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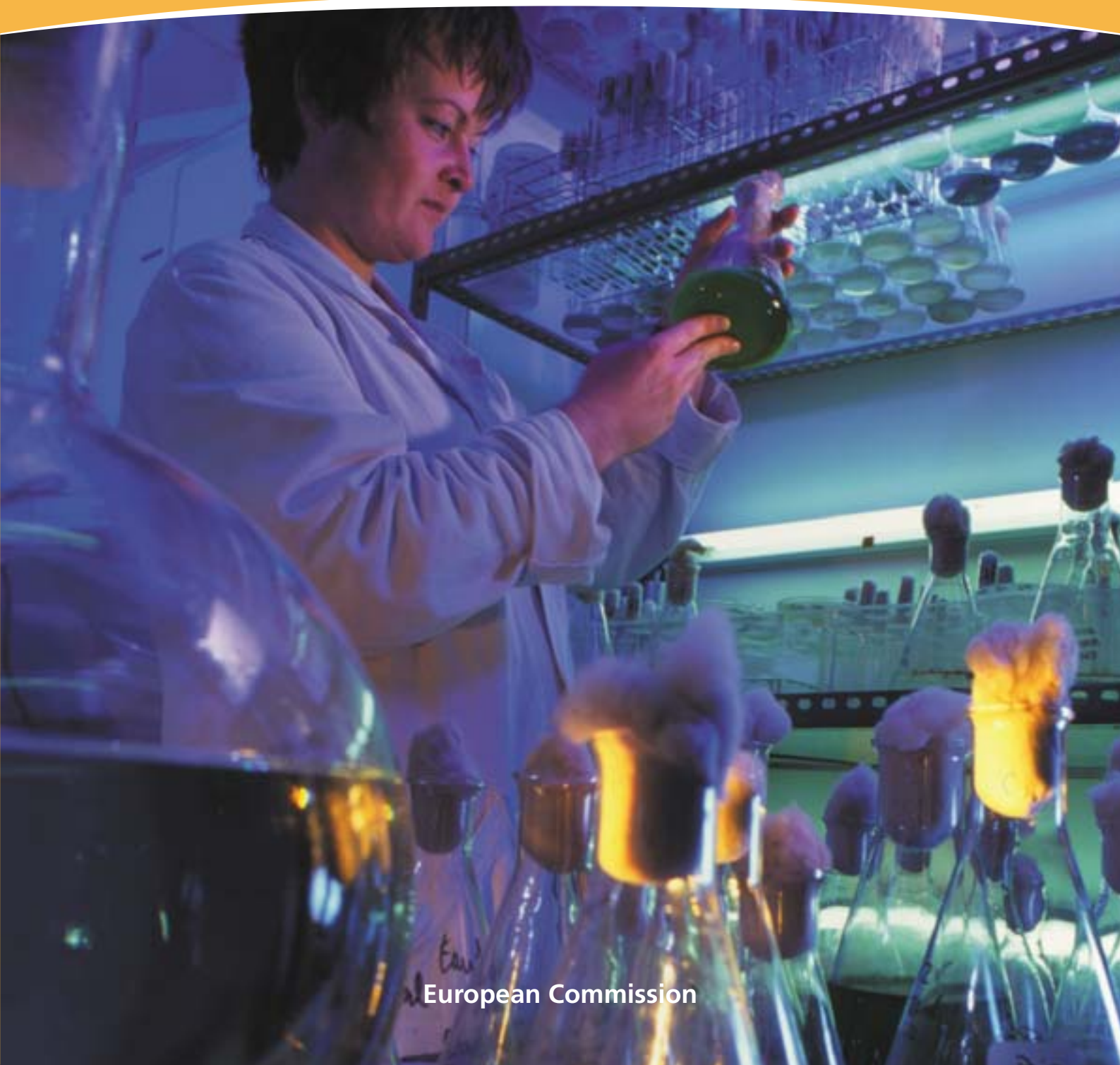
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European Union
Regional Policy

Structural policies and European territories

Competitiveness, sustainable development and cohesion in Europe From Lisbon to Gothenburg



European Commission

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European Commission

Directorate-General for Regional Policy
http://europa.eu.int/comm/regional_policy/index_en.htm

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Foreword



Europe and its regions will face many challenges over the coming years, including a dramatic increase in social and economic disparities following enlargement, a likely acceleration in economic restructuring as a result of globalisation, the effects of the technological revolution, the development of the knowledge-based economy and society, an ageing population and a growth in immigration.

