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**COMMUNICATION OF THE COMMISSION**  
**ON THE IMPLEMENTATION OF E.U. REGIONAL POLICIES**  
**IN AUSTRIA, FINLAND AND SWEDEN**

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**COMMUNICATION OF THE COMMISSION**  
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**1. INTRODUCTION.**

This Communication concerns the implementation of E.U. regional policy in Austria, Finland, and Sweden (i.e. Objectives 1, 2 and 6 and Community initiatives) from January 1995 to May 1996. It complements a Communication adopted by the Commission last year relating to the other twelve Member States<sup>1</sup>.

A detailed presentation of the funding decisions taken in the period covered by this Communication is given in Annex I. The Communication reports on the start-up of Structural Fund actions in the new Member States, and on the added value of Structural Fund interventions in those countries.

**2. STARTING UP STRUCTURAL FUND ACTIONS**

Structural Fund measures are one of the most tangible and visible benefits of Union membership. That is why it was felt to be important that Fund assistance should become a reality for citizens and companies in assisted areas as soon as possible.

Council Regulation (EEC) 4253/88 amended by Council Regulation (EEC) 3193/94 provided that eligibility for assistance from the Structural Funds could be backdated to 1 January 1995 provided that funding proposals were submitted before the 30 April 1995. It was desirable that this deadline should be met wherever possible.

A great deal of preparatory work had been done prior to Accession by the administrations concerned, and assistance had been provided by the Commission's services through a series of workshops, seminars and other training support. This effort gathered pace especially after the referendums in each of the countries concerned.

**Financial allocations**

In January 1995, the Commission decided the allocation of Structural Funds between Objectives 2 to 5(b)<sup>2</sup> - the Act of Accession having already determined the total amount for each of the new Member States and within that the allocation for Objectives 1 and 6. In the case of Finland, it was made clear in that decision that the allocation for Objective 2 for the whole period could be reviewed.

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<sup>1</sup> COM(95) 111 final, 29.3.1995.

<sup>2</sup> SEC(95) 28/3, 14.1.1995.

Subsequently minor adjustments were made by the Commission to the initial allocations in Sweden and in Finland, in favour of Objective 6 areas<sup>3</sup>, at the request of the Member States concerned.

### **Definition of eligible areas**

The Act of Accession determined the geographical delimitation of assisted areas for Objectives 1 and 6. In February and May 1995, the Commission adopted decisions determining areas to be covered under Objectives 2 and 5(b)<sup>4</sup>. Finland chose to limit the duration of the decision for Objective 2 areas to the period 1995-96. The other new Member States took up the opportunity offered by Council Regulation (EEC) 4253/88 for all programmes to be approved for the whole period from 1995-99. Finland's choice resulted from a desire to keep a margin of flexibility in the allocation of resources between Objectives.

### **Submission and approval of SPDs and Community Initiatives**

All three new Member States chose to submit single programming documents for Objectives. In the case of Finland, in view of the exceptionally small populations of assisted areas, the similarity of the problems encountered, and the need to avoid excessive administrative complication, it was agreed that one Single Programming Document could be adopted for the Objective 2 areas as a whole and one for the Objective 6 areas as a whole. For the same reasons one Single Planning Document was adopted for the Objective 6 areas as a whole in Sweden. On the other hand, separate Single Programming Documents were adopted for each individual Objective 2 area in Sweden and in Austria.

The dates of submission and of approval of SPDs and Community Initiatives are given in the tables at Annex 2. As can be seen in these tables, almost all Objective SPDs were submitted before the end of April 1995. The somewhat slower timetable for Sweden (Objective 2) reflects a decision by the Swedish authorities to await the results of the Referendum and General Election before launching preparatory work on a scale comparable to the effort already under way in the two other Member States concerned.

Progress in adopting the SPDs released national and Commission staff resources to deal with Community initiatives<sup>5</sup>, but discussions on decentralised and simplified implementation arrangements have prolonged the time taken to approve certain INTERREG programmes in Finland and Sweden. Similar discussions are under way regarding URBAN.

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<sup>3</sup> COM(95) 123 final/2, 12.5.1995.

<sup>4</sup> OJ No L 51, 22.2.1995 for Austria and Finland and OJ No L 123, 10.5.1995 for Sweden.

<sup>5</sup> Further details on the content of the above-mentioned Community initiatives are given in Annex 2.

### 3. THE IMPLEMENTATION OF UNION REGIONAL POLICY

The implementation of Union regional policy requires:- (a) the definition of national development-related expenditure and setting the base line for monitoring additionality, (b) the approval of EU funding proposals, (c) the setting up and practical application of a partnership system for the management of EU credits and associated national and regional credits, and (d) ensuring that actions are seen to be relevant to their needs and to be effective by citizens and companies in the assisted areas, and by politicians and representatives of the social partners.

The first of these issues (additionality) has been dealt with in a manner closely comparable to the approach followed for all other Member States. In the same way, comparable treatment is emphasised for the remaining three issues, but some specific aspects do arise in relation to the new Member States, as is explained below:

#### 3.1 *Approval of programmes*

The approval of funding proposals generally involves a clarification of development priorities, and of the organisation and content of individual measures and of the eligibility of actions. This task in itself can require, on occasion, quite extensive redrafting of the initial proposals, and can be relatively time-consuming.

But the adoption of the funding proposals was also the occasion for a policy debate with each of the three Member States, which can be summarised in schematic terms as follows:

##### *Austria*

The definition by the Union of assisted areas under Objectives 1, 2 and 5(b) and the consequences that had for state aid intensities in particular in conformity with the Union's competition policy, widened differences of treatment between areas in the Austrian territory.

The Union's regional policy aims to create or attract jobs to the areas where the less favoured population lives. In contrast, Austrian regional policy takes account also of the contribution that access to jobs created or maintained outside the assisted area can have.

For these reasons, the high levels of assistance accorded to Burgenland as an Objective 1 area, and the new locational advantage of the region as a result of the comparatively high levels of aid to businesses that became possible, were a new factor in Austrian regional policy.

Other points were:

- the quantification of development targets, in particular job creation. The Austrian authorities wished to avoid a mechanistic or simplistic approach to the evaluation of results obtained, without denying the need to set precise goals;

- a focus on job creation, especially through SMEs. The Austrian authorities stressed that it is also important to maintain quality jobs where possible, including in larger companies. In their view, the scope for job creation through SMEs in assisted areas risked being overstated;
- the integration of labour market policy with other development action - the Commission urged a stronger focus on retraining those in work, and on the special problems of women;
- the complexity of the aid system for business in Austria. It was agreed that possible simplification and concentration of action should be examined in a mid-term review of regional action, on the basis of an initial experience. In the negotiation, the Commission sought to obtain the agreement of the Austrian authorities to a concentration on a limited number of priority project selection criteria, and to a clarification of co-ordination procedures and responsibilities;
- the accent put on 'regional management' structures in the regions - new structures directly linked to EU programmes designed to stimulate and animate project ideas on the ground are proposed by the Austrian authorities in the majority of programmes, implying comparatively large allocations of EU funds to technical assistance.

## **Finland**

Accession to the Union in Finland took place in parallel with an important reform in regional government organisation and regional policy methods. Indeed these changes had been introduced in part in anticipation of the introduction of structural funding, and the approval and implementation of EU-cofinanced actions is the practical test of these new arrangements.

As regards Objective 6 regions, the Finnish authorities proposed measures both for economic development and job creation, and social action for maintaining viable settlements in sparsely populated areas. The Commission, without wishing to make a sharp distinction between these two complementary types of action, nevertheless sought to strengthen the emphasis on the former - economic development and job creation - as a means to the same end.

Naturally, it was necessary to take account of the results of the Accession negotiations, in particular concerning the payment of compensatory allowances to farmers under Objective 5(a). For this reason, the share of Objective 5(a)-type actions in the Objective 6 SPD is very high. Despite an very low co-financing rate, in some regions within the Objective 6 area this left little scope for the funding of general economic development actions, including other 5(a)-type measures, even though some rebalancing was agreed in the course of negotiations prior to the approval of the SPD. This problem has since been alleviated by increased national funding.

