

EU Regional Policy and its Financial Instruments

(Structural Funds, Cohesion Fund,
Community Initiatives)

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Basic characteristics

Because of the global character of current business relations, individual territories and their economic activities, whether within or outside the European Union, are subject to ever-increasing competition. However, not all regions have the same economic, social and geographical qualities and not all of them compete upon the same conditions.

For many years the problems determined by different development and life conditions, existing long before the establishment of the European Communities, were being dealt with almost exclusively by the member states concerned. This situation changed dramatically when common European policies were introduced. Since then, the amount of GDP per capita in the three least developed EU member states has increased significantly, drawing much closer to average EU figures.

Nevertheless, substantial differences, quite distinctive not only as a result of comparison among individual EU member states but above all as a result of comparison among individual regions within the European Union, still persist. That is why EU regional policy is regarded as necessary and practical for the stimulation of harmonious development of the entire EU territory. Its objective is to enable all EU regions to benefit in full from all opportunities offered by the Common Internal Market and at the same time, contribute to the stability of the Economic and Monetary Union (EMU).

The Union's regional policy is, above all, a matter of **solidarity**. It should secure assistance and aid on an EU level and help the most disadvantaged regions overcome their handicaps. Between 2000 and 2006 one third of the Union's budget (€ 213 billion) will be spent on regional policy, i.e. redistributed among the most underdeveloped regions. Both individual EU member states, through their own schemes and projects of regional assistance, and the European Union as a whole will continue to try to reduce development differences, contribute to the convergence of recession-affected industrial regions, diversify activities in rural areas and improve urban areas stricken by decline and decay.

Regional policy is also **material** and **noticeable**, its results being clearly recognised by all EU citizens benefiting from job-seeking assistance and above all various training and retraining courses reacting to changing labour market conditions. It also helps improve the life of all people living in those regions whose public finances are supported by additional funds, especially in the area of infrastructure construction and the enhancement of the competitiveness of local firms and companies. Motorways, airports and some high-speed railways have been built or reconstructed thanks to co-financing from the EU funds known as Structural Funds. Not to mention the fact that all construction activities co-financed in this manner are always subject to strict European environmental standards. Another objective of regional policy is the establishment of new small and medium-sized companies and their support in remote regions. Informational society infiltrates even the most remote rural areas. New educational, health protection and leisure-time opportunities are introduced in reconstructed and revitalised suburbs. All the aforementioned facts can be demonstrated by clear and apparent examples.

Legislative base

Articles 2 and 3 of the Founding Treaty of the European Communities specify that one of the principal objectives of European integration is to "support harmonious, balanced and sustainable development of economic activities, a high level of employment and social protection increasing the quality of life and status and economic and social cohesion and solidarity among all member states within the entire territory of the European Communities".

More particularly, pursuant to Section XVII, Articles 158 – 162 of the Treaty, addressing economic and social cohesion, the European Communities focus on the reduction of development differences among individual regions and on the underdevelopment of regions and islands, including rural areas. The European Union supports cohesion efforts through projects financed from its Structural Funds. In addition, the European executive (the European Commission) is supposed to present a report on progress towards economic and social cohesion every three years. The report should also include suitable proposals concerning the future concentration of regional policy.

Decision-making procedure

Pursuant to Article 161 of the Treaty, the European Council decides unanimously on proposals presented by the European Commission and – having obtained approval from the European Parliament and having consulted the Economic and Social Committee and the Regional Committee – specifies the following aspects related to the Structural Funds and the Cohesion Fund:

- objectives, priorities and organisational matters,
- general regulations,
- regulations ensuring the efficient utilisation of individual Funds, their mutual co-ordination and co-ordination between the Funds and other existing financial instruments.

The aforementioned decision-making procedure will be changed in accordance with the Nice Treaty of December 2000. As of 1 January 2007 the European Council will be deciding by a qualified majority on all matters concerning the Structural Funds and the Cohesion Fund. However, as the next programme period (2007 – 2013) begins in 2007, all its financial aspects will have to be adopted and approved by the European Council unanimously.

Instruments

At present, the European Union provides financial assistance in compliance with regional development programmes agreed by individual regions, EU member states and the European Commission for several years in advance and in accordance with specific Community initiatives and schemes through the following four Structural Funds:

1. **European Regional Development Fund (ERDF)**. It is used to finance infrastructure, productive investments used to create new jobs, local development projects and assistance for small and medium-sized companies.
2. **European Social Fund (ESF)**. It is used to finance the adaptation of the workforce to new labour market conditions and to enable the unemployed and other disadvantaged groups to find jobs, especially through retraining and recruitment programmes.
3. **European Agricultural Guidance and Guarantee Fund (EAGGF)**, in particular its orientation section. It is used to finance rural development and assistance to farmers, especially in underdeveloped regions, and common agriculture policies in other EU regions.
4. **Financial Instrument for Fisheries Guidance (FIFG)**. It is used to finance structural reforms in the fishing industry.
5. **Cohesion Fund**. As a special solidarity fund, it is used to co-finance environmental and traffic networking projects in all EU member states whose GDP per capita amounts to less than 90% of the EU average (Spain, Greece, Ireland and Portugal in the current programme period).

The requirements of current EU candidates in these areas, i.e. infrastructure, industry, services, support of small and medium-sized companies, agriculture and the environment – are often rather constrained or exceed the capacity of the aforementioned Funds.

In the period 2000 – 2006 the European Union is helping EU candidates to prepare for their membership through Accession Partnership programmes, strategic documents concerning programme assistance from the following two new Structural Funds:

1. **Instrument for Structural Policies for Pre-Accession (ISPA)**. It is used to help EU candidates finance transport and ecological projects in compliance with the Cohesion Fund's regulations.
2. **Special Accession Programme for Agriculture and Rural Development (SAPARD)**. It is used to help EU candidates prepare for the Union's Common Agricultural Policy.
3. **PHARE** (Poland and Hungary Assistance in Reconstruction of their Economies).

Development

The need to support balanced development by reducing distinct differences among various regions and to help the most underdeveloped regions catch up to the rest of the European Communities was addressed by the Founding Treaty of 1957.

The Treaty also secured the establishment of the European Social Fund (promotion of employment and improvement of workforce mobility within the Communities) and the European Investment Bank. The remaining instruments, whether intended, considered or proposed, designed to support development in individual member states were introduced later on in accordance with the progress of European integration and the accession of additional countries.

The European Agricultural Guidance and Guarantee Fund was established in 1962, when the Communities adopted their very first Common Agricultural Policy, with the objective of supporting and stimulating agricultural production within the European Communities. In 1964 the Fund was divided into two sections, guarantees and orientation, with the latter financially contributing to the structural reform of agriculture and promoting new forms of rural development.

The European Regional Development Fund was established two years after the accession of Britain, Ireland and Denmark in 1973. It first served as an assistance instrument for regeneration of the British industrial regions hit by the recession and as compensation for Britain's participation in the Common Agricultural Policy. The Fund's activities were considerably expanded to other underdeveloped regions later on, when Greece, Spain and Portugal joined the European Communities.

In 1986 the Unified European Act introduced for the first time specific legal classification of economic and social cohesion, thus creating conditions for real regional policy based on the principle of solidarity. This process also resulted in a significant increase of the Communities' financial base (pursuant to the Delors package), with structural and operating expenditures increasing almost twofold to 31% of the overall EC budget during the 1988 – 1993 period.

The Maastricht Treaty on the European Union of 1992 made economic and social cohesion one of the highest development priorities, together with preparation for the Economic and Monetary Union and the Common Internal Market. By defining the criteria of economic and budgetary convergence for all EU member states, the Maastricht Treaty contributed above all to the strict control of public deficits. Some of the poorer countries were forced to introduce very strict budgetary policies and invest in the infrastructure. Both measures helped accelerate their development and increase their growth potential. At that time, Spain, Greece, Ireland and Portugal were unable to meet the required criteria without considerable EU assistance. That is why the Union established the Cohesion Fund, thus showing its solidarity to the said four least prosperous member states (this characterisation has changed significantly since then, with Ireland becoming the third richest EU member state – in terms of GDP per capita – within just a decade). The Cohesion Fund was established to help the said countries enter the Economic and Monetary Union upon the most favourable and convenient conditions possible.

The Edinburgh Summit of the European Council in December 1992 decided to increase the amount of financial means designated for structural operations in the 1994 – 1999 period up to 40%. One year later, in 1993, the Financial Instrument for Fisheries Guidance was established in reaction to the fishing industry crisis occurring in the beginning of the 1990s. Its main objective was to help restructure the entire sector.

The Amsterdam Treaty of 1997 confirmed the strategic importance of cohesion by explicitly mentioning its influence on employment, when specifying the need to reduce the rate of unemployment within the Union.

The Berlin Summit of the European Council in March 1999 redefined the term cohesion once again when it approved the Agenda 2000, an action plan proposed by the European Commission to enhance EU policies and to create a new financial framework for the programme period of 2000 – 2006, while also respecting the process of EU expansion. The Agenda 2000 also deals with the necessary reform of the Structural Funds (both the Cohesion Fund and the Structural Funds were given a new legal framework that should remain valid until 2006), specifies that the assistance provided from the Funds will be concentrated and simplified and clarifies the individual roles and responsibilities of the EU member states and the European Commission.

In the area of EU expansion the Agenda 2000 also creates two new financial instruments, ISPA and SAPARD, determining the conditions upon which EU candidates can join the Common Internal Market and preparing the management of structural assistance provided by the Communities.

Outlook

At present, the Union's regional policy faces the following three key challenges:

1. **Economic competition** is much more intensive as a result of liberalisation. Firms and companies relocate to any place offering conditions ensuring better competitiveness (high-quality infrastructure and services, qualified workforce, etc.). Any region wishing to attract companies and create an entrepreneurial environment must offer an adequate infrastructure and high-quality services.
2. **Informational society** and technological revolution make people, firms, companies and territories much more flexible. The existence of telecommunications networks means that people – regardless of their current location – can expect to enjoy access to the latest know-how, innovations and top professional education.