Since all the major challenges tend to transcend national borders, Europe's citizens, and their elected representatives, increasingly look to the European Union for help. In March 2000, the Heads of State or Government of the Union meeting in Lisbon set out a strategy designed to make Europe 'the most competitive and dynamic knowledge-based economy in the world' by 2010. The strategy has several elements designed to encourage enterprise, innovation and research so that Europe and its regions are better equipped to deal with the effects of economic and social change. At the Gothenburg

European Council in June 2001, the strategy was widened adding a new emphasis on protecting the environment and achieving a more sustainable pattern of development.

While the origins of change are global, the impacts are regional and local. That is why, since assuming responsibility for European regional policy in 1999, I have sought to ensure that sustainable growth and competitiveness for all become a top priority, in accordance with the Lisbon and Gothenburg agendas. For example, over EUR 5 billion will be spent between 2000 and 2006 on investment in the information society under the European programmes for the least developed regions (Objective 1). This assistance will help the poorest parts of the Union to realise the aims of the eEurope initiative, a key element of the Lisbon strategy. Without such help, Europe would be faced with a widening digital divide, aggravating the traditional gaps between rich and poor, or between employed and unemployed.

In fact, the European Union's regional and social policies are its principal instruments for delivering the Lisbon and Gothenburg agendas, which they do in the only way that matters for most of its citizens — that is, by supporting projects that provide new job opportunities and improved quality of life.

This work will be far from finished when the current generation of European programmes draws to a close in 2006. A long-term commitment is required if the Union is to fulfil the role of key partner of the Member States and regions in addressing the challenges of globalisation. It requires the maintenance of an ambitious regional policy at European level, acting as Europe's 'growth fund', targeting regions and areas with real needs across the whole of the enlarged Union. As illustrated by the different projects in this document, the potential rewards of such a policy for Europe, its economy and its citizens are considerable.

A handwritten signature in black ink, appearing to read 'M. Barnier'.

Michel Barnier
*European Commissioner responsible
for regional policy and institutional reform*

Introduction

The completion of the internal market, economic and monetary union, the successful launch of the euro, and the provision of structural aid have all helped the European Union (EU) to achieve greater convergence and higher growth and stability in recent years. However, further effort is still needed in order to tackle some persisting problems. Progress on economic reform is still slow, as is the creation of new jobs, and the number of economic and social disparities between Europe's regions remains unacceptably high. Like every other global region, the EU has to respond to a paradigm shift in the sources of economic development, which is being driven by globalisation and the new knowledge-based economy.

This requires the modernisation and diversification of the economy as well as new forms of governance, including better institutional capabilities. It also means the creation of more and better business opportunities, the adaptation of employment strategies and education and social security systems, and a greater focus on sustainable growth and innovation-driven economic development. With the likelihood of 25 Member States in 2004, and a considerable widening of regional disparities, the need to better coordinate and address regional competitiveness, sustainable development and cohesion gaps is even more pronounced.

In March 2000, the European Council in Lisbon set out a strategy which aims to make the Union the 'most competitive and dynamic knowledge-based economy in the world' by 2010. Achieving full employment by raising overall employment rates to 70 %, matching the productivity levels of the world's best performers, addressing the challenges of the information society, and establishing a European research area are amongst the major objectives of the Lisbon strategy. The summit called for a new method of 'open coordination' to promote sustainable economic growth, with more and better jobs and greater social cohesion. Unlike traditional forms of EU policy formulation, this approach requires target setting and benchmarking to allow progress to be measured.

The Gothenburg European Council in June 2001 completed the Lisbon strategy by adding an environmental dimension. Sustainable development was defined as meeting the needs of the present generation without compromising those of future generations, and dealing with economic, social and environmental policies in a mutually reinforcing way. Priorities include combating climate change, ensuring sustainable transport, addressing threats to public health, managing natural resources

more responsibly and integrating environmental policy into other Community policies.