It was also agreed:

- to strengthen action related to information society applications and to reduce conventional infrastructure investment. This was also agreed for the Objective 2 SPD, with increased emphasis on encouraging international networking of SMEs;

- to adopt an integrated package of rural policy actions with special arrangements for their implementation at a local level; in general to broaden the range of measures supporting the maintenance of population in rural areas and promoting development in addition to direct income support;
- to strengthen training actions in particular those related to the specific development goals of the programme. There was only limited scope for co-financing Objective 3-type actions in Objective 6 areas in view of overall resource constraints.

For both Objective 6 and Objective 2 SPDs, it was also agreed to strengthen the quantification of development aims and base-lines from which progress could be measured.

## Sweden

In Sweden, the discussion mainly concerned how to focus the programmes better on job creation and enterprise especially in the private sector, and how to define more precisely the types of action to be funded. In parallel with Accession, new directions were introduced into Swedish regional policy, with greater emphasis on making the best of the productive potential of each area. Proposals coming up from the grassroots level needed some adjustment to reflect better these changes in national policy guidelines (which fitted well with EU policy guidelines also).

The Swedish authorities proposed an ambitious quantification of development goals.

As regards the Objective 6 area more particularly,

- an innovative feature of the Swedish proposals is that a part of the county allocation should be determined by competitive bid. The practical organisation of this system is now being defined;
- the proposal to establish a new Centre for Space and Environment Research in Kiruna is an important project to provide for the long-term viability of this settlement by continuing diversification into space-related activities, with a potential to stimulate in the local economy a new generation of commercial activities in related sectors.

As regards Objective 2, a special feature in the Swedish approach has been the decision to concentrate on innovative forms of indirect support to SMEs, with a very limited place for the co-financing of the continuation of existing policies, in particular direct aids to enterprises. A strong emphasis is placed on the promotion of networking activities of SMEs, both within their respective regions (co-operation with other local companies and with regional knowledge centres) and internationally.

A feature of all Swedish development programmes is the strong emphasis on:

- equality of opportunity and environmentally sustainable development, which are both horizontal themes and which are as such reflected in the specification of the programme as a whole;
- information society applications - both in terms of measures specifically addressed to this theme, and as a method of work for the implementation of many other actions.

### 3.2 *Organisation of the implementation*

Turning now to the management of EU credits, the Commission has sought an in-depth discussion with the national and regional administrations of each of the new Member States on the main characteristics of the management system envisaged and its conformity with regulatory requirements, and the standard clauses attached to funding proposals.

For this purpose, temporary working groups on organisational matters were set up in Sweden and Finland, bringing together the national and regional administrations with the Commission's services to review systematically all the main aspects of the implementation arrangements. The Monitoring Committees in these two Member States will have available to them a full report, and the opportunity to verify that the arrangements are comprehensive and sound, and that appropriate arrangements are being made to inform all those involved at every level. The Austrian authorities considered that it was not necessary to set up a formal group. They preferred a question and answer method whenever clarification of the standard clauses attached to the SPDs was required. In the case of Austria, Monitoring Committees are informed of implementation arrangements agreed by Österreichische Raumordnungskonferenz (ÖRÖK), especially as regards financial monitoring, evaluation procedures, publicity arrangements and the management of technical assistance credits.

In the course of these discussions, a number of concerns have been expressed by all three Member States:

- the need to simplify administration as much as possible given the small size and limited resources of the national and regional administrations involved;
- the need for greater clarity on eligibility rules. At the same time, the need for flexibility reflecting the specific characteristics of each Member State - for example the characteristics of the public service in Sweden;
- the need for the Commission to improve internal co-ordination between services particularly as regards the specification of monitoring, evaluation and financial reporting requirements.

For its part, the Commission has also been concerned that financial flows should be clearly defined and as simple and rapid in operation as possible. Equally the Commission has sought to satisfy itself that project selection procedures take account of the specific aims of SPD measures and, more particularly, the project selection criteria laid down in the SPD. Finally the Commission has been concerned to ensure the transparency (ex post) of funding decisions, by ensuring the availability of appropriate data through the monitoring system or in other ways. Sweden and Finland have agreed to work towards establishing in 1996 capabilities for the on-line

exchange of electronic data including monitoring information. In Austria, a priority is given to establishing better internal networking capabilities within the Austrian public administration, but links to the Commission's services are also envisaged and should be operational already for the ESF in 1996.

### **3.3 *Relevance and visibility of actions***

As regards the relevance and visibility of EU credits to final beneficiaries (especially citizens and SMEs), the Commission and the national and regional administrations have reviewed publicity arrangements and support for project promoters, and the definition of project submission procedures (open call or other methods). The Commission has pressed for a wider use of open calls for projects.

#### **Partnership**

The Commission has made constant efforts to encourage the full involvement of local and regional partners in implementation. It has equally encouraged a reflection on the involvement of elected representatives at every level, not only in programme definition but also in the strategic guidance of programme implementation. It has also encouraged the involvement of the social partners as members of the Monitoring Committees. This has been accepted without difficulty in all three of the new Member States, since it reflects the established institutional practice in all of those countries. A more extensive description of partnership arrangements is given in Annex 4.

#### **Visibility**

Particular attention needs to be given to the visibility of the Structural Funds to SMEs, since these play a key role in job creation. Typically, existing aid schemes are used in conjunction with EU structural funding, although in Sweden a particular emphasis is placed on innovative actions. Elsewhere also, new schemes are established (for example for INTERREG in Austria). The visibility of the Structural Funds is most evident for new schemes, since special application procedures are then needed.

When Structural Funds co-finance existing aid schemes, visibility depends on it being possible to explain clearly the advantage to SMEs that results. This could be different criteria (or a more focused set of criteria); it could be a more simple and transparent, more equitable, or more rapid project selection procedure; it could be higher rates of grant; it could be new categories of eligible expenditure (clean technologies for example) or it could be simply the possibility to support more projects and more firms because of a larger budget for assistance in assisted areas. If, however, there is no perceptible difference on any of these grounds to SMEs, it is unlikely to be effective to mention on the application form or on the letter granting assistance that EU co-financing is involved. This concern is most acute in situations where the introduction of Structural Funding does not coincide with any changes to the established aid system, particularly if the EU assistance is spread across a large number of schemes with the result that even the budget effect is very limited in the majority of cases.

It is still very early to draw conclusions, but, at least potentially, the visibility of EU assistance to SMEs is likely to be good in Sweden and also in Finland (perhaps to a lesser extent). In Austria, the difficulty has been and remains that no change to the existing aid system, which involves a

very large number of schemes, is presently foreseen by the Austrian authorities, although a concentration of aid schemes is on the political agenda.

#### 4. THE ADDED VALUE RESULTING FROM THE INTRODUCTION OF THE STRUCTURAL FUNDS

The introduction of the Structural Funds in the three new Member States is a unique opportunity to test the added value of Structural Funds in relatively prosperous Member States. Although it is always difficult to disentangle policy changes that resulted from the introduction of the Structural Funds from those that would have happened anyway, the issues that have arisen in the negotiation of funding decisions and implementation systems are a clear pointer.

In this concluding section however, some further considerations can be highlighted. The first and perhaps the most important of all is the attitude of the national and regional administration. If there is a positive agenda for change in national regional policy, the movement and adjustment created by the introduction of the Structural Funds can help carry that agenda forward. In both Finland and Sweden, this appears to be the impression generally held. In the case of Austria, the strong emphasis on the geographical concentration of state aids, and the differential in aid levels between Objective 1 areas (Burgenland) and other areas has given rise to some criticism. The EU is said to focus too much on problem regions, whereas national Austrian policy was aiming to address structural problems across the whole territory.

Beyond those general considerations, the introduction of the Structural Funds has undoubtedly had some important effects.