3. **Expansion of the European Union.** The EU has been slowly opening to new candidates whose economic and social conditions are frequently worse than those of the least developed regions of EU-15. This very significant fact means that the current form and principles of the cohesion policy must be reassessed.

To a large extent, the aforementioned three angles will determine the resulting study. However, in order to draw the most comprehensive picture possible of the given problem, a whole range of other relevant connections will be discussed.

The reform of regional policy specified by the financial aspects of the Agenda 2000 was based on the provision of structural assistance above all for the most underdeveloped regions and on the significant simplification of implementation activities. In order to ensure better understanding of specific details and particular local situation, individual EU member states and their regions were given the opportunity to take over responsibility for their own futures and directly manage the financial means made available in accordance with the Union's structural and cohesion policy. They are, however, **obliged to co-ordinate all "European resources" and to ensure, control and accept liability for their efficient and suitable utilisation!!!** Not only did the cohesion policy contribute to a significant reduction of regional differences (and still does), it also helps establish partnerships associating the European Union, EU member states, local authorities and private enterprises and focusing on development strategies whose objective is to support the tasks and projects formulated by the European Communities.

The forthcoming process of EU expansion greatly increases the extent of economic and social cohesion and moves the focal point of the structural and cohesion policy eastwards. The accession of current membership candidates will eventually mean the reassessment of the existing regional policy concept and the consideration of at least the following three key aspects:

1. Regional development differences will increase considerably. While the Union's territory and population are going to grow by about one third, its GDP will raise by no more than 5%. At the same time, the Union will introduce a "new membership category" (directly linked to its structural and cohesion policy) including those member states whose GDP per capita amounts to less than 40% of the EU average (luckily, the Czech Republic will not be included in it).
2. The political focal point (i.e. the focal point of the structural and cohesion policy) will probably move eastwards; it is no wonder that the southern members of EU-15 – currently receiving the largest part of the financial assistance from the Cohesion Fund – are rather anxious for their future benefits.
3. The differences existing within EU-15 will not disappear as a result of EU expansion and should not be overshadowed by this process.

The aforementioned challenges by no means disable the existence of an economic and social cohesion policy. However, it will be necessary to specify the most suitable forms of assistance provided in compliance with the Union's cohesion policy as well as the fundamentals upon which they should be based. It is, naturally, possible to say that the Union's future regional policy is not just a financial issue, but that it should be discussed in the context of European integration as such.

Regional Policy Reform in the Period of 2000 – 2006

The process of European integration is carried out by a group of countries tied together by economic relations and regulatory measures of common interest to which they are willing to conform. However, the concept of EU integration can be regarded as credible only upon the condition that they are able to achieve and maintain a sufficient level of economic and social cohesion. Taking this condition into account, the structural policy measures featured in the Agenda 2000 package concentrate on the following two principal challenges:

- efficiency improvement of structural policy instruments in order to achieve true economic and social cohesion;
- permanent inclusion of structural policy in the process of future expansion of the European Union.

Harmonious development has been one of the principal objectives of the European Economic Community since 1957. In the beginning, the Community succeeded in establishing a common market, ensuring the further development of all member states and overcoming certain regional differences. The Founding Treaty created all the necessary conditions for the establishment of the European Social Fund, whose main objective was to support employment and promote workforce mobility within the Communities. Nevertheless, its role was only marginal in the course of 1950s and 1960s because of a relatively high economic growth and low rate of unemployment at that time.

The economic shocks occurring in 1973 and the resulting need for economic restructuring highlighted developmental differences among some member states. Regional differences increased even further after the accession of Britain and Ireland and later on of Greece, Spain and Portugal.

The introduction of a real structural policy reducing the differences in economic growth and living conditions soon turned out to be necessary. Apart from the European Social Fund, the Communities established other Structural Funds, each having a specific purpose. The Communities also established the European Agricultural Guidance and Guarantee Fund (EAGGF) whose objective was to finance their Common Agricultural Policy; the European Regional Development Fund (ERDF) concentrating on selected underdeveloped regions and the Financial Instrument for Fisheries Guidance (FIFG).

The Cohesion Fund was established together with some of the Structural Funds in 1993. It is used to finance the transport and ecological infrastructure of those member states whose GDP per capita amounts to less than 90% of the EU average.

The term “economic cohesion” was defined by the Unified European Act in 1986 and since 1992 (when the Maastricht Treaty on the European Union was signed), it has been representing **one of the three pillars of the European Union** (together with the Common Internal Market and Economic and Monetary Union). Today, cohesion is no less important and this fact is reflected by the European Budget, with the structural policy representing the second most significant programme financed by the European Union (after its Common Agricultural Policy).

While respecting the existing elements of structural policy, the reform of 1999 concentrates above all on:

- a) **efficiency improvement of structural instruments** by enhancing concentration, limiting the number of objectives of both structural policy and Community initiatives, improving the management and clarifying the joint responsibility of all involved parties;
- b) **strengthening** of economic and social cohesion;
- c) inclusion of future member states in the **structural policy**.

ad a) Efficiency improvement of structural policy instruments

Structural funds

Generally speaking, the reform of 1999 increased the concentration of assistance and simplified and decentralised its management. On the other hand, it introduced a much clearer division of responsibilities and stricter application of the principle of subsidiarity.

The aforementioned higher concentration results from the reduction of objectives from seven to three.

Box: former and current objectives of EU regional policy

Former objectives of EU structural policy (1994-1999)

- a) Support of the development and structural adjustment of underdeveloped regions, i.e. all regions whose economy is still to a large extent dependent on agriculture and suffers from low production and income, high unemployment and a weak (poor) infrastructure (concerning, above all, roads, railways, water supply, etc.) – **objective 1**.
- b) Redevelopment of all regions, border regions and areas (local labour markets or urban municipalities) seriously affected by the decline of industrial production (mainly regions in which economic activities have historically concentrated on sectors currently facing a decline, loss of perspective, restructuring, revitalisation or liquidation, such as the mining industry, steelworks and ironworks, ship construction or textile industry). The said regions have been fatally affected by the liquidation of many factories, outdated and unsuitable infrastructure and a high level of unemployment – **objective 2**.
- c) Fight against long-term unemployment, with special attention paid to persons older than 25 years of age unemployed for more than 12 months (representing the most critical group of the unemployed) – **objective 3**.
- d) Promotion of the employment of young people, especially those younger than 25 years of age and actively looking for jobs – **objective 4**.
- e) Adjustment of production, processing and marketing structures in agriculture and forestry (**objective 5a**) and the support of agricultural and farming regions (**objective 5b**).
- f) Support of regions with an Arctic climate and low population density (**objective 6**).

Current objectives of EU structural policy (2000-2006)

- a) **Objective 1** – support of the development and structural adaptation of all underdeveloped regions, i.e. all regions whose GDP per capita amounts to less than 75% of the EU average. This new objective concerns most remote regions (French overseas territories, the Azores, Madeira and the Canary Islands) and the regions covered by the former objective 6 resulting from the Accession Treaty concluded with Austria, Finland and Sweden. As in the past, two thirds of the operations concerning the Structural Funds concern objective 1. Almost 20% of the EU population could benefit from the measures adopted in connection with this objective.
- b) **Objective 2** – contribution to the economic and social conversion of all regions suffering from structural problems not covered by objective 1. This objective partially replaces the former objectives 2 and 5b, now also covering all regions facing economic diversification: in general, it concentrates on all areas undergoing economic change and on the decrease of productivity in rural areas, areas dependent on the fishing industry and urban areas in crisis. This objective does not concern more than 18% of the EU population.
- c) **Objective 3** – includes all measures concerning human resources, except for those covered by objective 1. It partially replaces objectives 3 and 4 and represents a reference framework for all measures resulting from the fight against unemployment defined in the Amsterdam Treaty and by the European Strategy of Employment.

All regions covered by the former objectives 1, 2 or 5b in the 1994 – 1999 period but uncovered by the new objectives 1 and 2 in the period 2000 – 2006 will be subject to temporary arrangements.

In addition, thanks to new measures, the overall number of **Community initiatives** was reduced from 13 to the following 4:

- **INTERREG** focused on the stimulation of cross-border, international and interregional collaboration.
- **LEADER** supporting rural development through the initiatives of local action groups.
- **EQUAL** focused on new methods of fighting against all forms of discrimination and inequality concerning access to the labour market.
- **URBAN** promoting the economic and social regeneration of towns and suburbs in a critical situation.

Each of the aforementioned four Structural Funds plays a specific role in the definition of Community objectives and initiatives.

ERDF. It is used to reduce regional differences within the European Union. This Fund allocates financial assistance to less developed regions. It contributes to the fulfilment of **objectives 1 and 2** and the **Community initiatives INTERREG and URBAN**. It is the **most important Structural Fund by far** in terms of financial resources.

ESF is the main social policy instrument of the Communities. It deals with the financial aspects of qualification courses, retraining and the creation of new jobs. Emphasis will be placed on the improvement of labour market conditions and the return of the unemployed to work. Although contributing to all three objectives of the structural policy, the Fund concentrates above all on objective 3. It also finances the Community initiative **EQUAL**. In addition, new regulations give the Fund more power in the area of social issues because it can now participate in projects forming a part of the European Strategy of Employment and affect employment policy principles.

The reform of 1999 preserved the dual contribution of **FIFG** to the regional development policy and the common fishing industry policy. All structural measures concerning the fishing industry form a part of the Union's common fishing industry policy or serve as instruments of a sectional policy.