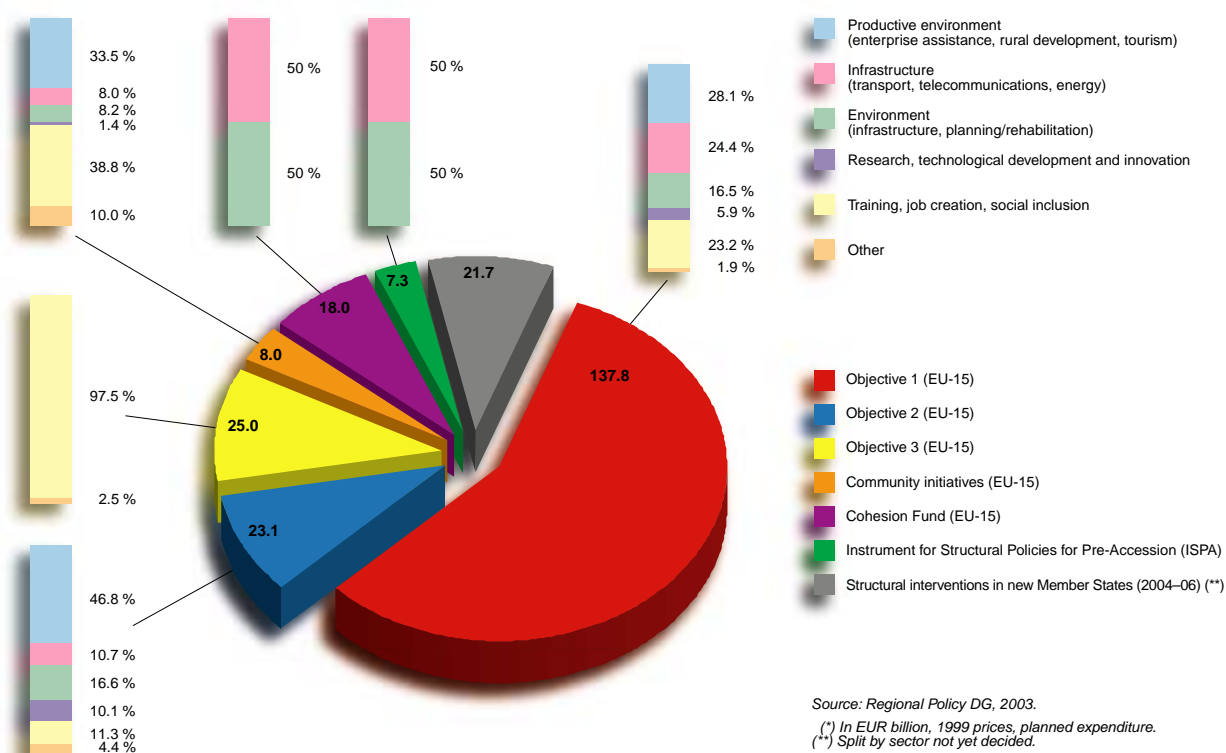
Even though the European Union has made progress on the Lisbon and Gothenburg objectives, much remains to be done to achieve the goals by 2010 — not least because of the worldwide slowdown in economic growth. Labour productivity has not improved sufficiently and gross domestic product (GDP) per capita in the EU only rose from 70 % of the US level in 1999 to 71 % in 2002. However, employment growth has continued, rising from 62.4 % in 1999 to 64.1 % in 2001, and there has also been a decline in structural unemployment. Therefore, the European Council in March 2003 asked Member States to push ahead with economic reform.

Regional competitiveness can be defined as the ability of a region to anticipate and successfully adapt to internal and external economic and social challenges, by providing new economic opportunities, including higher quality jobs for its citizens. This ability is influenced by a number of factors: public and private investment and human capital, the quality of physical infrastructure, the productivity of the workforce, institutional capacity, social capital, innovation and research facilities, accessibility to markets, etc. Environmental conditions, quality of life and socioeconomic attractiveness, as well as the capacity of public administrations and institutions can also be advantages or obstacles to attracting investment and to generating sustainable growth.