Firstly, the precise definition of the concept of development expenditure within the national budget combined with the principle of additionality, gives a privileged position to cohesion policies at a time of general budgetary rigour. It shields cohesion policies for the duration of the programming period from cutbacks required for economic convergence. It makes it possible to discuss in operational ways the combination of cohesion and convergence goals.

Secondly, in all three new Member States, the introduction of the Structural Funds has been the occasion for a detailed review of partnership arrangements. In Finland and Sweden there has undoubtedly been some move towards further decentralisation of the management of structural adjustment as a result. In all three Member States, the quality of the dialogue within the administration and with the social partners has been further strengthened. Again, in all three Member States, the introduction of the Structural Funds has created pressure for better and more comprehensive monitoring and evaluation of the development effects of public expenditure. In general the transparency of the use of public finance is increased, and the need to show results in ways understandable to the general public is more strongly felt. Over time, the benefits in terms of the quality and effectiveness of development projects funded should become apparent.

Thirdly, structural funding has undoubtedly influenced the national and regional agenda of structural adjustment policies in the three new Member States. It has done so both through the SPDs and through Community initiatives and Article 10 pilot actions, which latter especially serve to focus attention on issues of special importance for the Union. A special mention should be given to the benefits in terms of a widening of horizons within the Member States but

especially with other Member States and, through the combination of INTERREG, ECOS/OUVERTURE and PHARE and TACIS programmes, with neighbouring third countries. The co-operation between INTERREG and PHARE programmes in particular can be seen as an element in the pre-accession strategy vis-à-vis countries which are candidates for future enlargement.

The expected contribution to the building of democracy and new economic structures in the Baltic Sea Region and in areas of Russia bordering the Union represent an important opportunity. In a modest but still significant way, this contributes to building a better understanding and a sense of a community of interest.

This widening of horizons may yet bring another benefit, namely the transfer of know-how from the three new Member States to other assisted regions especially in the Union. The Accession of the three new Member States brought into the Union three countries with much to offer in this respect, whether in terms of open government partnership arrangements, the mastery of technology, modern labour market policies, or the reform of public services - the list is far from exhaustive. These potential benefits are not yet fully exploited, but networks of co-operation are growing very rapidly both within the framework of Structural Fund assistance and outside.

**ANNEX 1**  
**ADOPTION OF REGIONAL DEVELOPMENT PROGRAMMES**  
**IN THE NEW MEMBER STATES**

**ADOPTION OF THE SINGLE PROGRAMMING DOCUMENTS**

**1. Objective 1: Burgenland (Austria)**

The Burgenland region of Austria is the only Objective 1 region in the three new Member States. In 1995, the average GDP of this region which borders three Central European countries was some 70% of the EU average. Its population of 270 000 inhabitants lives in a predominantly rural area with a surface of 4 000 km<sup>2</sup>.

The Single Programming Document, submitted to the Commission on 20 April 1995 was adopted on 15 November 1995. It provides for a Structural Fund contribution of ECU 165.6 million towards a total programme cost of ECU 831 million.

*Table 1: Objective 1 Burgenland: EU contribution by Fund*

1995 prices	Total cost Ecu million	ERDF Ecu million	ESF Ecu million	EAGGF Ecu million
Trade and Industry	56.8	53.8	3.0	
Research and Development	15.5	12.5	3.0	
Tourism	38.7	38.7		
Agriculture and Environment	24.2			24.2
Promotion of growth and stability in employment	26.3	0.7	25.6	
Technical assistance	4.1	2.0	1.5	0.6
<b>Total</b>	<b>165.6</b>	<b>107.6</b>	<b>33.1</b>	<b>24.8</b>

*Table 2: Objective 1 Burgenland: EU, national public and private contributions*

1995 prices	Total expenditure Ecu million	EU contribution Ecu million	National & regional contribution Ecu million	Private contribution Ecu million
Trade and Industry	360.9	56.8	114.4	187.7
Research and Development	82.6	12.5	26.9	40.2
Tourism	191.5	38.7	63.2	89.6
Agriculture and Environment	125.0	24.2	48.2	52.6
Promotion of growth and stability in employment	63.0	26.3	26.8	10.0
Technical assistance	8.4	4.1	4.2	
<b>Total</b>	<b>831.4</b>	<b>165.6</b>	<b>283.6</b>	<b>382.1</b>

The overall goals of the development programme are :

- (i) to create a central European region with a strong dynamic in industry, commerce, tourism and agriculture;
- (ii) to narrow internal economic disparities, providing for a more homogeneous quality of life throughout Burgenland.

A number of interesting general themes run through the programme :

- special attention is given to increasing job opportunities for women, for poorly qualified and young people in mainly rural areas as an essential contribution to maintaining the population and reducing the need for commuting;
- actions to train and upgrade of the local workforce are aimed at meeting the requirements of the local economy (training for SME entrepreneurs, in technology, and for promoting local economic development);
- care for the unique environment;
- Internationalisation, co-operation and networking, reflecting Burgenland's geographical situation and co-operation with Hungary and other CEEC countries.

The opportunities provided by the new situation in central Europe and by Austria's membership of the Union should be fully exploited to obtain a 'leap forward' in economic and social development between 1995 and 1999. In this respect, external growth potentials in surrounding countries and regions of Austria should have a strongly favourable effect on prospects for north and central Burgenland. However, south Burgenland does not benefit from the same degree of external stimulus, and must rely on a special effort to develop indigenous potential (mainly Spa tourism), while taking every possible advantage of cross-border co-operation.

As a result of the measures funded under this programme, 7 300 new jobs will be created of which 6 000 in industry, 1000 in technology related SMEs and another 300 in technological centres.

The programme will be implemented in a partnership involving the Commission, the Federal Government, and the Länder and local authorities comprising all local interests, including the social partners. A Monitoring Committee has been set up. It held its first meeting in January 1996.

## **2. Objective 2**

### **2.1 *List of Objective 2 areas in Austria, Finland and Sweden***

The Commission, in accordance with the regulations governing the Structural Funds and with the provisions laid down in the Act of Accession of Austria, Finland and Sweden,

adopted on 22 February 1995<sup>1</sup> and on 10 May 1995<sup>2</sup>, after receiving the unanimous approval of the Advisory Committee for the Development and Conversion of Regions, the list of areas eligible under Objective 2 in the three new Member States. Summary statistics for the Objective 2 areas in the three new Member States are given below:

*Table 3: Key statistics for the Objective 2 regions in the new Member States*

	Number of Objective 2 regions	Total population in Objective 2 regions	Total surface of Objective 2 regions
Austria	4	640 000 (8%)	8 692 km <sup>2</sup> (10 %)
Finland	6	790 000 (15%)	17 000 km <sup>2</sup> (5%)
Sweden	5	970 000 (11%)	35 325 km <sup>2</sup> (8%)

Figures in brackets represent the percentage share in the national total (national population and total surface of the country concerned)

## 2.2 Austria

The Austrian authorities submitted proposals for the four Austrian Objective 2 regions on 26 April 1995. The SPDs for Steiermark, Niederösterreich, Oberösterreich and Vorarlberg (total population 640 000) were approved by the Commission on 15 November 1995. The programmes cover the period 1995-1999. The total cost of these programmes is some ECU 816 million, of which the Structural Funds will contribute ECU 101 million.

The SPDs are based on the strategy to modernise and diversify the economy of the four regions concerned which were hit by the rapid decline in the metal and steel sector and in the textile industry. Emphasis is placed on the creation of new enterprises and on the strengthening of existing enterprises (and of SMEs in particular) by developing new technological competence in the regions. About 60% of the resources available will be used for the strengthening of crafts and industry and related technological competence; 30% is allocated to measures to upgrade human resources with a further 7% for the development and promotion of tourism.

As a result of the actions financed under the four SPDs, it is estimated that some 11 000 jobs can be created or maintained in the regions concerned.