EAGGF is divided into a **guarantee section** and **orientation section**. While the former finances the joint organisation of markets and agricultural prices, rural development related to market support, the rural development of regions not covered by objective 1, selected veterinary measures and informational measures concerning the Union's Common Agricultural Policy, the latter finances any other rural development not dealt with by the guarantee section, including the **LEADER** initiative.

New regulations make the policy of rural development simpler and more rational in the following aspects:

- specification and accentuation of rural development suitability criteria (concentrating above all on additional measures focused on agriculture and the environment, the support of farmers seeking early retirement, the modernisation and diversification of farms through investments, the support of young farmers, forestation, etc.);
- programming in the context of objectives 1 and 2 and new programmes of rural development;
- assessment of the financing source (i.e. either the guarantee section or the orientation section) depending on the regional context.

Cohesion Fund

This Fund reflects the reform of the EU structural policy. Although still supporting the environmental and transport infrastructure, its operating procedures have been changed and simplified and the financial control of individual member states over the Fund enhanced.

The terms upon which it is possible to receive assistance from the Cohesion Fund (especially the macroeconomic criteria) have been modified. As a result, the financing is not terminated if the criterion of public deficit is not met, as in the past.

In addition, new regulations of project financing will stimulate the utilisation of additional private funds and better application of the "polluters pay" principle.

Halfway through the current programme period, in 2003, the suitability of individual projects financed from the Cohesion Fund (i.e. whether the criterion of 90% of the average EU amount of GDP per capita is met) will be reassessed. Should a member state no longer qualify for receiving support from the Cohesion Fund, the financial means allocated to the Cohesion Fund will be reduced accordingly.

ad b) Continuation of efforts at economic and social cohesion

In order to maintain the current level of economic and social cohesion representing one of the Union's priorities, in May 1999 all the main EU institutions (European Parliament, European Council and European Commission) concluded an agreement concerning budgetary discipline and its improvement in the 2000 – 2006 financial period, ensuring that in the 2000 – 2006 period 0.46% of the Union's GDP will be spent on economic and social cohesion (i.e. the same amount as in the 1993 – 1999 period). The overall budget of the Structural Funds and the Cohesion Fund in the said period shall amount to € 213 billion.

Table 1: Financial means for the Structural Funds and the Cohesion Fund in individual years

In millions of EUR, in 1999 prices

	2000	2001	2002	2003	2004	2005	2006
Structural measures	32.045	31.455	30.865	30.285	29.959	29.595	29.170
Structural Funds	29.430	28.840	28.250	27.670	27.080	27.080	26.660
Cohesion Fund	2.615	2.615	2.615	2.615	2.515	2.515	2.510

Financial means from the Structural Funds

The overall amount of the Structural Funds, including transformation aid, Community initiatives and innovation campaigns, shall total € 195 million.

Financing of the aforementioned three new objectives:

- 69.7%, € 135.9 billion, is designated for objective 1,
- 11.5%, i.e. € 22.5 billion, is designated for objective 2,
- 12.3%, i.e. € 24.05 billion, is designated for objective 3,
- 0.5%, i.e. € 1.1 billion, is designated for the FIG projects not covered by objective 1.

5.35% will be spent on Community initiatives and 0.65% on innovation projects and technical assistance.

Financial means from the Cohesion Fund

In total, € 18 billion will be provided from the Cohesion Fund in the 2000 – 2006 period.

Inclusion of future EU member states in the structural policy

The process of EU expansion, concerning not only several Central and Eastern European countries but also Cyprus and Malta, will considerably increase the existing problems of economic and social cohesion within the Union, mainly as a result of the significant underdevelopment of new member states and their regions in comparison with the average development in EU-15. As the expansion is going to increase differentiation within the European Union and bring new problems related to the adjustment of individual regions and sectors, adequate preparation is necessary.

In order to ensure the effective adjustment of the structural policy to EU expansion, certain conditions will have to be met. Individual EU candidates will need enough time to get used to the way in which structural measures work. That is why their pre-accession strategy must, above all, be effective and open.

A whole range of instruments can contribute to the aforementioned objectives, including the PHARE programme helping the Central and Eastern European countries that have currently undergone political changes (its overall budget in the 2000 – 2006 period amounts to € 10.92 billion), ISPA financing environmental and transport projects (its overall budget in the 2000 – 2006 period amounts to € 7.28 billion) and SAPARD, representing another financial instrument of agricultural development (its overall budget in the 2000 – 2006 period amounts to € 3.64 billion).

When the current candidates become full-fledged members of the European Union, the aforementioned pre-accession assistance instruments will be replaced by particular programmes of the Structural Funds and particular projects of the Cohesion Fund, taking into account the specific character of each individual country.

EU Regional Solidarity vs. Expansion Process

New opportunities and big needs

Opportunities

The first report of the European Commission on the effect of EU policies related to the accession of Central and Eastern European countries was presented to the European Council at the Madrid Summit in December 1995. The European Council then asked the European Commission to deepen its analysis of expansion effects on Community policies, especially agricultural and structural policies. Agenda 2000 represents the first complete answer to this request.

The European Union must be prepared for expansion of the Common Internal Market from the existing 370 to approximately 500 million consumers and for the resulting strengthening of its position on the international political scene and global markets.

At the same time, there is a whole range of interests within the European Union that will generate significant pressure on sectional and regional adjustment, requiring that appropriate measures be adopted prior to the Union's expansion.

- reform of the existing operating ways and methods used by EU institutions and bodies,
- all candidates must adopt the *acquis* and prepare themselves for the Common Internal Market. This is the main objective of pre-accession strategy.

Needs

The average amount of GDP per capita in Central and Eastern European countries is still considerably lower than in EU-15. More than 98 million of the 105 million people living in those countries live in regions whose GDP per capita is lower than 75% of the average of the **expanded European Union**.

These countries have enormous needs in all economic and social sectors: industry, services, transport, the environment, agriculture or human resources. Their national transport networks will have to be expanded and integrated into the existing trans-European system. The most important environmental problems concern water and air pollution and waste disposal. Huge changes will also occur on the labour markets. The proportion of people employed in industry and agriculture is still very high (in comparison with EU-15), while the service sector remains weak – especially outside main settlements – and labour productivity well below the average of EU-15.

What are the consequences for regional policy?

At the summits in Göteborg, Nice and Brussels the European Council decided that the accession process should enable the new EU member states to participate in the next elections to the European Parliament taking place at the end of the first half of 2004.

The accession of new member states represents the main challenge for the current EU policy concerning economic and social cohesion. In reality, the Union will be joined by a group of countries whose average GDP per capita amounts to less than 40% of the EU average. The principle of solidarity requires that EU structural policies concentrate on the least developed regions, i.e. mostly on regions located in new member states. However, the current differences within EU-15 will not disappear and will have to be taken into account.

The implementation of regional development policies represents something completely new for the relevant authorities of new member states. Management of the Structural Funds – to which they will be soon entitled – requires far-reaching changes to practices and operating procedures on all levels of administration. It has to comply with the legal regulations on which the Union's structural assistance is based. In this respect, much has been done especially in the following areas:

- creation of a suitable legal framework for the implementation of regional policy,
- agreement with the European Commission on the administrative division of territories in compliance with NUTS,
- definition of long-term integrated regional development programmes,
- definition of responsibilities on all levels included in the implementation of a future regional policy in candidate states,
- compliance with general principles of structural assistance: programming, partnership, the principle of additionality, management, monitoring, evaluation, payments and financial control.

Pre-accession strategies

The pre-accession strategy approved by the European Commission in compliance with the Luxembourg resolution of the European Council of 1997 defines specific priorities based above all on the adoption of the EC **acquis** by all individual candidates.

The strategy also takes into account the increasing institutional and administrative capacity of EU candidates necessary for their application of the **acquis** and preparation of their companies for Community standards.

It is based on the thesis that because of the social and economic disparity resulting from the Union's expansion, it will be necessary to adopt a whole range of changes after 2006 ensuring that its cohesion policy corresponds with the requirements of EU-27 (we use the hypothetical term EU-27 as a symbol of the new expanded European Union, although considering the conclusions of the October summit of the European Council in Brussels, it is almost certain that the expanded Union will – at least temporarily – consist of just 25 member states and the term EU-25 would, therefore, be more accurate). At the same time, the Union's expansion from EU-15 to EU-27, however important, is not the only reason for changing its cohesion policy. Its reform would have been triggered by current economic, social and territorial changes within EU-15 anyway. The current discussion is expected to affect the Union's **new cohesion policy** coming into force on 1 January 2007.

Resources

One of the most important characteristics of the Union's future cohesion policy (apart from conceptual issues, such as addressing and identifying both problems and opportunities – positive approach) is the effective utilisation of the limited resources of EU-27. This means that the Union's future cohesion policy will have to address not only new member states and their regions but also all regions of EU-15 subject to persisting regional and territorial differences.

The next programme period begins in 2007. It is clear that the accession of new member states will result in considerable expansion of the areas whose economic development will have to be supported, if they are to reach the average EU level. However, even the regions of EU-15 will suffer from similar problems, although they may not seem so serious in relative comparison.

Nevertheless, the basic principle of cohesion policy must remain unchanged: the Union's limited resources must be concentrated on a limited number of problems.

One of the most important aspects of the current programme period is the strict application of the **principle of additionality**. This means that structural assistance provided from national public funds must at least equal the amount received from the Structural Funds.

Partnership

The tendency to decentralise decision-making on national and Community policies has been increasing. As a result, regional and local authorities (governments) play a much more important role in this process. If indirect determination were to be used for the specification of resources more frequently, it would be better to add guarantees concerning regional and local authorities.

Programming campaigns

The process of programming should consist of two phases. The European Commission should define a general strategy, including various economic, social and territorial dimensions of its partnership with EU member states on national and international levels, and identify priorities, including areas of special Community interest. After the allocation of financial means in accordance with the specified priorities, programming would be decentralised to the relevant level; for instance, regional, municipal, international, etc.