During the 2000–06 programming period, cohesion policy and the Structural Funds will play an important role in contributing, directly and indirectly, to six areas mentioned in the Lisbon strategy and its updates: enhanced competitiveness and economic reform; employment; social inclusion and equal opportunities; education and training; research, innovation and the information society; and the environment and sustainable development. These areas correspond to measures eligible under the four Structural Funds and the Cohesion Fund. Their funding is related to the so-called 'horizontal issues', which were strongly recommended by the Commission services to form part of the 500 existing regional programmes. Within these, the codification of planned expenditure allows the structural instruments to be linked to the Lisbon and Gothenburg priorities. It is worth mentioning that these were not known to regional actors in 1999 and 2000, when planning for most of the regional programmes was completed.

Taking account of the costs related to the Lisbon objectives, almost 90% of the structural funds mainstream

Structural Funds and instruments by sector of expenditure (2000–06) (*)



programmes, corresponding to about EUR 166 billion can be considered directly relevant to contributing to the achievement of the Lisbon and Gothenburg objectives. In addition, the Community Initiatives, the Cohesion Fund and the Instrument for Pre-Accession – amounting to another EUR 51 billion – can be considered in line with these objectives as well.

- As regards Objective 1 areas, or regions with a GDP per capita that is below 75 % of the EU average, some 86 % of the total budgetary envelope, or EUR 118.9 billion, contributes to the Lisbon goals. Of this, EUR 32 billion will be spent on enhancing human capital through labour market support and training and education. In all, EUR 22.8 billion will be spent on environmental infrastructure and protection, technologies and rehabilitation of industrial sites, EUR 27.2 billion on transport infrastructure, and EUR 8.1 billion on research, technological development and the information society.
- In the case of Objective 2 areas, or regions with structural difficulties, about 97 % of the total, or EUR 22.5 billion, contributes to the Lisbon strategy. EUR 10.2 billion are planned to enhance greater productivity of businesses. EUR 3.8 billion is being spent on the environment, EUR 2.6 billion on training and EUR 2.3 billion on research, innovation and the information society.
- In relation to Objective 3, which contributes to 'modernising systems of training and promoting employ-

ment', the complete amount available, about EUR 24 billion, can be taken into consideration.

- Most of the amounts reserved for the Community initiatives and innovative actions — more than EUR 11 billion in total — as well as the Cohesion Fund, with EUR 18 billion for environmental and infrastructure projects in Greece, Spain, Ireland and Portugal, are directly relevant to the Lisbon and Gothenburg objectives.
- In addition, the instruments available before and after accession, especially the Instrument for Structural Policies for Pre-Accession (ISPA), with about EUR 7 billion, and the amounts for the acceding countries foreseen between 2004 and 2006 — nearly EUR 22 billion — also contribute largely to 'Lisbon'.

Solidarity among the peoples of the European Union, economic and social progress and reinforced cohesion form part of the Community's overall objectives of 'reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions', as laid down in the Treaty establishing the European Community. The instruments of solidarity, the Structural Funds and the Cohesion Fund, have a major impact on the competitiveness of regions and contribute significantly to improving the living conditions of their citizens, particularly in the poorer regions. About one third of GDP increases in the worst-off regions is estimated to be attributable to transfers from structural instruments.

Regional disparities are usually measured by comparing the GDP per capita in purchasing power parities to the EU average. Despite the convergence achieved in recent years, these disparities still remain substantial. Between 1988 and 2003, the least prosperous Member States — Greece, Spain and Portugal — increased their GDP per capita by 12.1, 11.3 and 12.9 percentage points, respectively, of the EU average, whereas the major target regions of the Structural Funds under Objective 1 increased from 63 to 71 %.

Estimates for the current period up to 2006 suggest that Portugal and Greece, which receive the highest transfers relative to national income, will achieve an increase in GDP of 3.5 and 2.4 % higher than they would have done without EU support. Moreover, it has to be stressed that, over and above the short-term macroeconomic impact of Structural Fund transfers on income and growth, they also act upon the factors of regional competitiveness that can create the conditions for sustained and sustainable long-term regional economic development, thus paving the way for self-sustained virtuous cycles of economic development.