The protection of environment is an integral part of the SPDs. Positive effects on the environment are expected from the support to encourage the introduction of clean technologies and the use of alternative energy sources. Special measures to facilitate the re-integration of women in the labour market are foreseen in particular in Nieder- and Oberösterreich. Assistance will also be provided to strengthen and set up regional management structures. These could support the development and launching of innovative project ideas and the co-ordination of regional development efforts.

1 OJ No L 51, 08.03.1995

2 OJ No L 123, 03.06.1995

The programme will be implemented in a partnership involving the Commission, the Federal Government, and the Länder and local authorities comprising all local interests, including the social partners. Four Monitoring Committees have been set up, one for each SPD. They have held their first meeting in February 1996.

Table 4: Objective 2 Austria: EU contribution by Fund

1995 prices	Total cost Ecu million	ERDF Ecu million	ESF Ecu million
Steiermark	463.399	38.770	19.200
Niederösterreich	199.162	17.931	4.481
Oberösterreich	66.987	7.143	3.614
Vorarlberg	86.562	6.402	3.459
Total	816.110	70.246	30.754

Table 5: Objective 2 Austria: EU, national, public and private contributions

1995 prices	Total cost Ecu million	EU contribution Ecu million	National & regional contribution Ecu million	Private contribution Ecu million
Steiermark	463.399	57.970	123.739	281.690
Niederösterreich	199.162	22.412	33.730	143.020
Oberösterreich	66.987	10.757	18.708	37.522
Vorarlberg	86.562	9.861	11.993	64.708
Total	816.110	101.000	188.170	526.940

### 2.3 Finland

Six industrial areas were selected for assistance under Objective 2 in Finland for the years 1995 and 1996. Three are located on the coast (parts of the regions of Satakunta and Varsinais Suomi on the west coast, of Itä-Uusimaa and Kymenlaakso on the eastern Gulf of Finland coast and Kokkola on the north-west coast) and three inland in the regions of Päijät-Häme (Lahti), Central Finland (Jyväskylä) and South Karelia (Lappeenranta). Altogether around 790 000 people live in these areas, about 15.5% of the country's population. The main problem of the areas is high unemployment, due to structural change and steady job losses in the main industries, which are dominated by large, export-oriented companies in the forestry products, metals and chemicals sectors. The structural decline in employment in these industries was accelerated by the collapse of the Russian trade after 1990. In 1994 the average unemployment rate in the areas stood at 23%, compared with a national average of 20%.

Dependence on a few large employers is identified as a key weakness of the areas. Hence the accent of the programme is on diversification and development of small and medium-sized enterprises. In addition to helping the start-up of new businesses, the programme encourages the development of existing small and medium-sized firms through investment,

research and product development, and improvement of skills in technology and marketing. Training and networking with other SMEs or larger firms (cluster development) is therefore prominent. Finally, the programme aims to help develop the role of Finland as a "gateway" to Russia and the Baltic States, especially through selected investments in ports used in the transit trade.

The programme was presented to the Commission on 8 March 1995 and approved on 11 July 1995. It is divided into three parts, business development, skills and technology, and environment, infrastructure and tourism. The EU is contributing ECU 69.2 million to the programme, which will involve total expenditure of ECU 283 million.

The breakdown by EU Fund is as follows:

-	ERDF:	55.2	79.8%
-	ESF:	14.0	20.2%

The breakdown by sector and fund is shown below.

*Table 6: Objective 2 Finland: EU, national public and private contribution*

1995 prices	Total cost	EU contribution	National & regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
Business development	172.8	36.6	49.4	86.8
Skills and technology	45.6	16.3	20.1	9.2
Environment, infrastructure and tourism	61.8	14.9	37.0	9.9
Technical assistance	2.8	1.4	1.4	
Total	283.0	69.2	107.9	105.9

The Finnish authorities have set the following objectives for the programme :

- a net increase of around 10 000 in the number of jobs in manufacturing and services in the areas;
- a reduction in the local unemployment rate in line with the national average;
- a 3% increase in the number of SMEs;
- a 3% increase in the number of SMEs engaged in exporting.

Management of the programme is divided between the regions and the central administration. Each area has adopted its own programme, which it implements in accordance with a common framework of procedures and selection criteria through a regional management committee composed of representatives of the region, the district offices of the ministries and both sides of industry. For this reason the programme is contained in one Single Programming Document with a single national Monitoring Committee. Two meetings of the Monitoring Committee were held in September and November 1995.

For 1997-99 a new Objective 2 programme will be submitted.

## 2.4 Sweden

Proposals for the five Swedish Objective 2 regions were submitted to the Commission on 16 June 1995. The SPDs for Angermanlandskusten, Bergslagen, Blekinge, Fyrstad and Norra Norrlandskusten (total population 970 000) were approved by the Commission on the 22 November 1995. The programmes will cover a five-year period 1995-1999. Total expenditure under these five SPDs is forecast at around ECU 800 million. The Structural Funds will contribute ECU 160 million, the national and regional authorities a further ECU 350 million. The private sector contribution is estimated at some ECU 290 million.

The five Swedish Objective 2 regions are characterised by a high dependency on traditional industries (forestry, mining, engineering), dominance of local labour markets by one or two major employers, a weak entrepreneurial spirit, outward migration and an ageing population.

The main challenge facing these areas is to create new jobs to replace recent job losses in the traditional industrial sectors and expected job losses in the public sector.

The principal aim of the SPDs is to modernise and diversify the economy as a sound basis for job-creation in the private sector. The five programmes focus on improving the entrepreneurial climate in the regions concerned and on the strengthening of small and medium sized firms in manufacturing and in business services. In addition, the programmes aim to develop tourism activities based on the rich cultural heritage and beautiful nature of the areas concerned. It is estimated that the implementation of these programmes will result in the creation of some 21 000 new jobs.

To implement the strategic aims of the programmes, priorities focus on entrepreneurship and business development, tourism development and human resource development. Support will be given to advisory services, networking, research and training activities to encourage diversification and help businesses increase their competitiveness and export potential. To encourage innovation in SMEs, aid will be made available for networking activities between companies, for collaborative actions between companies and knowledge centres and for the training of SME staff. Furthermore, efforts will be made to attract inward investment (restructuring and clearing up of industrial sites and promotional activities). Finally, the programmes will bring support for actions to support the development of tourism activities (for example small tourist infrastructures, organisation of cultural events which bring to life the rich heritage of the areas, development of new attractions.)

Underlying these priorities are horizontal themes especially the development of Information Technology, promotion of equality between men and women, preservation of the environment and increasing skills and competences. The main beneficiaries of the programs are small and medium sized enterprises, potential entrepreneurs, municipalities, various local organisations and educational and R&D establishments.

The programmes will be implemented in a partnership involving the Commission, central government, regional and local authorities comprising all local interests, including the social partners. Each programme has a Management Committee reporting to an SPD

Monitoring Committee. The five SPD Monitoring Committees held their first meeting in December 1995, a second in March 1996 and a third in June 1996.

*Table 7: Objective 2 Sweden: EU contribution by Fund*

1995 prices	Total cost Ecu million	ERDF Ecu million	ESF Ecu million
Angermanlandskusten	89.45	14.20	3.80
Bergslagen	321.40	47.50	19.50
Blekinge	85.81	12.30	2.70
Fyrstad	145.50	19.00	5.00
Norra Norrlandskusten	161.02	28.66	7.34
<b>Total</b>	<b>803.18</b>	<b>121.66</b>	<b>38.34</b>

*Table 8: Objective 2 Sweden: EU, national public and private contributions*

1995 prices	Total expenditure Ecu million	EU contribution Ecu million	National & regional contribution Ecu million	Private contribution Ecu million
Angermanlandskusten	89.45	18.00	29.45	42.00
Bergslagen	321.40	67.00	150.90	103.50
Blekinge	85.81	15.00	33.11	37.70
Fyrstad	145.50	24.00	56.00	65.50
Norra Norrlandskusten	161.02	36.00	83.02	42.00
<b>Total</b>	<b>803.18</b>	<b>160.00</b>	<b>352.48</b>	<b>290.70</b>

### 3. Objective 6

#### 3.1 Objective 6 areas in Finland and Sweden

The Accession Treaty introduced a new Objective for the Structural Funds, namely Objective 6, the development of the sparsely populated areas. Regions with a population density of eight or less inhabitants per square km could qualify for assistance under this Objective. The areas eligible for Objective 6 in Finland and in Sweden were laid down in Protocol 6 to the Act of Accession.