For underdeveloped regions, integrated programming will remain the main instrument ensuring the positive results of their economic, social and territorial development. Selection procedures (ensuring an absolutely transparent selection of the most suitable offers) should be used widely on various levels (regional, national, international, in co-operation with the European Commission).

The principle of additionality

This principle (requiring that national funds be added to Community funds) was significantly simplified for the 2000 – 2006 period. In addition, the relationship between the Cohesion Fund and the Structural Funds was considerably improved.

The Cohesion Fund is designated above all for those member states whose GDP per capita amounts to less than 90% of the EU average (on condition that they have a programme of macroeconomic convergence). As an addition to the Structural Funds, it is regarded as a useful instrument promoting the investments and solidarity of EU countries.

In future, it will be necessary to reconsider the overall amount of the financial means allocated to the Cohesion Fund in absolute figures and to strengthen co-ordination between the Cohesion Fund and the Structural Funds.

The Treaty limits the use of the Cohesion Fund for transport and environmental investment projects. At present, the proportion of the Cohesion Fund in the overall amount of structural expenditures of the concerned member states totals 18%. Whether this proportion is also sufficient and suitable for the new member states will be subject to future discussions.

Structure of Financial Resources and their Institutional Organisation within the Czech Republic

Even after its entry into the European Union, the Czech Republic belongs among the less-developed member states. However, economic and social cohesion policies offer it a number of opportunities for supporting overall and balanced development of its own territory. For these purposes, there are a large number of instruments available to regions, municipalities, entrepreneurs, non-profit organisations and an entire range of additional entities.

The core of the European Union's regional and structural policy is composed of structural funds. These are aimed directly at decreasing the differences in the level of development in various regions and decreasing the obsolescence of the most disadvantaged regions or islands, including rural areas. For this reason, the most important financial resources include the **"subsidised opportunities" that are financed by the structural funds.**

The contents of this document are focused on the issues related to various operational support programmes within the framework of what has been defined as **Target 1.**

There are always several basic goals (priorities) identified within each operational programme, which are then assisted through various measures and supplemental measures.

A basic overview of the financial structure of individual programmes:

Operational Programmes:	EU (mil. euro)	ČR (mil. euro)	TOTAL (mil. euro)
Operational Programme Infrastructure	246.4	88.3	334.7
Operational Programme Industry and Enterprise	260.9	87.0	347.8
Operational Programme Rural Development and Multifunctional Agriculture	173.9	76.7	250.6
Operational Programme Human Resources Development	318.8	103.6	422.4
Joint Regional Operational Programme	454.3	144.6	598.9
TOTAL (mil. euro)	1 454.3	500.2	1 954.5

Operational Programme Infrastructure

Managing Authority: Ministry of the Environment of the Czech Republic, Integrated Financing Department

Implementing Agency: - State Environmental Fund (for the environmental sector)

- Ministry of Transport of the Czech Republic, Section for International Affairs and the European Union

Priority 1: Modernisation and Development of Transport Infrastructure of Nation-wide Importance

Measure 1.1. – Modernisation of Lines of Nation-wide Importance and of Important Railway Junctions

This measure includes direct support of activities within the railway infrastructure. Co-financing is expected from the state budget and the State Transport Infrastructure Fund. The measure is focused primarily on non-corridor railway lines, with primary attention being paid to lines covered by the AGC and AGTC agreements and the lines classified into the TINA network.

Measure 1.2. – Construction and Modernisation of Class I Roads

This measure has been prepared in order to provide support for projects submitted by the Road and Motorways Directorate of the Czech Republic. Co-financing is expected from the state budget and the National Transport Infrastructure Fund. Primary focus will be placed on improving the quality of nation-wide class I roads and partially for the completion of construction on high-speed motorways.

Measure 1.3. – Modernisation of Civil Airports of Inter-regional Importance

This measure has been prepared in order to provide support for projects submitted by the Czech Airport Administration or other entities that provide public services in the field of air transport. Co-financing is expected from the state budget and other, including private, sources.

Measure 1.4. – Construction of Port Infrastructure and Modernisation of Waterways

This measure has been prepared in order to provide support for projects submitted by the Directorate of Waterways of the Czech Republic and by other entities that provide public services in this area. Co-financing is expected from the state budget, the State Transport Infrastructure Fund, and other sources.

Priority 2: Reducing the Negative Environmental Impacts of Transport

Measure 2.1. – Implementation of Protective Measures on the Transport Network in Order to Ensure Environmental Protection

This measure has been prepared in order to provide support for projects submitted by the Directorate of Roads and Motorways of the Czech Republic and other similar entities. Co-financing is expected from the state budget, the State Transport Infrastructure Fund, and other sources.

Measure 2.2. – Support for Combined Transport

This measure has been prepared in order to provide support for projects submitted by owners and operators of rail transport and other similar entities. Co-financing is expected from the state budget, the State Transport Infrastructure Fund, and other sources. Combined transport is defined as the use of various transport modes for the transfer of goods by means of transport units (i.e., containers). The largest portion of the transport must be accomplished by rail or water transport – the most ecological modes.

Measure 2.3. – Support for the Introduction of Alternative Fuels

This measure has been prepared in order to provide support for projects submitted by the manufacturers and owners of vehicles who are expected to be the users of new technologies. Co-financing is expected from the state budget, the State Transport Infrastructure Fund, and other sources. The measure is focused on decreasing the production of damaging emissions that are the result of road transport and the use of road transport vehicles.

Measure 2.4. – Study and Research Projects Addressing the Problems Connected with the Improvement of the Environment in Terms of Transport

This measure has been prepared in order to provide support for projects submitted by subjects wishing to perform research projects in the public interest. Co-financing is expected from the state budget, the State Transport Infrastructure Fund, and other sources.

Priority 3: Environmental Infrastructure Improvement

Measure 3.1. – Recovery of Environmental Functions of the Landscape

This measure has been prepared in order to provide support for projects focused on the recovery of the impaired water system of the landscape and supporting biodiversity.

Measure 3.2. – Water Management Infrastructure Improvement

This measure has been prepared in order to provide support for projects to reduce the level of contamination of watercourses by meeting the requirements provided by Directive 91/271/EEC on municipal waste water treatment, and to ensure appropriate treatment of sludge produced by waste water treatment plants. The main resolution methods are

considered to be the modernisation of waste water treatment plants, the extension of sewerage systems, and the construction of facilities for recovering and removing sludge produced by waste water treatment plants.

Measure 3.3. – Air Protection Infrastructure Improvement

This measure has been prepared in order to provide support for projects aimed at the reduction of the level of emissions from mobile sources, the elimination of the negative impacts resulting from the incineration of communal and dangerous waste and from manufacturing processes that use solvents. These projects should lead to meeting the requirements provided by Framework Directive 96/62/EC on air quality and Directive 2001/81/ECS on emission ceilings.

Measure 3.4. – Waste Management and Removal of Old Ecological Burdens

This measure has been prepared in order to provide support for improving the standard of waste management in accordance with the established hierarchy of waste management and the rehabilitation and redevelopment of old ecological burdens.

Priority 4: Technical assistance

Measure 4.1. – Technical Assistance in Managing, Implementing, Monitoring and Controlling the Operations of the OP Infrastructure

Technical assistance will be implemented in accordance with the decision of the Managing Authority and co-financed from the state budget. It will be managed and co-ordinated by the appropriate internal department of the Managing Authority. In this manner, funding for the management, implementation, monitoring and control of operations will be provided.

Measure 4.2. – Other Expenditures for Technical Assistance for the OP Infrastructure

Financial resources provided from the Structural Funds can be used for:

- acquiring and installing a monitoring system for the Operational Programme (computer system for managing and monitoring the implementation of the Operational Programme and for performing information analysis);
- meeting the requirements ensuing from the communications strategy of the Operational Programme, including the organisation of informational and promotional events, publishing promotional materials and performing analyses of the consequences of these events;
- preparing studies and analyses focused on monitoring the consequences of the implementation of the Operational Programme, analysing the course of their implementation, as well as the appropriateness and effectiveness of the implementation structures;
- supporting activities focused on improving methods for the evaluation and exchange of information on practical procedures in the area of implementing assistance from the Structural Funds;
- organising seminars and workshops focused on the exchange of experiences between the individual parties involved in the implementation of the Operational Programme and on co-operation and exchange of experiences with other European Union regions, including discussions on the further direction of support during the new programme period; and
- preparing analyses and support studies as well as preparing the Operational Programme itself for the 2007-2013 timeframe, including the preparation of ex-ante evaluations and environmental impact assessments.

Operational Programme Industry and Enterprise

Managing Authority: Ministry of Industry and Trade of the Czech Republic, Department of Structural Funds

Implementing Agency:

- CzechInvest
- CzechTrade
- Czech Energy Agency
- Czech-Moravian Guarantee and Development Bank

Priority 1: Business Environment Development

Measure 1.1. – Infrastructure for Industrial Research, Development and Innovation

This measure has been prepared in order to provide support for projects focused on strengthening the links of research and development to industry. It is also designed to provide a support infrastructure for industrial research, technological development and innovation. It will assist in improving the environment for technologically oriented forms – a “knowledge society”. The measure is also intended to stimulate co-operation between the industrial sector and research institutions and to support investments in the area of communication and information technologies.

Special attention will be paid to creating conditions for establishing and operating business incubation centres and technological parks and centres for the transfer of technology.

Measure 1.2. – Development of Business Infrastructure

This measure has been prepared in order to provide support for projects aimed at improving the business infrastructure through providing support for construction projects and renovation of business properties, including the development of the infrastructure of existing industrial and business zones and increasing the intensity of their use, primarily in areas that are suffering from depression, and the restructuring of industrial production.