However, the most dynamic regions still have a GDP that is almost three times higher than the least developed regions.

Many of the disadvantaged regions share other factors that hamper their economic development, such as remoteness from the heartland, structural change, persisting high levels of unemployment and natural handicaps. EU enlargement to include 25 Member States as of 2004 will present an unprecedented challenge for the competitiveness and internal cohesion of the Union. Enlargement will lead to the widening of the economic development gap, a geographical shift of disparities towards the east and a less advantageous employment situation.

- The gap in GDP per capita between the 10 % of the population living in the most prosperous regions and the same percentage living in the least prosperous regions will more than double, as compared with the situation in EU-15.
- In all, 116 million people — representing some 25 % of the total population — will live in regions with a GDP per capita which is below 75 % of the EU average, as compared with 68 million people, or 18 % of the total population, in EU-15. Six in every ten EU citizens will be nationals of the new Member States.
- Three million jobs will have to be created if the average level of employment in the new Member States is to be aligned with that of the rest of the EU. This is due to the trend of a decline in the rate of employment and a higher long-term youth unemployment rate in these countries.

These facts will have to be taken into account in the revision of the Union's cohesion policy for the period after 2006. With the debate having started early in 2001, the Commission has already received numerous contributions from Member States, regions, social partners, the European institutions and other actors. Together with the results of various analyses and studies carried out by the Commission, these contributions will enrich the draft proposals to be presented before the end of 2003 in the *Third report on economic and social cohesion*.

The impact of cohesion policy is unquestionable. The structural instruments not only have an important redistribution function in favour of the less well-off Member States and regions, which has a significant macroeconomic impact, but also contribute to the competitiveness of regions where there is underutilised potential and therefore have a direct influence on EU-wide economic performance in line with the Lisbon targets. The funds and their implementation strengthen economic and political integration through, for example, the development of infrastructural networks, enhanced accessibility of remote regions and cooperation. Cohesion policy supports Community priorities set by the Lisbon strategy, as reinforced by the Gothenburg European Council, including economic and social restructuring. Last, but not least, public-private partnership arrangements, raising institutional capabilities in policy design and delivery, an evaluation culture, transparency and the exchange of best practices are all part of the delivery system and contribute to better governance at all levels.

Following the debate on the reform of cohesion policy after 2006, it is clear that the majority of actors support EU action for all regions and the idea of focusing on key themes of strategic importance, such as innovation and the development of the knowledge-based society, employment, social cohesion, sustainable development, and the improvement of competitiveness in conjunction with economic and social restructuring. There is also a broad consensus that the interventions should continue to concentrate on the less developed regions, especially those in the new Member States.

Europe's regions and their competitiveness are critical to the EU's mid-term macroeconomic perspective. This document gives some good examples of how the Union's cohesion policy and the Structural Funds contribute to the economic, social and environmental pillars of the Lisbon and Gothenburg strategies. The 26 projects which have been selected under five different headings were chosen to demonstrate that EU funding addresses issues that are relevant to enhanced regional competitiveness, sustainable development and the creation of more and better jobs. The five headings are:

- Regional competitiveness and the Structural Funds;
- Sustainable regional development;

- Innovation and the information society;
- Territorial cohesion;
- Exchange of good practices and networking of regions.

These themes and projects demonstrate the wide range of possibilities offered by the Community's structural instruments in helping to overcome existing development gaps in different regional situations. However, in addition to funding, it should also be emphasised that the Structural Fund principles also promote subsidiarity and good governance. Partnership between public and pri-

vate actors at all levels, multiannual programming based on a thorough analysis of the regions' weaknesses, opportunities, threats and potentials, decentralised management, and the evaluation and the exchange of best practices are all tools to ensure that European strategies are best implemented by flexible responses geared to regional needs. By enhancing regional capacities and good governance practices, while being respectful of subsidiarity, EU cohesion policy presents a clear added value in terms of framing and implementing programmes and projects on the ground. This approach will be even more relevant in the enlarged EU.