*Table 9: Key statistics for the Objective 6 regions in Finland and Sweden*

	Total population in Objective 6 regions	Total surface area of Objective 6 regions
Finland	840 000 (17%)	206 000km <sup>2</sup> (60%)
Sweden	449 000 (5%)	241 640 km <sup>2</sup> (49%)

Figures in brackets represent the percentage share in the national total (national population and total surface area of the country concerned)

### 3.2 Finland

The Finnish areas eligible for Objective 6 cover a continuous area consisting of the regions of Lapland, Kainuu, North Karelia and South Savo and parts of the regions of Northern and Central Ostrobothnia, Northern Savo and Central Finland. Altogether some 840 000 people, 16.6% of the Finnish population, live in the area which accounts for 60% of the surface area of Finland. The population density averages four persons per km<sup>2</sup>.

In the Objective 6 area of Finland the increased level of unemployment following the early 1990s depression has exacerbated the area's traditional problems of a gradual overall decline in population and a drift from the countryside to the towns. The area is over dependent on the agricultural and forestry sectors and public services. These sectors alone are not sufficient to support the population in rural areas. The industrial base is unbalanced, with manufacturing concentrated on a few large firms in the forestry products, metals and chemicals industries. There are relatively few small and medium-sized firms. The loss of jobs in public services is affecting women more than men and leading to a gender skew.

The strategy of the Objective 6 programme is to develop the strengths of the areas, especially in forestry and wood products, specialised branches of agriculture, metals electronics and tourism. A stronger SME base is to be built up through incentives for starting up new small businesses both in local manufacturing and private services and for training and research and development. Maximum use is also to be made of the possibilities offered by new technology, especially in telecommunications, to overcome long distances. Because of the importance of agriculture especially for the more southerly parts of the area, around a quarter of the programme is to be spent on subsidies to farmers under the system of support for agriculture in "less-favoured areas". The programme also includes Social Fund measures to help the unemployed and assist in training. The Social Fund also finances Information Society projects.

The programme was submitted to the Commission on 8 March 1995 and approved on 11 July 1995. In negotiations with the Finnish authorities before the programme was adopted, a number of changes to the originally submitted plans were agreed. The EU cofinancing rate for "less-favoured-area" payments was reduced to leave more money for development. Basic infrastructure projects were dropped and human resources actions, including Information Society projects, stepped up. Finally, a number of smaller measures were combined into a flexible rural development package which will fund mainly local projects in a wide variety of areas, including projects concerning the Sami minority in northern Lapland.

The final programme is made up of three parts: business development, funding business start-ups and investment in existing firms, human resources including training and counselling for the unemployed, research and Information Society, and agriculture, forestry, fisheries, rural development and the environment. The EU is contributing ECU 459.9 million to the programme, which will involve total expenditure of ECU 1326.1 million. The breakdown by sector and fund is shown in the table below.

Table 10: Objective 6 Finland: EU, national public and private contributions

	Total expenditure	EU contribution	National & regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
Business development	513.4	153.7	153.7	106.0
Human resources	189.8	87.9	87.9	14.0
Agriculture, forestry, fisheries, rural development and the environment	604.5	209.1	280.5	114.9
Technical assistance	18.4	9.2	9.2	
<b>Total</b>	<b>1326.1</b>	<b>459.9</b>	<b>513.3</b>	<b>234.9</b>

The breakdown of EU funding is as follows:

- ERDF	172.5	37.5%
- ESF	105.8	23.0%
- EAGGF	177.6	38.6%
- FIG	4.0	0.9%

The Finnish authorities have set the following objectives for the programme :

- to reduce unemployment in the area by 2.1% and 8 000 unemployed per year (1994 level 23.8% and 90 600);
- to increase the number of jobs in private services and manufacturing to 135 000 (1994 level 117 500);
- to reduce the gap between local GDP and the national average by 5 percentage points from 20% to 15%.

Management of the programme is divided between the regions and the central administration. Each area has adopted its own programme, which it implements in accordance with a common framework of procedures and selection criteria through a regional management committee composed of representatives of the region, the district offices of the ministries and both sides of industry. For this reason the programme is contained in one Single Programming Document with a single Monitoring Committee. Four meetings of the Monitoring Committee have been held: in September and November 1995, in early March and mid-June 1996.

### 3.3 Sweden

The Objective 6 region in Sweden encompasses most of the northern half of the country but includes only 5% of the total Swedish population. The Swedish opted for Single Programming Document (SPD) approach in drawing-up their plan for the allocation of the 252 MECUs Structural Funds aid assigned to the region (a further 28 MECUs is available to the Objective 6 region from the Community Initiatives budget and Article 10 (ERDF).

The plan was presented to the Commission in April 1996 after an extensive consultation process within the area. The SPD was eventually approved on 6 November 1995. The programme is designed to help overcome the difficulties posed by the regions peripheral location, job-losses in traditional industries (e.g. mining) and population imbalances due to the migration of women and young people. On the other hand, the region has inherent strengths which the programme will build on, a pristine environment, a wealth of natural resources and a relatively well-developed infrastructure.

The aim of the SPD is to promote job creation in the private sector to reduce unemployment and replace forecast job-losses in the public sector. The latter will impact mainly on women thereby exacerbating the trend for women to leave the area. The viability of the small widely-scattered communities which make-up Objective 6 will depend on their ability to create new jobs and maintain the region's attractiveness as a place to live and work. The jobs target in the SPD is to create and/or preserve 9.500 jobs during the relevant period 1995-99.

A number of horizontal themes underpin the programme strategy viz.

- making the best use of information technology in all areas of socio-economic activity
- ensuring equality of opportunity for men and women
- preserving the exceptional natural environment and the cultural heritage
- exploiting the competitive advantages of the region
- increasing the skills and competences of people

Five priorities have been selected. They are given in table 11 below.

A range of measures have been included to encourage businesses, to increase competitiveness, to increase R&D and information technology capacity, to develop the agricultural and natural resources in an environmentally sensitive way, to develop tourism, to encourage initiatives at the local level and to increase educational and skills levels. The special priority for the Sami people will assist in the preservation of their nature and the traditional livelihood of reindeer herding.

*Table 11: Objective 6 Sweden: EU, national public and private contributions*

	Total expenditure	EU contribution	National & regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
1. Development of Jobs, Trade and Industry	289.4	82.6	80.16	106.61
2. Promoting know-how	102.7	48.8	40.42	13.50
3. Agriculture, Fisheries and natural Resources	151.5	66.1	61.01	24.36
4. Rural and Community Development	85.5	41.7	41.70	2.00
5. Sami Development	15.6	7.6	7.56	0.50
Technical assistance	10.3	5.2	5.16	
<b>Total</b>	<b>635.0</b>	<b>252.0</b>	<b>236.05</b>	<b>146.97</b>

The SPD Monitoring Committee held its first meeting in December 1995, a second in March 1996 and a third in June 1996.

The bulk of the programme resources (80%) will be implemented by County and Regional Management Committees drawn from existing local and regional structures. Certain measures e.g. Objective 5(a) measures will be managed by central agencies while the Sami will receive a global grant. Implementation and project approvals have begun.

Targets have been set through out the programme at the overall level these include:

- the creation and / or maintenance of approximately 9 500 jobs;
- a reduction in the gap between GDP per capita (excluding energy production) within Objective 6 and the national average;
- a reduction in unemployment;
- the creation of 900 new firms;
- the increased use of Information Technology applications and the acquisition of Information Technology skills and expertise.