Measure 1.3. – Infrastructure for the Development of Human Resources in the Industry and Business Sectors

This measure has been prepared in order to provide support for projects aimed at improving the conditions for the efficient performance of employees at all levels of company management in individual regions through:

- increasing the number of institutions with their own high-quality, technically equipped educational facilities – building reconstruction and modernisation of the facilities of existing company training centres, including the infrastructure for electronic forms of company education, the construction of new company training centres if needed, including the provision of all appropriate educational materials and tools;
- supporting the creation of new regional training facilities for the business community and companies in regions where there is a lack of these facilities and in regions where there is an insufficiently developed infrastructure for education; and
- supporting the acquisition or development of educational tools and programmes for professional training at companies.

Measure 1.4. – Development of Information and Consulting Services

This measure has been prepared in order to provide support for projects aimed at increasing the skills of professional consultants and consulting organisations while providing top-quality consulting services for business development and increasing competitiveness and innovativeness.

The measure includes provisions for the creation of a register of accredited consultants that should ensure the required quality, capacity and accessibility of consulting services on the territory of the Czech Republic. In order to increase the competitive ability of small and medium-sized enterprises, the framework of this measure supports basic associations of entrepreneurs.

An additional goal of this measure is to support the development of the infrastructure for increasing the volume and quality of information and consulting services that support the competitiveness of Czech companies on international markets and to introduce a self-regulating system as a new method for cultivating the market environment.

1.4.1. Programme for establishing Clusters – CLUSTERS

1.4.2. Project for increasing the quality of the consultant network – REGISTER OF CONSULTANTS

1.4.3. Project for the development of information and consulting services for international trade

Priority 2: Development of Enterprise Competitiveness

Measure 2.1. – Establishment and Development of Small and Medium-sized Enterprises

This measure has been prepared in order to provide support for projects aimed at start-up small and medium-sized entrepreneurs during the early phases of their activities. The measure is focused on obtaining information and financial resources for completing their business projects, which would be much more difficult to obtain under standard market conditions.

This measure should bring:

- easier entry to the business sector for new entrepreneurs;
- successful completion of investment-oriented business development projects by small and medium-sized enterprises that have a shorter history, lower capital resources and limited possibilities for obtaining credit;
- increased accessibility to quality consulting services for small and medium-sized enterprises, more easily obtained external business services with advantageous financing, support for including the enterprise in co-operative international or manufacturing efforts; and
- increased competitiveness of the enterprise on the global market through the introduction of new processes in the area of technology, new forms of management and human resources.

Measure 2.2. – Support of Innovation of Products, Technologies and Services

This measure has been prepared in order to provide support for projects that are focused on meeting the objectives defined by the Lisbon Strategy, primarily the conclusions reached by the European Union Council for competitiveness in “Strengthening European Innovation Policies” and the message imparted by the European Commission through the document titled “Innovation Policy: Updating the European Union’s Approach in the Context of the Lisbon Strategy”.

The measure is primarily focused on the direct support of innovation projects that are aimed at improving the technical and utilitarian parameters for products and the characteristics of production processes and higher level technologies.

Measure 2.3. – Reducing Energy Consumption and Higher Use of Renewable Energy Sources

This measure has been prepared in order to provide support for projects focused on the efficient and economic use of energy within the industry and business sectors of the Czech Republic. Emphasis is placed on increasing the efficiency of the procedures used for energy transformation (electric power plants, heating plants, boiler rooms, distribution networks). Additionally, technologies and processes that decrease energy demands by industry and businesses are supported, i.e., the installation of machinery that requires less energy, more efficient heating and energy distributions. An important component of this measure is the support of technologies that take advantage of renewable and secondary energy sources. The framework of the measure also includes consulting and information services in the area of energy.

The goals of the measure are secured **through the following programmes:**

Energy Savings – a programme for decreasing energy demands

Purpose of the support:

- to contribute to a decrease in the energy demands of Czech industry through the provision of financial support for energy saving investment projects.

Renewable Sources – a programme for taking advantage of renewable energy source

Purpose of the support:

- to support projects for the introduction of the production of electric energy or heat from renewable energy sources (these projects will contribute to an increase in the share of renewable energy sources in overall energy production and to a decrease in the use of primary, non-renewable energy sources and thus to a decrease in the level of emissions associated with the production of energy and heat.)

Priority 3. Technical Assistance

Measure 3.1. – Technical Assistance for the Management and Implementation of the Operational Programme Industry and Enterprise

The technical assistance provided to the Managing Authority and Implementation Agencies for the purposes of managing and implementing the Operational Programme, which includes activities related to the processes for selecting,

evaluating, and monitoring projects by committees, including expert consulting. In addition, co-operation is provided during the implementation of the Operational Programme, audits and controls.

Measure 3.2. – Other Technical Assistance

Within the framework of this measure, technical assistance is provided in the areas of publicity, the provision of information and exchange of experiences, the acquisition and installation of monitoring systems, as well as for the preparation of evaluations, studies, analyses, strategies and methods used within the framework of this Operational Programme.

Operational Programme Human Resources Development

Managing Authority: Ministry of Labour and Social Affairs of the Czech Republic, Department for European Social Fund Management

Implementing Agency:

- Ministry of Labour and Social Affairs of the Czech Republic, Department for the Implementation of the Programmes of the European Social Fund
- Ministry of Education, Youth and Sports of the Czech Republic, Department for European Integration and International Relations
- Foundation for the Development of a Civil Society
- National Training Fund

Priority 1: Active Employment Policy

Measure 1.1. – Strengthening Active Employment Policy when Employing Job-seekers and Individuals Interested in Employment

This measure is aimed primarily at increasing the scope and effectiveness of active intervention on the labour market. It will be implemented as a supplement to current state employment policy as a way of increasing the range of activities as well as including groups of individuals that are not included within the state's existing employment policies.

The measure will focus on job-seekers and persons interested in employment, especially young unemployed people and people who are over fifty years of age, employees facing the threat of unemployment, persons who have been unemployed for a long period of time and people facing the threat of long-term unemployment.

Measure 1.2. – Modernisation of Public Employment Services

This measure places higher demands on proficiency and qualifications but also on the general insight of the employment authority workers, primarily the divisions for consulting, requalification and the labour market. In order to ensure the successful completion of more demanding tasks, it is necessary to equip workers that provide employment services with further theoretical knowledge and practical experience that can be obtained through intensive training courses.

The implementation of these activities will contribute to the modernisation and increased efficiency of employment services.

The measure will focus on the official providers of employment services and their employees as well as on co-operative organisations and their workers.

Priority 2: Social Integration and Equal Opportunities

Measure 2.1. – Integration of Specific Population Groups in Danger of Social Exclusion

The framework of the measure will include the implementation of activities in the area of employment and social services.

Within the area of employment, the measure will focus on long-term unemployment that is caused primarily by changed work abilities, a lower level of qualifications and a higher age category. Groups that find themselves on the edge of society and have not been able to achieve social inclusion in their natural environment deserve special attention.

Within the area of social services, two spheres of activities will be implemented:

- system activities whose goal is to support education of providers and sponsors of social services for the purposes of strengthening their abilities and skills in providing these services; and

- activities that are performed at a nation-wide level and that will focus on selected target groups whose risk of social exclusion is not only of a regional character (i.e., members of the Roma community, immigrants, victims of criminal activities, commercially abused persons, the homeless, etc.).

The measure will focus on people suffering from or threatened by social exclusion as a result of long-term unemployment, youth living in a disadvantaged social environment or in a different socio-cultural environment, social service workers, municipalities, regions, social service providers for target groups threatened by social exclusion and specific target groups for whom nation-wide projects will be implemented.

Measure 2.2. – Equal Opportunities for Women and Men on the Labour Market

This measure will contribute towards the elimination of the still existing inequalities of the sexes, primarily towards women. The primary priority in the area of equal opportunities is to support the implementation of the principle of equality between men and women in practice.

The measure will focus on women, primarily towards mothers with small children, single-wage-earning mothers (and men who are in a similar situation as women with small children and single-wage-earning mothers), long-term unemployed women, women facing the threat of unemployment, women with an elementary level of education or no education, women approaching retirement age, women starting their own business, employers and organisations that are creating educational programs and women's organisations.

Measure 2.3. – Strengthening the Capacity of Social Service Providers

Within the framework of Priority 2, a portion of the financial resources from the Operational Programme Human Resources Development will be allocated to small grants through the Global Grant. The purpose of the Global Grant is to provide access to the resources from the Operational Programme Human Resource Development to non-governmental non-profit organisations, which are capable of meeting the goals and indicators of the measure, but have not yet developed the capacity to apply for these resources within the framework of the more complex mechanisms that apply to the main flow of the Operational Programme Human Resources Development.

The measure will focus on entities within the non-profit sector, which function in the social services area and which can prove their non-governmental and non-profit nature (it is assumed that during the implementation of projects, co-operative partnerships will be established between non-governmental non-profit organisations and local public administration authorities).

Priority 3: Development of Lifelong Learning

Measure 3.1. – Increasing the Quality of Education in Schools and at Educational Facilities and the Development of Support Programmes in Education

This measure was prepared as a response to the need to motivate individuals towards lifelong learning and thus significantly influence their employment potential. Schools will be motivated to actively co-operate while promoting good experiences. An important condition for this function is support for teachers and education professionals in continued systematic education. The fact that there is no existing integrated system for the collection, evaluation and co-ordination of information on the development of labour market requirements plays a role in the selection of an inappropriate type of education without any relation to the needs of the labour market. The creation of a functional integrated system for monitoring and evaluating will enable effective management and decision-making at all levels and, at the same time, will make it easier for individuals to make a decision when selecting an education path as well as finding places for graduates on the labour market.

