketing of agricultural products to improve hygiene in the meat sector (one new measure was adopted and certain criteria relaxed with an eye to smaller holdings).

**Community Initiatives.** The Interreg II C programme for the North Western Metropolitan Area was adopted. Almost EUR 2 million were transferred from Adapt to Employment.

## Austria

**Objective 5(b).** A number of proposals were adopted to transfer appropriations to two types of measures: to modernise production plants and maintain viable infrastructure.

**Community Initiatives.** EUR 1.2 million were transferred from Rechar, Resider and SMEs to the Peace Initiative. Some projects under Adapt and Employment were allocated additional assistance from the funds generated by indexation.



## Changes to the new programmes

### Portugal

**Objective 1.** Extra funds were allocated to the programme on bases for knowledge and innovation (EUR 16.5 million), the programme for the promotion of regional development potential (EUR 10 million), and the programme for Madeira (EUR 5 million). This extra funding was made possible by cuts to the programmes on vocational training and employment (EUR 20.65 million), modernisation of the economic fabric (EUR 8.5 million) and technical assistance (EUR 2 million). For agriculture and rural development, the programmes for the Azores and Madeira were allocated an extra EUR 10 million and EUR 4.5 million, respectively, and an extra EUR 16.38 million was allocated to the programme for the Azores to part-finance the renewal of rural villages damaged in the earthquake in July 1998.

**Community Initiatives.** The Interreg II C "continental diagonal" programme was adopted with an allocation of EUR 5.152 million, of which EUR 1.150 million was earmarked for Portugal. The Commission proposed a reduction of EUR 21.8 million in the SMEs programme and an increase of EUR 15 million in Regis (for the Azores and Madeira). In all, the appropriations for the Community Initiatives were cut by EUR 6.8 million.

### Finland

**Objective 5(a).** The funds allocated to the schemes covering the processing and marketing of agricultural and forestry products were reduced by EUR 13 million.

**Objective 5(b).** Appropriations were transferred to measures to support job-creation and business start-ups (in eight of the 14 eligible areas) or measures to promote the development of rural communities (the six other areas).

**Objective 5(b).** Implementation rates were in line with the Community average. As in previous years, all Ministries and the managing bodies for the three Funds concerned took a hard look at the relatively high expenditure on technical assistance in Austria.

**Community Initiatives.** In the case of the Interreg II A external frontiers programme (Hungary, the Czech Republic, Slovakia and Slovenia), a significant step forward was taken with the introduction of common cross-border structures ("Euregio"). Two calls for transnational projects were issued for the Interreg II C Cadses (Centre, Danube, Adriatic and South-East). A 100% commitment rate was attained in two Urban programmes (Vienna and Graz) and the pace of payments was satisfactory. Most of the 79 Adapt and Employment projects in the first wave were wound up and good progress was made in the Leader II projects, which mainly promoted sustainable rural development measures. However, the progress of Rechar, Resider, Retex and SMEs was still too slow.

## Portugal

**Objective 1.** One feature of 1998 was the implementation of assistance where this had fallen behind, as in the measures to promote regional development potential and social integration, and most especially the scheme for support for commerce (PROCOM). At the end of the year, 96% of the total contribution for the period had been committed and 72% paid, the best rates of implementation recorded for Objective 1. Investments relating to the "Auto Europa" project (to set up a vehicle production unit) were completed in 1998. The project led to the creation of 5 000 jobs on site and 3 171 jobs in subcontracting firms.

Following the mid-term evaluation, certain changes were made to the human resources programmes: extra funds were allocated to some programmes from amounts not spent in 1997 under other programmes (see margin). For fisheries, the 1998 instalment was committed for the mainland and good progress was made on the Madeira programme (the 1999 instalment has already been committed) and the Azores programme (80% of the 1998 instalment was paid).

**Community Initiatives.** By the end of the year, 71% of the available appropriations had been committed and 50% paid, i.e. a rate of payment appreciably higher than the Community average. The programmes for SMEs (only 18% committed and 9% paid), Pesca, Urban and Employment were the Community Initiatives where most difficulties were encountered. Another feature of 1998 was the conclusion of independent studies for the interim evaluations of several programmes (Urban, Regis, Konver and Retex), which resulted in a number of changes to both the content and the administrative implementing procedures.