**ANNEX 2**  
**SUBMISSION AND APPROVAL OF SPDS AND COMMUNITY INITIATIVES**

**SUBMISSION AND APPROVAL OF SPDS**

		Date of submission	Date of approval
Austria	Objective 1	20.3.1995	15.11.1995
	Objective 2	26.4.1995	15.11.1995
Finland	Objective 2	8.3.1995	11.7.1995
	Objective 6	8.3.1995	11.7.1995
Sweden	Objective 2	16.6.1995	22.11.1995
	Objective 6	27.4.1995	6.11.1995

**SUBMISSION AND APPROVAL OF COMMUNITY INITIATIVES**

**AUSTRIA**

	Date of submission	Date of approval
INTERREG: Czech Republic	17.7.95	21.12.95
Slovak Republic	17.7.95	21.12.95
Hungary	17.7.95	21.12.95
Slovenia	17.7.95	21.12.95
Italy	21.8.95	
Bodensee/Hochrhein	17.7.95	24.4.96
Bavaria	17.7.95	17.4.96
SME	21.9.95	3.4.96
RECHAR	28.12.95	{July 1996}
RESIDER	28.12.95	{July 1996}
RETEX	7.11.95	20.5.96
ADAPT	21.9.95	22.12.95
EMPLOYMENT	4.7.95	6.12.95
URBAN Vienna	17.7.95	21.12.95

**FINLAND**

	Date of submission	Date of approval
INTERREG: Barents	22.11.95	{June 1996}
Karelia	22.11.95	{June 1996}
South East Finland/ St Petersburg	22.11.95	{June 1996}
North Calotte	25.9.95	{June 1996}
Kvarken/Mittskandia	25.9.95	{June 1996}
Islands	25.9.95	{June 1996}
South Finland Coastal Zone	22.11.95	{July 1996}
SME*	15.9.95	{Autumn 1996}
ADAPT	21.6.95	22.12.95
EMPLOYMENT	21.6.95	16.12.95
URBAN	22.11.95	{June 1996}

\* The proposal by the Finnish authorities for the SME initiative is being revised to take better account of the need for complementarity with proposals for the second phase (1997-99) of Objective 2. This too has led to some delay in adopting the initiative in question.

**SWEDEN**

	Date of submission	Date of approval
INTERREG: North Calotte	25.9.95	{June 1996}
Kvarken/Mittskandia	18.9.95	{June 1996}
Sweden/Norway (3 plans)	18.9.95	{June 1996}
Islands	18.9.95	{June 1996}
Barents	22.11.95	{June 1996}
Öresund*	31.10.1994 / 18.9.1995	30.04.1996
KONVER	29.4.96	{July 1996}
SME	22.11.95	{July 1996}
ADAPT	19.9.95	22.12.95
EMPLOYMENT	14.7.95	12.12.95
URBAN Malmö**	23.10.95	{September 1996}

\* Programme originally submitted by Denmark on 31.10.94 and, following Swedish accession, the Swedish element of the programme was submitted on 18.09.95.

\*\* An initial proposal for Urban I was submitted in October 1995. After a preliminary discussion with the Commission, the Swedish authorities agreed to combine the resources available under Urban I and Urban II and to resubmit the modified programme in July 1996.

**ANNEX 3**  
**COMMUNITY INITIATIVES**

**1. Financial allocations for the three new Member States**

At its meeting on 4 April 1995, the Commission adopted a Communication on the application of Community Initiatives in the three new Member States. On 8 May 1996, the Commission approved the allocation of the reserve for Community Initiatives.

*Table 1: Financial allocations for regional Community Initiatives in the new Member States (without the reserve, see also table 13)*

1995 prices	Austria Ecu million	Finland Ecu million	Sweden Ecu million
Interreg	42.68	43.73	39.47
Leader	23.27	24.70	14.17
Employment	23.01	29.15	20.69
Adapt	11.57	19.70	11.25
Industrial Change	18.24	10.80	20.02
- of which Rechar	1.80		
- of which Resider	5.13		
- of which Retex	2.57		
- of which Konver			3.26
- of which SME	8.74	10.80	16.76
Urban	9.77	3.89	3.37
Pesca		3.00	3.49
<b>Total</b>	<b>128.54</b>	<b>134.96</b>	<b>112.46</b>

*Table 2: Allocation from reserve for regional Community Initiatives in the new Member States*

1995 prices	Austria Ecu million	Finland Ecu million	Sweden Ecu million
Interreg	6.14	4.20	7.08
Leader	3.17	3.37	1.93
Employment+Adapt	4.72	6.66	4.36
Urban	3.50	3.77	1.50
Pesca		0.41	0.48
<b>Total</b>	<b>17.53</b>	<b>18.41</b>	<b>15.35</b>

## 2. Austria

### 2.1 Interreg

Around one third of the total Structural Funds resources available in the period 1995-1999 for the funding Community Initiatives in Austria is allocated to Interreg II (Ecu 48.82 million out of a total of Ecu 146 million).

Austria has a long frontier including borders with Germany and Italy but also with 4 Central European countries. Both Austria and the Community attach great importance to these new external EU frontiers. This is why it was decided to concentrate the bulk of the Interreg II A resources (Ecu 30 million) on the four Interreg programmes for the external borders.

#### *Interreg II A (external borders)*

Proposals for these programmes were submitted on 17 July 1995 and were approved by the Commission on 21 December 1995. Allocations by operational programme are given in the table below:

*Table 3: Interreg (external) EU, national public and private contribution*

1995 prices	Total expenditure	EU contribution	National & regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
Austria - Czech Republic	12.1	4.5	4,5	3,1
Austria - Slovak Republic	16.0	5.5	5,5	5,0
Austria - Slovenia	22.6	9.0	9,0	4,6
Austria - Hungary	28.2	11.0	11,8	5,4
Total	78,8	30,0	30,8	18,0

The principle aim of the development strategy is to support - in harmony with the PHARE Cross-Border Co-operation programmes - the common border areas in their adaptation to the new European framework and to promote bilateral local and regional co-operation via the creation of co-operation networks.

Almost 60% of the total expenditure under these four programmes is allocated to the improvement of the economic co-operation and development. Further priorities are technical infrastructure, human resources, environmental protection and cross-border studies.

These Interreg II programmes can be seen as an element in the pre-accession strategy vis-à-vis countries which are candidates for future enlargement. Although the available resources are relatively modest, the actions which will be funded are an expression of the commitment of all partners involved to achieve better cross-border contacts and co-operation.

## *Interreg II A (internal borders)*

The proposals for the Interreg programmes at the internal borders with Germany and Italy were submitted on the 17 July 1995. The programme Bayern-Austria was approved on 17 April 1996, the programme Alpenrhein-Bodensee-Hochrhein on 24 April 1996.

Cross-border co-operation along the external borders is sometimes hampered by differences in the procedures for PHARE and INTERREG. This problem does not arise along the internal borders. The programmes for the internal borders were submitted as joint proposals by Germany, Italy and Austria and will also be implemented and monitored by the Commission as joint programmes. Important partners in the implementation are EUREGIOS as cross-border co-operation structures.

The programmes are focusing on tourism, economic development, environmental protection and development of endogenous potential. They also emphasise the development of human resources and the diversification of agriculture.

*Table 4: Interreg (internal borders) EU, national public and private contribution*

1996 prices	Total expenditure	EU contribution	National & regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
Austria - Bavaria (*)	56.26	24.6	26.6	5.1
Austria - Italy (**)				
Alpenrhein-Bodensee-Hochrhein (*)	13.8	6.9	6.9	0

(\*) Amounts given are for both sides of the border.

(\*\*) Not yet approved

### **2.2 Urban Vienna: Gürtel Plus**

A proposal for an Operational Programme for Vienna in the framework of the Urban Initiative was submitted by the Austrian Authorities on 17 July 1995. The programme was approved on 21 December 1995.