The measure will be focused on pupils and students of elementary schools, secondary schools, higher professional schools, individuals with health disadvantages, socially disadvantaged individuals, migrants, refugees, ethnic minorities, children and youth that have been placed in institutional or protective care, individuals interested in furthering their education at secondary schools or at higher professional schools, individuals that left the education system prematurely, teachers, school directors, professional employees in the education field, educational consultants, primary schools, secondary schools, higher professional schools, educational facilities (facilities that provide institutional and protective care, school centres, clubs), organisations that are directly managed by the Ministry of Education, Youth and Sports, and non-governmental non-profit organisations.

Measure 3.2. – Support for Tertiary Education, Research and Development

Due to the fact that a university education cannot be considered as having been completed once and for all, it is necessary to create the appropriate conditions for the additional development of human resources within the sphere of tertiary education

for the purposes of expanding the offers for additional education, specifically lifelong education at universities. The measure is also focused on the development of teachers' study programs, which provide professional vocational preparation to teachers in the early stages of education and allow those who have not yet attained pedagogical qualifications to do so. Special emphasis is placed primarily on strengthening the professional preparation of teachers for working with children with special educational needs. Taking into consideration that the sphere of tertiary education is closely tied to the field of research and development, the measure will also support activities focused on the development of human resources in this field as well.

The measure will focus on universities, research and development institutions and institutions that in practice are involved with education at the university level or co-operate with universities.

Measure 3.3. – Development of Vocational further education

This measure will contribute to the establishment of a system of accepted qualifications, which will link the education and employment spheres and motivate employers and other social partners to participate in the creation of educational contents and methodology and the requirements for certification. The measure will support the expansion of vocational further education that is offered by supporting development within the framework of establishing a network of educational and training centres for adults in all regions, including material supplies and personnel staffing. The quality and increased accessibility to vocational further education will be strengthened within the framework of the measure by the development of support services for further education, primarily information and consulting services. At the same time, the offer of vocational further education services will be strengthened.

The measure will focus on the Ministry of Labour and Social Affairs and other state administrative authorities, regions, municipalities, education and consulting institutions, professional associations, representatives of employers and other social partners, and non-governmental non-profit organisations that provide vocational further education.

Priority 4: Adaptability and Entrepreneurship

Measure 4.1. – Increasing the Adaptability of Employers and Employees to Changes in Economic and Technological Conditions, Support of Competitiveness

Implementation of this measure will contribute towards increasing the scope and effectiveness of active employment policies used by the employment authorities. The measure is focused on supporting the competitiveness of enterprises and organisations within the field of economics with growth potential and for the development of the professional skills, qualifications and competence of employers as well as of employees. Emphasis is placed on education within the field of information technology, maintained development and support of health at the workplace.

In addition to focusing on the development of educational activities, the measure will also be targeted at maintaining employment positions and creating new employment positions. The measure will also be applicable to individuals who are considering starting a business as potential employers in a manner whereby conditions for the development of employees in relation to changing economic conditions can be created in newly created organisations.

The measure will focus on employees, employers and individuals who are considering starting a business.

Measure 4.2. – Specific Education

This measure supports specific activities for supporting the development of new knowledge economics and for strengthening the professional qualifications and education level within selected sectors of industry, business, services and the travel industry. The measure will even support cross-sectional educational activities in the area of the environment with regard to their significance for the evaluative orientation during lifelong education. The activities will support the acquisition of sufficient skills for the management structures of enterprises and services.

The measure will be focused on small and medium-sized enterprises, public administration authorities, public institutions and non-governmental non-profit organisations.

Priority 5: Technical Assistance

Measure 5.1. – Support for the Management, Implementation, Monitoring and Control of the Operational Programme Human Resources Development

Measure 5.2. – Other Acceptable Activities

Operational Programme Rural Development and Multifunctional Agriculture

Managing Authority: Ministry of Agriculture of the Czech Republic, Operational Programme Management Department

Implementing Agency: - Payment Agency of the Ministry of Agriculture of the Czech Republic

Priority 1: Support for Agriculture, the Processing of Agricultural Products, and Forestry

Measure 1.1. Investments in Agricultural Assets and Agricultural Enterprises

This measure has been prepared in order to provide support for projects to increase labour productivity, competitiveness and quality of products. This form will also be used as the means for financing measures designed to reduce and eliminate adverse effects of agricultural production on the environment, to protect water against pollution from agricultural sources, and to reconstruct, modernise and built new agricultural buildings so that they meet EU standards for breeding agricultural animals. This measure will also support young start-up farmers and the increased diversification of agricultural activities.

Sub-measure 1.1.1 – Investments in agricultural assets and support for young start-up farmers

Sub-measure 1.1.2 – Further diversification of agricultural activities

Measure 1.2. – Improving Processing and Marketing of Agricultural Products

This measure has been prepared in order to provide support for projects focused on the transfer of new technologies and innovations for processing agricultural products, on increasing the standard of agricultural products, to develop production sectors using domestic agricultural production and to improve the marketing for agricultural products.

The measure includes improvements to the processing of meat, milk, fruit, vegetables, mill products and starch during the first phases of processing.

Measure 1.3. – Forestry

This measure has been prepared in order to provide support for projects focused on investments that will introduce new technological procedures for processing forestry products and appropriate marketing concepts, help restore the potential of forests damaged as a result of natural disasters and fire and introduce appropriate preventive measures, improve and maintain the ecological stability of protected woodlands, assist in the establishment of associations of small forest holders, and the planting of non-agricultural land, and assist in the reforestation of non-agricultural land.

Sub-measure 1.3.1. – Restoring the potential of forests damaged as the result of natural disasters and fire and introduction of appropriate preventive measures

Sub-measure 1.3.2. – Investments in forests

Sub-measure 1.3.3. – Establishment of associations of forest owners

Sub-measure 1.3.4. – Reforestation of non-agricultural land

Priority 2: Rural Development, Fisheries and Vocational Training

Measure 2.1. – Promoting the Adaptation and Development of Rural Areas

This measure has been prepared in order to provide support for projects focused on the arrangement of ownership titles to land parcels, on spatial and functional adaptation of parcels, on making them accessible and having them actually demarcated. The measure further supports the protection of land resources, water management measures to ensure the safe drainage of surface water and protect the soil against flooding, and actions to protect the environment and increase ecological stability of the landscape. The measure also includes protective measures to alleviate the damage caused by natural disasters on agricultural land and for the restoration of damaged vegetation. It is also possible to finance preventive and anti-flood measures within the framework of this measure.

The measure also concerns the modernisation and reconstruction of existing facilities serving to accumulate water in the landscape and the removal of silt deposits from small water reservoirs and ponds.

Within the area of rural development, the support will be aimed at co-financing the implementation of pilot strategies for integrated rural development and for investing in the diversification of agricultural activities and activities close to agriculture in order to create new employment positions and sources of income.

Sub-measure 2.1.1. – Reparcelling

Sub-measure 2.1.2. – Restoring potential and maintaining the agricultural landscape

Sub-measure 2.1.3. – Management of agricultural water resources and providing for their functioning

Sub-measure 2.1.4. – Rural development

Sub-measure 2.1.5. – Diversification of agricultural activities and activities close to agriculture

Measure 2.2. – Vocational Training

This measure has been prepared in order to support education for persons working in the agriculture and forestry sectors in order to:

- acquire information, knowledge and skills necessary for the implementation of new products, production methods and technology, which are compatible with the interests of maintaining and enhancing the landscape, protecting the environment, and improving hygiene standards and animal welfare;
- acquire information, knowledge and skills necessary for increasing the operational effectiveness of persons working in the agriculture sector;
- acquire information, knowledge and skills related to new activities within the framework of the diversification of activities connected to the needs of rural development, and improving knowledge on the sustainable development in all agricultural areas;
- acquire information, knowledge and skills necessary related to new activities within the diversification of activities arising from the needs of the rural development;
- improving managerial skills and other specialised knowledge in order to achieve sustainable development in all areas of this sector sphere of action;

Measure 2.3. – Fisheries

This measure has been prepared in order to provide support for projects that are focused on increasing the productivity of labour, competitiveness and quality of products, renewing the original species of the fish population in the water basin, and maintaining specific genetic characteristics of the freshwater fish population. The measure also focuses on improving the water quality in the Elbe, Oder and Danube river basins.

Sub-measure 2.3.1. – Fish processing and marketing for fish products

Sub-measure 2.3.2. – Breeding water life forms – aquaculture

Sub-measure 2.3.3. – Professional activities within the fishing industry and promotional measures

Priority 3: Technical Assistance

Measure 3.1. Technical Assistance

Technical assistance is focused on financing the tasks related to implementing the Operational Programme.

Joint Regional Operational Programme – JROP

Managing Authority: Ministry for Regional Development of the Czech Republic, Department for the Management of the Joint Regional Operational Programme and the Unified Programme Document – Prague

Implementing Agency:

- CzechInvest
- Centre for Regional Development
- the Secretariats of the Regional Councils

- Ministry for Regional Development, Department for Development Programmes for the Travel Industry

Priority 1: Regional Support for Enterprise

Measure 1.1. – Support of Business Activities in Selected Regions

This measure has been prepared in order to provide support for projects focused on providing direct support for small and medium-sized enterprises in selected problem regions of the Czech Republic. Support will apply only to existing entrepreneurs (not start-ups) who have closed their accounting for at least the last three accounting years. Development projects submitted by entrepreneurs that create new, long-term stable job opportunities, provide equal employment opportunities for men and women, focus on manufacturing with high added value, increase the level of co-operation between companies and stimulate export of local products will be supported. Support within the framework of this measure will not be provided to enterprises that are involved in agricultural production or other agricultural activities or to entrepreneurs within the travel industry.

This measure will support investment development plans of businesses that are related to the creation of new jobs or safeguarding existing jobs, including financing the purchase of consulting services (i.e., for the preparation of business plans).

