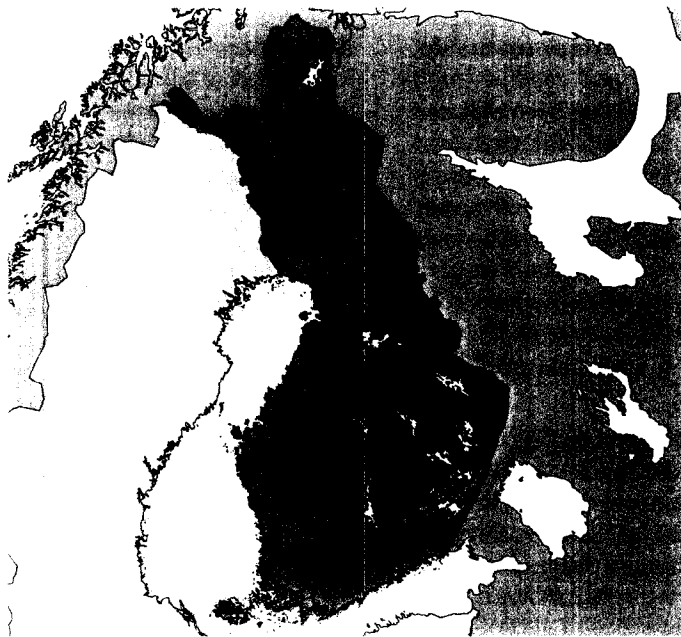


Results of the negotiations of Cohesion Policy strategies and programmes 2007–13

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Phasing-in Regions

Competitiveness and Employment Regions

1. INTRODUCTION

In Finland, the financial allocation from Structural Funds for the 2007–13 period was reduced by about a quarter as compared to the 2000–06 period. The Finnish programmes are particularly Lisbon-focused, with at least 88% of Funds earmarked for Lisbon Agenda activities which are designed to create new businesses and jobs, increase productivity and competitiveness, enhance research and innovation and develop

regional economies. There is a stronger focus on research, development and innovation (RD&I) as compared to the previous programming period. The negotiations between the Commission and the Finnish authorities led to clarifications on the value added of the EU contributions and a tighter focus of the strategic priorities.

The strategic priorities of the Finnish National Strategic Reference Framework (NSRF) will be implemented through

several programmes: five regional programmes for Eastern Finland, Northern Finland, Western Finland, Southern Finland and the Åland Islands, co-financed by the European Regional Development Fund (ERDF), and two thematic programmes for mainland Finland and the Åland Islands, co-financed by the European Social Fund (ESF). In addition, under the European Territorial Co-operation Objective, Finland will participate in three cross-border co-operation programmes, two transnational co-operation programmes and four interregional co-operation programmes¹.

COHESION POLICY ADDRESSES TODAY'S PROBLEMS AND FUTURE CHALLENGES

Mitigating regional disparities

Finland's Structural Fund Strategy for 2007–13 (under the NSRF) focuses on strengthening national and regional competitiveness, employment and welfare. Greater equality in development between the different regions is one of the main objectives. Financing is focused on the sparsely populated and peripheral regions of Eastern and Northern Finland. These regions also benefit from a special allocation of €359 million from the Structural Funds for 2007–13 in recognition of the additional costs incurred due to their peripherality and sparse population. The use of this special allocation will

¹ The figures mentioned in the following chapters refer to planned interventions in the programmes under the Convergence and, where applicable, the Regional Competitiveness and Employment Objectives only. It is not possible to identify the exact contribution of each Member State to a given theme in programmes under the European Territorial Co-operation Objective.



FINANCIAL ALLOCATION PER OBJECTIVE AND FUND

Objective	Fund	Community amount in €	National Public amount in €	National Private amount in €	TOTAL in €
Regional Competitiveness and Employment (RCE)	ERDF	977 401 980	1 126 121 465	0	2 103 523 445
	ESF	618 564 064	801 836 655	0	1 420 400 719
Total RCE		1 595 966 044			
European Territorial Co-operation	ERDF	120 248 587		0	120 248 587
Total ERDF		1 097 650 567			
Total ESF		618 564 064			
TOTAL		1 716 214 631	1 927 958 120	0	3 644 172 751

* The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 100+ regions representing approximately 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. The Regional Competitiveness and Employment Objective is applicable to the rest of the EU, or to 168 regions, representing almost 65% of the EU-27 population. It aims to enhance the competitiveness and attractiveness of regions, as well as boost their employment levels.

be monitored through annual reports and programme monitoring committees. In addition, Eastern Finland has a 'phasing-in' status with a financial profile that will diminish significantly over the programming period. In other Finnish mainland regions, financing is to target areas with particular development challenges which have been defined in a Government decision. The Åland Islands, by virtue of their autonomous position, have drawn up their own strategy and are implementing their own two Operational Programmes.