The programme (total cost: Ecu 31.926 million; EU contribution: Ecu 9.77 million) targets an inner city zone in Vienna with a population of 130 000 inhabitants. The resources available will be used to finance an integrated package of economic, social and infrastructural measures aimed at the regeneration of the area concerned. Quantified targets have been set throughout the programme and include the creation of some 400 new jobs, the renovation and redevelopment of 7000-10000 m<sup>2</sup> of new business premises and the (re-)training of up to 3000 people.

### 2.3 Industrial Change initiatives

Austria is eligible for four of the industrial change initiatives: SME, RETEX, RECHAR and RESIDER.

Table 5: Industrial change initiative: EU, national public and private contribution

1996 prices	Total expenditure	EU contribution	National and regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
SME	34.8	8.9	8.9	16.8
RETEX	16.2	2.6	2.6	11.1
RECHAR	n.a.	1.8	n.a.	n.a.
RESIDER	n.a.	5.2	n.a.	n.a.
Total	n.a.	18.5	n.a.	n.a.

#### *SME Initiative*

A proposal for this programme was submitted on 21 September 1995. The programme was approved by the Commission on 3 March 1996. Summary financial data is given in table 8 above.

The main objective of this programme is to improve the competitiveness of SMEs in Objective 1, 2 and 5b regions. Resources will be concentrated on three priority themes, namely:

- promotion of the use of information technology and telematics in SMEs;
- promotion of the use of clean and energy-saving technologies
- promotion of strategic planning in SMEs.

#### *The RETEX Initiative*

A proposal for this programme was submitted on 7 November 1995. The programme was approved by the Commission on 20 May 1996. Summary financial data is given in table 8 above.

The main objective of the programme is to modernise textile industry and to diversify the economic structure to break the dependency of the regional economy on textile industry in objective 2 and 5b regions in Steiermark, Niederösterreich and Vorarlberg. Resources will be concentrated on

- know-how improvement
- co-operation between companies
- qualification and training

## *The RESIDER and RECHAR initiatives*

Proposals for these programmes were submitted on 28.12.1995. They are likely to be approved by the Commission in June-July 1996. Allocations by operational programme are given in table 8 above.

The programmes are tailored to complement the objective 2 SPDs and to tackle the specific problems of declining mining and steel regions in Steiermark, Niederösterreich and Oberösterreich.

The programmes concentrate on:

- environmental improvement of derelict mining sites and on their preparation for business or tourism purposes
- promotion of new technologies and products, in particular environmental technologies and new materials
- technical infrastructure
- human resources

### **3. Finland**

#### **3.1 Interreg**

About 31% of the total Structural Fund resources available in the period 1995-1999 for funding Community initiatives in Finland is allocated to INTERREG II (ECU 47.93 million out of a total of ECU 153.37 million).

Finland has an exceptionally long land border (some 1300 km) with Russia, and also land borders with Norway and Sweden and maritime borders with the Baltic States. The bulk of INTERREG II A resources (ECU 30.5 million) is for the external borders with Russia.

#### *Interreg II A (external borders)*

Proposals for these programmes were submitted on the 22 November 1995 and are on course to be approved before the summer break this year. Although figures are not yet finalised, allocations by operational programme are expected to be as follows:

*Table 6: Interreg (external) EU, national public and private contribution*

1996 prices	Total expenditure	EU contribution	National & regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
Barents	36.2	10.5	23.2	2.5
Karelia	32.0	13.9	14.0	4.1
South East Finland	41.0	9.7	15.5	15.8
Southern Finland	22.2	6.0	10.0	6.2
Total	131.4	40.1	62.7	28.6

The programmes focus on developing economic co-operation with neighbouring border areas in Russia and in the Baltic States. The priorities are the improvement of border crossing installations, and co-operation in the fields of environmental protection, SMEs networking and development and human resources. For 1996, the Budgetary Authority of the Union established a new budget line for TACIS cross border co-operation. This should facilitate the financing of related cross border projects on Russian territory. The basis for multiannual development planning compatible with the INTERREG programmes remains to be established.

These INTERREG programmes are a special challenge for the Union. Sustained effort will be needed in the coming years to build good partnership arrangements and ensure effective implementation on the ground on both sides of the border.

### *Interreg II A (internal borders)*

The proposals for INTERREG II programmes for the internal borders were submitted on the 25 September 1995. One of the programmes concerns Norway as well as Sweden (North Calotte), the other two are bilateral with Sweden. Their approval is also expected before the Summer break this year. They will be ambitious in the degree of cross-border joint management which is envisaged:- there will be a pooling of resources to be managed by a single implementing body at the regional level covering action on both sides of the borders.

*Table 7: Interreg (internal borders) EU\*, national public and private contribution*

1996 prices	Total expenditure	EU contribution	National & regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
North Calotte (with Norway)	41.3	12.2	24.3	4.8
Kvarken	16.8	6.6	8.8	1.4
Islands	9.4	4.0	4.0	1.4
Total	67.5	22.8	37.1	7.6

*\* All figures including Sweden and Norwegian contributions as relevant.*

### *3.2 Urban*

The Finnish authorities submitted a proposal for an URBAN programme on the 22 November 1995, and the expectation is that it too can be approved before the summer break or shortly afterwards. It concerns Joensuu, the second settlement in terms of population (50 000 inhabitants) in the Objective 6 area. The total cost of the programme is expected to be approximately ECU 5.5 million with an EU contribution of ECU 3.9 million. The resources will be used to finance an integrated package of urban renewal linked to industrial heritage, and special actions to reintegrate the socially excluded especially the long term employed, by means of a series of projects to be set up and managed by the target groups themselves.

### 3.3 Industrial Change initiatives

#### *SME Initiative*

Finland is eligible for only one of the industrial change initiatives, the SME initiative. An initial proposal was submitted on the 15 September 1995, but the Commission's services have asked for substantial amendments to bring out more clearly the innovatory character of the actions envisaged and the coherence with proposals for Objective 2 in particular in the period 1997-99. As a result, the likelihood is that this initiative will not be finally approved until the Autumn of 1996. The total cost is ECU 26.8 million with an EU contribution of ECU 10.8 million.

## 4. Sweden

About 36% of the total Structural Funds resources available in the period 1995-1999 for the funding of Community initiatives in Sweden is allocated to INTERREG II ( ECU 46.55 million out of a total of ECU 127.81 million).

### **INTERREG**

Sweden has a long border with Norway, and also a border with Finland. Both the Swedish and Norwegian authorities attach great importance to INTERREG programmes in present circumstances. The Norwegian authorities have made available from national resources full matching funding which is managed at the county level.

#### *Interreg II A (external borders)*

Sweden participates in the North Calotte and Barents programmes described above in the section concerning Finland. In addition to these programmes there are three programmes for bilateral cross border relationships with Norway Inner Scandinavia, The Nordic Green Belt and A Borderless Co-operation. The programmes were submitted on the 18 September 1995 and their approval is also expected before the summer break this year, subject to agreement on the details of the decentralised implementation arrangements proposed.

*Table 8: Interreg (external) EU, national public and private contributions\**

1996 prices	Total expenditure	EU contribution	National & regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
Inner Scandinavia	21.56	4.5	13.5	3.56
The Nordic Green Belt	26.08	5.5	16.5	4.08
A Borderless Co-operation	26.00	4.5	16.5	4.00
Total	73.64	14.5	46.5	11.64

*\* including Finnish and Norwegian contributions as relevant.*

## *Interreg II A (internal borders)*

Sweden participates in the Kvarken and Islands programmes with Finland which have already been described in the section on Finland, and a programme with Denmark. The programme with Denmark was approved on the 30 April 1996, and the others should be approved before the summer break.

### **4.2 Urban**

The initial proposal was submitted on the 23 October 1995, but the Commission has asked for substantial revisions which have not yet been received.

### **4.3 Industrial Change initiatives**

Sweden is eligible for two of the industrial change initiatives, the SME and the KONVER initiative.