## Finland

**Objective 2.** Implementation of human resources measures was facilitated by employing "project facilitators" to cultivate potential project participants and to promote larger, interregional projects.

**Objectives 3 and 4.** By the end of the year, over 750 projects had been implemented under Objective 3 since the beginning of the programming period and 89 000 people had benefited from the schemes, representing 96% of the target set by the programme. 4 600 projects had been launched under Objective 4. Training programmes were launched to solve the shortage of trained personnel which had been holding up growth in the IT industry. Lastly, a project was launched to identify examples of best practice within the ESF projects.

**Objective 5(a).** Among the measures designed to improve the efficiency of agricultural structures, priority was given to compensatory allowances for natural disadvantages (90% of expenditure). By 31 October 1998 the authorities had approved 151 projects relating to the processing and marketing of agricultural products, mostly in the meat and milk sectors. All the appropriations for fisheries had already been committed by the end of 1997. Since no funds were paid out in 1998, the payment rate remained at 80%.

**Objective 5(b).** At the end of 1998, 71% of the appropriations had been committed and 41% paid out to final beneficiaries. In total,



63 000 jobs had been either created or safeguarded and 7 700 projects launched. The programmes focused on developing and diversifying small businesses, creating rural services and guaranteeing the attractiveness of the areas concerned. A significant amount of assistance also went towards helping rural areas adapt to the requirements of the common agricultural policy (CAP).

**Objective 6.** At the end of the year, the programme had already succeeded in creating an estimated 10 300 new jobs, out of a target total of 17 500. Some of the funding for human resources was switched into the schemes that had made most progress, such as vocational training for young people and the measures to combat long-term unemployment. By contrast, the project aimed at setting up producer groups for agricultural and horticultural products continued to run somewhat behind schedule and progress slowed in the scheme to help young farmers

**Community Initiatives.** The Interreg II A programmes along the border with Russia and with the Baltic states delivered satisfactory results. Because of the general climate in Russia, cooperation with the Baltic states proved easier than with the Russian regions. While the Urban programmes made good progress, the SMEs initiative continued to lag significantly behind schedule. The focus of the Employment and Adapt initiatives shifted from implementing projects to disseminating results. Under Leader II, the ten local action groups progressed from stage A, "Acquisition of skills", to stage B, "Rural innovation programmes".

## Sweden

**Objective 2.** On the whole, the progress made by the programmes in 1998 was highly satisfactory. In four of the five programmes, the entire appropriation was committed, with payment rates varying between 71% and 74%, well above the Community average. However, the Bergslagen programme, with the largest allocation of funds, was behind schedule with only 39% of the appropriations committed and 32% paid out. The ambitious job-creation target fixed at the outset of the programming period (21 000) had already been exceeded by a considerable margin by the end of the year.

Lastly, as a result of the mid-term evaluation, minor adjustments were made to most programmes (transfers of funds between schemes, the merging of other schemes).

**Objectives 3 and 4.** Implementation of both Objectives made sustained progress in 1998, with a net increase in the number of participants under Objective 4. Under Objective 3, which had already benefited 143 000 people, priority was given to the dissemination of best practice: information was gathered on a number of projects, conferences were held on the results of the work and publications were due to appear shortly.

**Objective 5(a).** The implementation rate for the agriculture programme was well above the Community average. Most of the aid measures for production and marketing of products were in the meat and milk products sectors. The vast majority of the funding allocated in 1998 for improving the efficiency of agricultural structures was earmarked as assistance for less-favoured areas (EUR 14 million of the total EUR 18 million). For fisheries, most investments in 1998 concerned the renewal and modernisation of the fishing fleet, port facilities and the processing of fishery products.

**Objective 6.** After a slow start, the implementation rate for this programme picked up in 1998. However, the ESF schemes remained worryingly behind schedule, as did the measures involving the agri-food industry and assistance for young farmers. 59% of the overall appropriations were committed and 38% paid out.