The measure is divided into two parts:

- 1) Grant scheme supporting micro-enterprises, which employ less than ten employees, in all branches with the exception of:
 - the transport industry and activities related to the production, processing and introduction onto the market of the products specified in Annex 1 to the Treaty on State Aid;
 - support of export-related activities; and
 - support that is conditional on the use of domestic goods to the detriment of imports.
- 2) Grant scheme supporting small and medium-sized enterprises employing from 10 to 249 employees. Support will be available for enterprises in all branches, with the exception of sensitive and specific branches.

Participation in either grant scheme will be conditional upon the commitment to increase the number of persons employed by the receiver of the subsidy:

- within the grant scheme for micro-enterprises, the commitment must be at least one newly created and filled employment position;
- within the grant scheme for small and medium-sized enterprises, the commitment must be at least three newly created and filled employment positions for enterprises with 10 to 49 employees and 10 newly created and filled employment positions for enterprises with 50 to 249 employees (for each individual activity).

Priority 2: Regional Development of Infrastructure

Measure 2.1. – Development of Transport in Regions

This measure has been prepared in order to provide support for projects focused on two basic spheres of activities:

- support of regional road networks (second and third class roads and local roads in rural municipalities); and
- development of regional public transport service.

The financial weight of both sub-measures has initially been established in the ration of 70:30%.

Sub-measure 2.1.1. – Development of regional transport infrastructure

Sub-measure 2.1.2. – Development of transport services in the regions

Measure 2.2. – Development of information and communication technologies in the regions

This measure has been prepared in order to provide support for projects focused on supporting investments in the area of information and communications technologies (ICT) for regional and local public administration and for the general public. Support of activities related public access to information technologies (i.e., the Internet) in libraries, community centres and schools are included within this measure.

The measure includes:

- support for the introduction, preferably, of a broadband connection (minimum 256 kbps), primarily in the structurally affected and economically less developed parts of the Cohesion Regions (i.e., regions that have been defined by Government Resolution No. 722 and regions defined by the Counties);
- ensuring public access in municipalities to preferably broadband Internet; and
- ensuring that public administration services (at local and regional levels) are interactive and accessible for all, preferable through a broadband Internet connection.

The measure does not include support for business and entrepreneurial activities (this will be provided within the Operational Programme Industry and Enterprise).

Financial resources from this measure can be used for Internet installation, the construction of local and regional communication networks, the purchase of computers, special software, and basic PC equipment for PCs, if these items are necessary for using the Internet or for creating new ICT services and applications for individuals.

The projects must also satisfactorily address issues related to data transfer and software authenticity. Preference will be given to projects that will contribute to the development of public services, social integration and the development of infrastructure for using ICT.

The measure will target the wide general public.

Measure 2.3.– Regeneration and revitalisation of selected towns

This measure has been prepared in order to provide support for projects focused on supporting a limited number of integrated municipal investment projects, which are aimed at the improvement of the overall living environment and the living conditions of the residents and place focus on the regeneration and revitalisation of declining town centres or affected town areas (i.e., related to the discontinuation of business or social activities). The measure is considered as underlying activities and preparation for the future resolution of municipal problems within the scope of the URBAN Community Initiative in the Programme Period starting in 2007.

Investments into private property will not be eligible to receive support.

Priority 3: Development of Human Resources in the Regions

Measure 3.1. Infrastructure for human resources development in the regions

This measure has been prepared in order to provide support for projects focused on investment projects (co-financed from the European Regional Development Fund – ERDF) in the following areas:

- active employment policy;
- lifelong learning; and
- social integration.

Investment supported through this measure will contribute to development and structural changes in the applicable region and will create or safeguard sustainable employment positions.

Support within individual projects will be aimed at:

- New construction or renewal of appropriate buildings;
- Acquisition of technology, computers, SW, and computer networks,
- Necessary technical infrastructure related to construction and renewal of property, including any necessary landscaping).

It is possible to connect this measure together with JROP Measure 3.2 and to the Operational Programme Human Resources Development.

Measure 3.2. – Support for social integration in regions

This measure has been prepared in order to provide support for projects focused on a wide spectrum of activities concerning social integration at a local or regional level.

Support of a non-investment nature will primarily concentrate on:

- service providers who implement supportive projects for various socially threatened groups, subsequent solutions and preventive measures to prevent the origination of these groups (ethnic and national minorities, persons suffering from health disabilities, youth, mothers with children, unqualified individuals, individuals approaching retirement age, individual returning to society after serving a criminal sentence, drug addicts, etc.);
- developing a civil society, creating community plans, co-operating with non-profit organisations as well as with organisations established by the state, regions or municipalities; and
- creating equal opportunities for disadvantaged social groups.

The subject of support within the framework of this measure will be focused on the implementation of various non-investment programmes, training courses, consulting and services for individuals, including the provision of rehabilitation tools, learning tools, study materials, preparation of socially focused events, information and promotion activities, etc.

Measure 3.3. – Strengthening the capacity of local and regional bodies in the planning and implementation of programmes

This measure has been prepared in order to provide support for projects focused on the training and education of all participants at local and regional level, who are involved in the preparation and subsequent implementation of the JROP as well as in the preparation and subsequent realisation of projects for employees of municipalities, associations of municipalities, regions, various regional groups, economic and agricultural chambers, regional development agencies, education, non-governmental non-profit organisations, etc.

The measure will contribute to improving the implementation of the JROP at the regional level during the current programme period (until 2006) as well as during the programme period starting in 2007.

The education includes familiarisation with the applicable European Union legislation as well as that of the Czech Republic for individual segments related to the preparation and implementation of programs and projects (i.e., submission of tenders, environmental protection, equal opportunities, financing and financial controls, conditions for public support, monitoring of programs and projects, etc.). The training programs also include required sections related to strengthening audit and control functions with regard to decreasing institutionalised corruption and other misuse of official authority.

The support is related to non-investment expenses consisting primarily of:

- organising various forms of courses, seminars, training and workshops;
- publishing brochures and publications;
- consulting activities; and
- setting up websites, etc.

The financial beneficiary (applicable region) will receive the support, thanks to which they will be able to provide these services to individual target groups involved in training for low and acceptable prices (the projects will not bring the regions any profit). From the perspective of effectiveness and concentration of resources, one project will be prepared within the framework of each region, which will then provide integrated solutions for the region's needs on the basis of analyses prepared by the region.

For this reason, the projects will be prepared within the framework of sponsorship by the applicable regions (final beneficiaries) and as early as during the preparation phase, the focus of the projects will be consulted with the JROP managing authority and co-ordinated with other relevant entities (state administration authorities, regional councils for the development of human resources, etc.) as well as with the Ministry of the Interior, which is responsible for educating local and regional administration employees.

Priority 4: Development of Tourism

Measure 4.1. – Development of services for tourism

This measure has been prepared in order to provide support for projects focused on supporting entities that purchase services related to tourism. These services include activities related to:

- creating public and private sector partnerships (social, consulting and information-providing activities);
- ensuring the exchange and distribution of uniform information through modern technology;
- supporting marketing studies for tourism;
- supporting participation at trade fairs;
- organising symposiums and conferences on tourism;
- supporting the creation of promotional materials and standards for tourism;
- introducing a uniform system for labelling tourism activities.

The framework of the measure also includes non-investment support for paying the expenses related to the provision of the above-specified services.

Sub-measure 4.1.1. – Support of supra-regional services in tourism

Sub-measure 4.1.2. – Support of regional and local services in tourism

Measure 4.2. – Development of Tourism Infrastructure

This measure has been prepared in order to provide support for projects of an investment nature focused on developing the infrastructure necessary for tourism. These projects should specifically include the following support:

- products of convention, spa, cultural and religious tourism and eco-tourism;
- creating a national tourism information system;
- revitalisation of cultural, technical and industrial monuments and cultural heritage
- development of local and regional tourism information systems;
- increases to the capacities of small and medium-sized tourism enterprises (primarily increasing accommodation capacities and service infrastructure);
- construction or renovation of facilities in sports, recreation and spas; and
- renewal and development of hiking paths, recreational navigation infrastructure, bicycle paths and supplementary facilities.

Sub-measure 4.2.1. – Support for supra-regional tourism infrastructure

Sub-measure 4.2.2. – Support of regional and local tourism infrastructure

Priority 5. Technical Assistance

Measure 5.1. Technical Assistance for the JROP

Measure 5.2. Technical Assistance for CSF (Community Support Framework)

Case Studies from Various Relevant Areas

More attention is paid, and more examples and details concern countries comparable, to the Czech Republic in terms of size, geography and above all economic and social development. Nevertheless, the inspiration and experience of countries that are completely different may also be useful and even applicable in the Czech Republic, mainly on the regional level.

Belgium

A. Regional Programme

Operational Programme forming a part of Objective 2 for Limburg

Basic characteristic

The European Commission contributes actively to the development of Limburg, by co-financing an Operational Programme forming a part of Objective 2 of the programme period 2000 – 2006. The overall assistance from Structural Funds shall amount to € 92.7 million (the project's total budget is € 240.4 million).

Priorities

The programme concentrates on the following three priority areas and the provision of technical assistance.

- 1. The promotion of business activities and employment.** The support of small and medium-sized firms as an instrument correcting the structural imbalance of the local economy dominated by a single sector and the creation of new jobs. **The promotion of technologies and innovation, especially through the development and sharing of know-how and networking. A specific form of assistance should also ensure the diversification and modernisation of tourist facilities and locations.**
- 2. The optimisation of general conditions.** Main attention focused on the creation of optimal economic conditions. Measures concerning business infrastructure and environment; for instance, the decontamination of polluted and damaged areas, waste processing and promotion of energy effectiveness. Improvement of access to large urban areas.
- 3. Integrated rural development of the Haspengouw region.** Financing the measures necessary for economic diversification of the Haspengouw region through the promotion of rural tourism and more diverse utilisation of farms. The region shall also become more attractive as a result of the renovation of villages and promotion of services in small towns.