For the 2007–13 period, the Finnish Structural Fund programmes are more closely linked to national and regional development strategies and plans than in the previous programming period.

Cohesion Policy delivering the Lisbon Agenda

The Finnish strategy and programmes support the Lisbon Strategy for growth and jobs and are in line with the Finnish National Reform Plan (NRP). During the negotiation process, the minimum allocation earmarked for Lisbon activities was increased from 75% to 88%, which is among the highest percentages in Europe.

Responding to globalisation and structural change

The development of research, development and innovation (RD&I) structures and activities is a main strategic priority of the Finnish NSRF. In financial terms, Finland will invest over €862 million (60.2% of its total Fund allocations) in promoting activities related to RD&I. The aim is to strengthen the R&D capabilities of the regions, create 2 240 new R&D jobs and increase the number of companies taking part in public R&D projects.

Support for **entrepreneurship**, especially small and medium-sized enterprises (**SMEs**), has been allocated €343 million (21.5% of the total Fund allocations) in Finland. The objective is to create 6 500 new companies and nearly 40 000 new jobs. The increase in turnover and the proportion of exports of the companies supported will also be monitored. The use of new financial engineering instruments is being promoted in all programmes.

The **adaptability** of enterprises, especially SMEs, will benefit from some €169 million. The aim is to improve the ability of an enterprise's work organisation to anticipate and control structural change arising from globalisation, technological development and the ageing workforce and to respond to changing situations. The quality of work organisation, skills and wellbeing and the ability to cope at work, as well as innovativeness and gender equality in working life, will also be further developed. In addition, the growth potential and internationalisation capacities of SMEs will be improved. The supported activities will target sectors and groups in which the need for development and change, due to structural change and changes in the operational environment, is the greatest.

Investment in **human capital** will be supported with some €97 million. These funds will be used to develop employment services and to provide a guidance and advisory system promoting vocational education. In addition, work life based learning models are being developed. The objective is to match education and training with the needs of employers, to assist with the process of beginning working life and to enhance skills needed in the labour market.

€144 million or 9% of the total Structural Fund budget of Finland will be allocated to development of the **Information Society**. Nearly €30 million will be used for experimental projects designed to find solutions or methods for welfare services.

€36 million or 2.3% of Structural Funds have been allocated to investment in transport infrastructure and improving **accessibility** in Finland. This amount will mainly be used in a few key logistics projects in the sparsely populated and peripheral areas in order to improve operating conditions for businesses.

Demographic change, and more inclusive labour markets, societies and economies

In Finland, the average working age is set to rise proportionally faster than in other European countries. By 2025 there will be 50% more 65-year-olds than at present. Therefore, Finland must prepare for and manage properly these **demographic changes**, and do so more urgently than its European neighbours. Encouraging older workers to stay longer in jobs and persuading young people to start their working careers earlier, will be a means to combat the expected shortages in the labour force. In parallel with the shortages of a skilled labour force, the problem of long-term unemployment still exists. Almost half the long-term unemployed are aged over 50. The broader challenge is to address the high levels of structural unemployment. Measures to help people in a less favourable position in the labour market have so far not been effective enough.

During the 2007–13 period, Finland will invest some €304 million to implement measures aiming at **increasing workers**

participation and address **poverty and social exclusion**. Measures will be directed at alleviating long-term unemployment and its consequences. Social exclusion will be prevented by promoting employment of the unemployed and those outside the labour force who are particularly difficult to employ. Another objective is to reduce the levels of young people dropping out of education. The aim is also to promote desegregation and increase equality, thereby reducing discrimination in education and training as well as in working life. In Northern Finland, the indigenous Sámi people will be supported for example in developing entrepreneurship based on their culture.

Responding to the challenges of sustainable development, climate change and energy

During the 2007–13 period, Finland will invest €156 million (9.8% of the total fund allocation) in improving the **environment**, promoting **sustainable growth** and combating **climate change**. Environmental sustainability is a horizontal principle in all Finnish programmes, meaning that each project will be assessed on its environmental sustainability. As a result of the negotiation process, some environmental indicators were added to the programmes to be followed up during implementation.