	Total expenditure	EU contribution	National & regional contribution	Private contribution
	Ecu million	Ecu million	Ecu million	Ecu million
SME	47.60	16.80	16.80	14.00
KONVER	11.14	3.26	3.26	4.62

#### *SME Initiative*

The proposal was received on the 22 November 1995. Limited complementary information has been requested from the Swedish authorities and has been provided at the end of May 1996. It focuses on international market development, the use of IT technologies and clean technologies to strengthen competitiveness.

#### *KONVER*

The proposal for KONVER has been submitted very recently (29 April 1996) It concerns two cities, Karlsborg and Karlskoga, one of which (Karlsborg) is outside the assisted areas under Objectives 2, 5(b) and 6. It envisages urban renewal and SME development measures.

<b>ANNEX 4</b> <b>DIALOGUE AND REGIONAL PARTNERSHIP</b>
------------------------------------------------------------

## **1. Austria**

The plans submitted to the Commission under Objectives 1 and 2 were prepared by a partnership involving national, regional and local authorities. An extended partnership, comprising also the European Commission and the social partners will be represented on the SPD Monitoring Committees.

Project approval and implementation is co-ordinated in a network of informal relationships between the managers of aid schemes at a regional and at a Federal level. It is intended that new Regional Management structures being set up in the majority of Regions should further strengthen and to some extent systematise the co-ordination of project approvals.

A simpler system of management is envisaged for most Community initiatives. In particular for Interreg and URBAN a clearing system for project approvals and other implementation issues is established. The decisions taken in this clearing system are implemented by a simplified structure at the Regional level - one organisation managing all funds in many cases but not all. However at Federal level, the organisation of implementation is along the same lines as those foreseen for the mainstream SPDs.

## **2. Finland**

The Finnish Objective 2 and 6 programmes were prepared and are being implemented from the bottom up. The first stage was the preparation of individual programmes in each of the regions concerned. Then the central government authorities put the regional programmes together into a draft outline programme which the Commission approved as a Single Programming Document for the whole country, containing the planned allocation of the budget between activities and the various regions and rules for implementing the programme. In charge of management of the programme in each region is a regional management committee consisting of representatives of the region, the district offices of the central government ministries and the social partners. The regional management committee draws up its own plan for implementing the programme in the region based on the original plan it submitted to the central authorities. Though legally the decisions to fund individual projects are taken largely by the district branches of the central ministries or by the ministries themselves, the regional management committee discusses and in practice must approve all projects and so maintains control of implementation, being able in effect to decide very largely how the programme is implemented in its area.

The programme is monitored by a single programme Monitoring Committee composed of representatives of all the regions, the funding ministries, the Commission and the social partners.

### **3. Sweden**

The regional partnership in Sweden was fully involved in the preparation of the plans submitted to the Commission. The partnership comprises representatives of local and regional government, county councils, employers, trade-unions, agricultural and environmental interests, community groups and others. The partnership will be represented on the SPD Monitoring Committees along with the national government and the European Commission. In the case of the Objective 6 SPD, seven County Management Committees have been set up to oversee the detailed implementation of the programme in each County concerned. In addition, a Regional Management Committee covering the entire Objective 6 region is to be responsible for the implementation of certain measures (i.e. tourism, IT and R&D) which are deemed to be of strategic importance for the region as a whole. Both the County Management Committees and the Regional Management Committee report directly to the SPD Monitoring Committee. Similarly, for Objective 2, each area has a decision-making group which reports to the relevant Monitoring Committee.

## **ANNEX 5**

### **EXPENDITURE STRUCTURE OF SPD'S ACCORDING STANDARD CLASSIFICATION**

The services of the Commission established a standard classification to analyse and compare the structure of the expenditure under all SPDs throughout the Union. The table overleaf provides estimates of the expenditure under the SPDs in the three Member States according to this standard classification.

There are some discrepancies between the figures in the table overleaf and the tables in annex 2. These are due to the fact that the definitions and subdivisions used in the SPDs for the three new Member States differ from those used in the standard tables.

**Structural Fund expenditure by sector  
Austria, Finland and Sweden - objectives 1 and 6**

1995-1999

Mecu

	Austria					Finland					Sweden				
	SF Total	ERDF	ESF	EAGGF	FIFG	SF Total	ERDF	ESF	EAGGF	FIFG	SF Total	ERDF	ESF	EAGGF	FIFG
<b>Basic infrastructure</b>	8,5	7,7	0,0	0,8	0,0	23,8	23,8	0,0	0,0	0,0	14,0	10,0	0,0	4,0	0,0
<i>Transport</i>	0,0					0,0					0,0				
<i>Telecom</i>	3,7	3,7				9,4	9,4				10,0	10,0			
<i>Energy</i>	4,0	4,0				8,0	8,0				0,0				
<i>Environment &amp; water</i>	0,8			0,8		6,4	6,4				4,0			4,0	
<i>Health</i>	0,0					0,0					0,0				
<b>Human resources</b>	43,0	11,4	31,6	0,0	0,0	120,4	16,7	103,7	0,0	0,0	78,3	25,7	52,6	0,0	0,0
<i>Education</i>	14,4	4,4	10,0			42,6		42,6			28,1	3,0	25,1		
<i>Training</i>	18,6		18,6			51,6		51,6			24,9		24,9		
<i>RTD</i>	10,0	7,0	3,0			26,2	16,7	9,5			25,2	22,7	2,5		
<b>Productive environment</b>	110,0	86,6	0,0	23,4	0,0	306,5	128,6	0,0	174,0	3,9	154,6	84,4	10,0	56,2	4,0
<i>Industry and services</i>	47,9	47,9				116,4	116,4				67,7	52,7	10,0	5,0	
<i>Agric. &amp; rural developm.</i>	23,4			23,4		174,0			174,0		60,1	9,0		51,1	
<i>Fisheries</i>	0,0					3,9				3,9	4,0				4,0
<i>Tourism</i>	38,7	38,7				12,2	12,2				22,7	22,7			
<b>Technical assistance</b>	4,1	2,0	1,5	0,6	0,0	9,2	3,4	2,1	3,6	0,1	5,2	2,5	1,3	1,2	0,1
<b>TOTAL</b>	165,6	107,6	33,1	24,8	0,0	459,9	172,5	105,8	177,6	4,0	252,0	122,6	63,9	61,4	4,1

**Structural Fund expenditure by sector  
Austria, Finland and Sweden - objective 2**

Mecu

	Austria (95-99)			Finland (95-96)			Sweden (95-99)		
	total	ERDF	ESF	total	ERDF	ESF	total	ERDF	ESF
<b>Productive environment</b>	52,1	52,1		38,5	38,5		89,7	89,7	
<i>Industry and services</i>	36,7	36,7		26,8	26,8		73,8	73,8	
- All types of industries & services	7,3	7,3		9,9	9,9		32,5	32,5	
- SME	29,4	29,4		16,9	16,9		41,2	41,2	
<i>Tourism</i>	7,1	7,1		4,8	4,8		13,1	13,1	
<i>Support infrastructures</i>	8,3	8,3		6,9	6,9		2,8	2,8	
<b>Human resources</b>	44,0	14,5	29,5	22,4	8,7	13,7	62,1	25,0	37,1
<i>Training, employment</i>	20,4		20,4	13,1		13,1	34,1		34,1
<i>Training centres and equipment</i>	3,5	3,5		0,0	0,0		0,0	0,0	
<i>RTD</i>	20,1	11,0	9,1	9,3	8,7	0,6	28,0	25,0	3,0
<b>Rehabilitation &amp; restructuring</b>	0,6	0,6		6,9	6,9		3,0	3,0	
<i>Industrial sites</i>	0,6	0,6		0,0	0,0		3,0	3,0	
<i>Urban zones</i>	0,0	0,0		6,9	6,9		0,0	0,0	
<b>Environmental protection</b>	0,5	0,5		0,0	0,0		0,6	0,6	
<b>Technical assistance</b>	3,7	2,5	1,2	1,4	1,1	0,3	4,6	3,4	1,2
<b>TOTAL</b>	101,0	70,2	30,8	69,2	55,2	14,0	160,0	121,7	38,3