Suitability

The programme concerns a former mining precinct situated in the Hasselt district and the Haspengouw rural region in Tongeren. Some 263,000 people live in both regions (out of the overall Limburg province population of 784,000). Their average age is much lower than in other Flemish provinces. A relatively large number of immigrants lives in this area.

Small and medium-sized firms play a key economic role in the province (69% of the jobs in industry and services, more than 90% of the jobs in construction, public work, retail and furniture production). On the other hand, the automotive industry, also a very important sector, is limited only to a couple of large corporations. It is strongly orientated on export (77% of its overall production). The automotive industry takes first place, followed closely by the processing of non-ferrous ores.

The rate of unemployment in Limburg amounts to 8%, slightly below the average in Belgium as a whole, but high above the average in other Flemish provinces. The rate of unemployment in the area concerned by Objective 2 totals 11.3%. The unemployment of women is even twice as high as the unemployment of men.

Project management and contacts

The project is managed by the Flemish community.

Limburg province.

Europacel

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Financial and technical information

Title: Operational Programme Forming a Part of Objective 2 for Limburg
 Programme type: single programme document
 Programme number: 2000BE162DO002
 Resolution number: C(2001)861
 Date of approval: 15.5.2001

Financial means according to priority areas (in millions of EUR)

Priority area	Total cost	EU contribution	Public aid (EU + others)
Promotion of business activities and employment	133.22	50.71	114.83
Optimisation of general conditions	78.53	31.10	69.16
Integrated rural development of the Haspengouw region	23.20	8.12	22.21
Technical assistance	5.53	2.77	5.53
Total	240.48	92.70	211.72

Financial breakdown in accordance with EU Funds (in millions of EUR)

EU contribution	ERDF	ESF
92.70	82.07	10.63
100.00 %	88.54 %	11.46 %

Italy – Regional Programme

Operational Programme for Sardinia

Basic characteristic

The European Commission contributes actively to the development of Mezzogiorno in Italy, by co-financing an Operational Programme forming a part of Objective 1 for the period 2000 – 2006 for Sardinia. The programme is instrumental for the introduction of the Communities' support to Italian regions as a part of Objective 1. The overall contribution from EU Structural Funds amounts to € 1.946 billion (the project's total budget is € 4.686 billion).

Priorities

The programme concentrates on the following six priorities and the provision of technical assistance. Special emphasis is placed on **integrated development projects ensuring the improvement and advancement of the local potential through synergy.**

1. **Natural resources.** Improvement of water resources and soil, protection of coastal zones, improvement of natural reserves, processing waste, improvement of ecological information systems and energy management (renewable resources).
2. **Cultural resources.** Integrated approach to the improvement of regional cultural resources with the possible promotion of new companies, offering attractive alternatives to the tourist industry in coastal zones currently limited to the summer months only.
3. **Human resources.** Close connection to recommendations of the European Commission and the country's national action plan, an integral part of the European Employment Strategy. Measures in the area of research and technological innovations also included.
4. **Local development conditions.** Development of a business base, with emphasis placed on production chains with high growth and export potential. Measures focused on the improvement of local potential, attraction of investments from outside the region, improvement of tourist facilities, diversification of agriculture and increase of competitiveness of rural areas.
5. **Towns.** Strengthening the role played by towns in a territorial context, with a possible increase of the competitiveness of urban zones and services with added value. Smaller urban centres will be also strengthened – prevention of depopulation of Sardinia's inland regions.
6. **Networks and services.** Development of material and immaterial communication networks on the island. Measures supporting accessibility and availability, transport efficiency and quality (especially mobility in urban centres) and balanced combination of individual types of environmentally-friendly transport. Accelerated introduction of informational society in education, public administration and production base.

Suitability

Sardinia is a region whose development is well below the European average. As an island, it has many unique qualities, both positive and negative, including a limited domestic market resulting above all from a low population density (69 persons per square kilometre), lack of basic infrastructure and high average unemployment (22.1%). In 1999, the overall rate of employment, including children, the elderly and the handicapped, amounted to 36.9%. This in reality means that each working person supports two non-working persons. In 1996, the overall sum of GDP per capita amounted to mere 70.6% of the Italian average and 72.5% of the European average.

On the other hand, Sardinia can offer an unpolluted environment and a rich cultural heritage. Both aspects can play an important role in the island's future development.

Project management and contacts

The project is managed by the Regional Programme Centre of Sardinia.

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Financial and technical information

Title: Regional Programme for Sardinia

Programme type: operational programme

Programme number: 1999IT161PO010

Resolution number: C(2000)2359

Date of approval: 8.8.2000

Financial means according to priority areas (in millions of EUR)

Priority area	Total cost	EU contribution	Public aid (EU + others)
Natural resources	1 072.51	520.63	1 041.26
Cultural resources	379.55	189.77	379.55
Human resources	567.74	283.87	567.74
Local development systems	1 983.34	610.50	1 220.99
Towns	233.12	116.74	233.48
Networks and services	436.12	218.06	436.12
Technical assistance	13.32	6.66	13.32
Total	4 685.70	1 946.23	3 892.46

Financial breakdown in accordance with EU Funds (in millions of EUR)

EU contribution	ERDF	ESF	EAGGF	FIFG
1 946.23	1 155.93	357.21	406.08	27.01
100.00 %	59.39 %	18.35 %	20.86 %	1.39 %

Austria – Regional Programme

Operational Programme forming a part of Objective 2 for Burgenland

Basic characteristics

The European Commission contributes to the development of the federal department of Burgenland by co-financing an Operational Programme forming a part of Objective 1 for the period 2000 – 2006. It shall provide € 271 million from Structural Funds out of an overall budget totalling € 864 million.

Priorities

The Programme concentrates on three basic aspects: the promotion of Burgenland as a modern central European region, the preparation of Burgenland for the expansion of the EU and the reduction of internal differences. In order to achieve the aforementioned objectives, it will be necessary to increase corporate economic efficiency and competitiveness. The programme is also focused on **innovations, the transfer of technologies and development of networks of business and entrepreneurial co-operation.**

Main priority areas and the provision of technical assistance.

1. **Commercial and industrial activities.** Priority is given to endogenous development through the promotion of small regional entrepreneurial subjects. They shall receive direct investment assistance in the area of immaterial production factors (management quality, internationalisation and innovation). New financial instruments should contribute to the increase of own capital resources of small and medium-sized companies (venture capital/risk capital/other forms of financial infrastructure). Additional merits include the strengthening of the economic infrastructure and the development of information and telecommunications technologies.

2. **Research, technologies and development.** The European Union shall help create “centres of excellence”, technological centres, entrepreneurial incubators, centres of higher technical education and development facilities for research projects.

3. **Tourist industry, tourism and culture.** The tourist industry is promoted through investment aid accompanied by a quality increase of tourist products, marketing and networking of operators and service providers. This priority will also secure the expansion of the tourist infrastructure and the development of initiatives concerning cultural heritage that should help attract tourists.

4. **Agriculture, forestry, fishery and the preservation of nature.** The future development of the said sectors will be supported by investments in farms, assistance for young employees, training courses and the improvement of procedural and marketing methods. Special measures will concern a whole range of rural activities, such as the reconstruction and development of villages, the improvement of roads and enhancement of the infrastructure. The assistance provided by the European Communities will also contribute to the protection and development of the countryside.

5. **Human resources.** Co-ordination with Austria's national plan of employment. Concentration on unemployment reduction, promotion of equal opportunities, improvement of qualification courses and fight against social isolation.

Suitability

The project shall concern some 270,880 people, i.e. approximately 3.3% of Austria's population.

Burgenland borders on Hungary, Slovakia and Slovenia. Its overall rate of unemployment is lower than the Austrian average because one third of its workforce is employed outside the region. However, people with limited mobility or those living in less developed areas (southern areas) suffer from poor access to labour markets in other regions. Although still relatively high, the overall number of the workforce employed in agriculture has been decreasing significantly (17.1% in 1988, 8.2% in 1997).

In general, development differences within the region are quite considerable. The northern part is more prosperous, benefiting from its proximity to Vienna and its central position among regions with high economic growth (in Austria, Hungary and Slovakia). The region's southern and central parts have fewer opportunities for economic development.

Project management and contacts

The project is supervised by the Provincial Government of Burgenland. It also co-ordinates all institutions involved in the Programme's implementation. The monitoring committee consists of federal ministers (each concentrating on his/her department) and implementation authorities and institutions (in the case of co-financing). The project's secretariat is supported by the Austrian Conference for Regional Planning (ÖROK).

The day-to-day management is in the hands of implementation agencies collaborating with one another and distributing various forms of aid. Each fund is monitored by the relevant ministry (ERDF, Federal Chancery, ESF, Ministry of Economic Affairs and Labour, EAGGF, Ministry of Agriculture, Forestry, the Environment and Water Management). The said ministries also provide the necessary data and information for both the managerial structures and the responsible implementation agencies.

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Financial and technical information

Title: Programme forming a part of Objective 2 for Burgenland

Programme type: single programme document

Programme number: 1999AT161DO001

Resolution number: C(2000)802

Date of approval: 4.5.2001

Financial means according to priority areas (in millions of EUR)

Priority area	Total cost	EU contribution	Public aid (EU + others)
Commercial and industrial activities	340.88	88.34	117.80
Research, technologies and development	72.67	29.43	39.24
Tourist industry, tourism and culture	197.43	50.87	67.83
Agriculture, forestry, fishery and preservation of nature	158.79	41.29	55.06
Human resources	86.56	55.39	82.07
Technical assistance	7.56	5.68	7.57
Total	863.90	271.00	369.57

Financial breakdown in accordance with EU Funds (in millions of EUR)

EU contribution	ERDF	ESF	FIFG	EAGGF
271.00	173.82	55.01	41.35	0.83
100.00 %	64.14 %	20.30 %	15.26 %	0.30 %