**Community Initiatives.** The Interreg II A programmes made varying degrees of progress. Some were almost completed ("Inner Scandinavia", "Kvarken-Mittskandia" and "Islands of Sweden and Finland"), while the "North Cape" programme lagged much further behind. In general terms, the Swedish Community Initiative programmes made satisfactory progress, although some had been slow to get under way and others were adopted late. The Leader II programme became operational: more than 100 projects were launched and around 50% of appropriations were utilised. As regards the Employment and Adapt Initiatives, the focus was on disseminating and utilising the results of the projects.

## Sweden

**Objective 5(b).** An additional EUR 3.5 million was allocated to the processing and marketing of agricultural and forestry products.

**Community Initiatives.** EUR 1 million was transferred from the "North Cape" programme (Interreg II A) to the Peace Initiative. Some minor changes were made involving merging measures and transferring funds between measures.



## Changes to the new programmes

### United Kingdom

**Objective 1.** The Merseyside SPD was amended (particularly local employment development and equal opportunities between women and men). The Highlands & Islands SPD was also amended, affecting the definition of indicators, the reinforcement of some measures, transfers of funds between measures, the indexation of the programme and wider scope of funding (development of agriculture).

**Objective 5(a).** When the EAGGF contribution was reduced (from EUR 227 million to EUR 51 million), the United Kingdom was authorised to confine assistance for the production and marketing of agricultural products to applications for projects received up to the end of March 1996. This concerned only England. In Scotland and Wales, projects continued to be eligible up to the end of 1999.

**Community Initiatives.** The Interreg II C programme for the North Western Metropolitan Area was adopted. The Leader II technical assistance programme for setting up networks was adopted (EUR 1.3 million). An additional EUR 100 million was made available to the Peace Initiative (EUR 80 million for Northern Ireland and EUR 20 million for Ireland). EUR 16 million were transferred from Adapt to Employment.

## United Kingdom

**Objective 1.** In Northern Ireland, the Objective 1 programme made satisfactory progress and was expected to meet its initial targets. The benefits were particularly apparent in terms of job creation, research and development and the information society. Only the energy sub-programme experienced problems. The two other SPDs (Highlands & Islands and Merseyside) were amended to take account of the mid-term evaluation (see margin).

In particular, the system for monitoring the creation of jobs was improved by introducing a standard definition for the concept of "jobs created directly". A major project was approved to extend Liverpool airport (EUR 33 million), expected to create 700 new jobs.

**Objective 2.** The rate of commitment of appropriations gathered pace throughout the year, in particular for the Scottish programme, and the payment rate improved as well. Support strategies for businesses were approved in all regions. Strategies were also promoted for regional innovation, training facilities, business development parks and tourism. Several major projects were submitted to the Commission for approval: the Social Centre in Glasgow, the Millennium Link (restoration of the canal between Edinburgh and Glasgow), the Baltic Flour Mill (arts centre in Gateshead) and the Millennium Point project (cultural centre in Birmingham).

**Objectives 3 and 4.** The Objective 4 programme submitted by the United Kingdom authorities at the end of 1997 was adopted in March 1998. A new scheme was implemented under Objective 3 (the New Deal), to help reintegrate the unemployed into the labour market. The scheme offers the unemployed an intensive period of assistance for six months, followed by the opportunity of six months' employment in the cooperative sector or a training placement lasting no more than twelve months.

**Objective 5(a).** Since the beginning of the programming period, 7 000 farmers had received compensatory allowances under the scheme to improve agricultural structures. Projects adopted by the end of the year under the aid scheme for production and marketing of agricultural products chiefly concerned fruit and vegetables, meat, potatoes and milk. Apart from the schemes to scrap vessels and provide investment for the fish processing sector, the fisheries programme made only slow progress in 1998.

**Objective 5(b).** The programmes progressed at differing speeds, with commitment rates varying between 40% and 75% of appropriations. Overall, implementation rates were appreciably below the Community average. The funds derived from the annual indexation were allocated to schemes where implementation had outstripped forecasts.

**Community Initiatives.** Rechar and Resider continued to progress at an adequate pace, while Konver remained significantly behind schedule. The implementation rate for Pesca improved appreciably in terms of payments. Implementation of the SMEs initiative remained problematic, while the Leader II programmes progressed at very different rates (payment rates varied between 29% in England and 76% in Wales). Turning to human resources, a third call for tenders was launched to set up a "University for Industry" (110 projects selected).