FINLAND'S POLICY REINFORCES LOCAL GOVERNANCE, PARTNERSHIP AND PEOPLE'S LOCAL CAPACITIES

Reinforcing multi-level governance and partnership

The mainland Finland management system for Structural Funds is a mixture between centralised and decentralised, with the ministry level being a Managing Authority and the implementation being the decentralised responsibility of the regional and local authorities. During the 2007–13 period, the regions will play a more important role in the implementation and management of the Structural Fund programmes compared to earlier periods as they take on some management and monitoring tasks previously carried out at the central level.

Major reforms are taking place in Finland in terms of regional governance affecting

management and control systems of the Structural Funds. A new Ministry for Employment and the Economy was created from three former ministries on 1 January 2008. In the coming years, the regional administration will also be restructured, as agreed in the programme of the new Government elected in 2007. This will mean decreasing the number of regional authorities and clarifying the division of tasks between the state regional authorities and regional councils. In the same context, the coverage of the regions will be assessed.

Finland has a tradition of involving an extensive partnership in preparation and implementation tasks and has strict laws on public consultations. All bodies referred to in Article 11 of the General Regulation have been involved in the preparation process of the programmes. As concerns implementation, members of the programme monitoring committees include national, regional and local partners, socio-economic partners, entrepreneurs, and equal rights and environmental organisations.

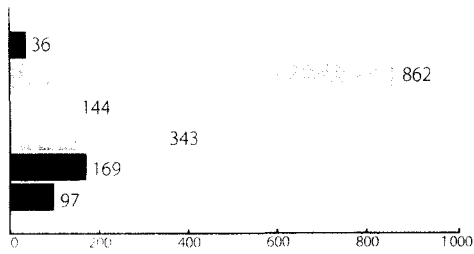
Mainstreaming successful policies, enhancing knowledge and spreading good practices

Two Finnish regional programmes contain specific **urban development** priorities (Southern and Western Finland ERDF Operational Programmes). The Mainland Finland Human Resources Development Programme will also support urban development actions. In the sparsely populated areas of Northern and Eastern Finland, the urban activities will be implemented through all strategic priorities. Reference to possible use of the urban development facility JESSICA is made in one regional programme.

International co-operation associated with finding and mainstreaming good practices will continue based on the experiences of the **EQUAL** programme. The aim is to bring added value to Finland's employment, enterprise and education policies. Another objective is to generate official and unofficial networks and to develop the work practices and skills of experts. All these objectives will reinforce the European dimension when striving to achieve the goals of the Lisbon Strategy.

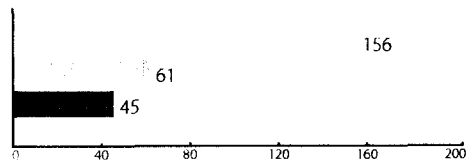
**COHESION POLICY CONTRIBUTION TO COMMUNITY PRIORITIES 2007-13¹²,
 IN MILLIONS OF EURO**

**Responding to globalisation
 and structural change**



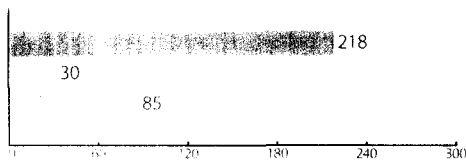
- Accessibility
- RD&I
- Knowledge and service based economy
- Entrepreneurship and business support (SMEs)
- Adaptability of companies and workers
- Human capital

**Responding to the challenges of
 climate change**



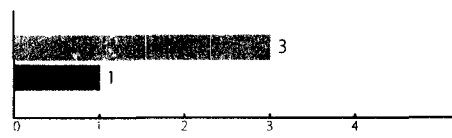
- Environment
- Climate change
- Energy efficiency and renewable energies

**Demographic change, more inclusive labour
 markets, societies & economies**



- Increasing workers' participation
- Migration
- Addressing poverty and social exclusion

**Responding to governance, ownership
 & institutional capacity**



- Strengthen capacity of public sector
- Pacts and networking initiatives for employment and social inclusion

¹² The sum of individual actions is higher than the total funds available under Cohesion Policy for Finland (€1 716 214 631) due to the relevance of various categories to different thematic priorities, e.g. RD&I contains large human capital investments which are also listed separately.

Further information about Cohesion Policy in Finland can be found at:
http://ec.europa.eu/regional_policy/atlas2007/finland/index_en.htm

Consult the Inforegio website for an overview of EU Regional Policy:
http://ec.europa.eu/regional_policy/

Consult the website of DG Employment, Social Affairs and Equal Opportunities for further information:
<http://ec.europa.eu/social/>