The Lisbon strategy

Definition: The Lisbon strategy, which was adopted on 23 and 24 March 2000 by the European Council, sets out a 'new strategic goal for the Union in order to strengthen employment, economic reform and social cohesion as part of a knowledge-based economy'. The strategy's frequently quoted key objective, that the EU should 'become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion', was completed a year later by the Gothenburg European Council on sustainable development. The strategy is based on three pillars, economic and social renewal and the environmental dimension.

Objectives: The Lisbon strategy does not set specific targets for economic performance, but calls upon the European institutions and the Member States to refer to a number of measures for economic and social reform through which 'an average economic growth rate of around 3 % should be a realistic prospect for the coming years'. For employment, the Lisbon strategy aims to raise 'the employment rate from an average of 61 % [today] to as close as possible to 70 % by 2010, and to increase the number of women in employment from an average of 51 % today to more than 60 % by 2010'. Other initiatives agreed upon in Lisbon, and by subsequent European Councils, defined policy goals and actions for a broad range of topics, such as developing the informa-

tion society, establishing a European research area, creating a friendly environment for starting up and developing innovative businesses, and modernising social protection.

Method: The Lisbon strategy authorised the extension of the 'open method of coordination', which was applied to employment and economic policies during the 1990s, and to other policy domains, such as the information society, enterprise policy, research and development, education and training, combating social exclusion and modernising social protection. This method sets national policies in a Community context, measures progress in the different fields against certain benchmarks and peer groups, and updates strategies and goals in this context.

Follow-up: The Commission provides follow-up through 'spring reports' to the European Council on the progress achieved. These reports draw on a set of structural indicators agreed with the Council which measure progress towards the Lisbon goals. They also include an analysis and assessment of progress, also prepared by the Commission services. The indicators cover six areas: economic performance; employment; education, research and innovation; economic reforms; social cohesion; the environment. Since the spring of 2003, the reports and structural indicators have also included coverage of the acceding and candidate countries.

Further information is available at:
http://europa.eu.int/comm/lisbon_strategy/index_en.html

The Gothenburg European Council and the EU's sustainable development strategy

Background: Sustainable development could be defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Integration of environmental protection into other Community policies became a requirement in 1993 and, following the adoption of the Amsterdam Treaty in 1997, the promotion of a 'harmonious, balanced and sustainable development of economic activities' completed the list of Union objectives. Based on the Commission's communication on a sustainable development strategy of May 2001, the European Council in Gothenburg agreed to add the environmental dimension to the Lisbon process as its 'third pillar', the others being economic and social reform.

The strategy implies that all major policies are subject to a sustainability impact assessment and aims to better co-ordinate existing national strategies. The focus is on 'prices reflecting the true costs to society', particularly in key priority areas such as climate change, transport, public health, and the management of natural resources. One outstanding issue is the EU's target under the Kyoto Protocol to reduce greenhouse gas emissions to 8 % below the 1990 levels by 2012. By 2000, these emissions were down by 3.5 %.

Objectives: The Gothenburg European Council set out key environmental objectives and target dates at strategic, political and legislative levels, taking account of international agreements. For the four priorities, the Council agreed on the following.

- **Climate change:** Reduction in greenhouse gas emissions (i.e. Kyoto targets) with visible progress by 2005 and progress towards an indicative target for 2010 of 22 % of electricity generated from renewable sources.
- **Sustainable transport:** Decoupling gross domestic product from transport growth, in particular by a shift from road to other modes of transport; tackling rising traffic volumes, congestion, noise and pollution; and encouraging the use of and investment in environmentally friendly transport and related infrastructure (shift from road).
- **Public health:** Respond to citizens' concerns regarding food safety and quality, the use of chemicals, infectious diseases and antibiotic resistance.
- **Resource management:** Decoupling resource use and the generation of waste from growth.

Beyond these, objectives and target dates have been laid down for a number of issues in the sixth environment action programme.

Follow-up: Since 2002, the Gothenburg strategy has been subject to ongoing monitoring and adjustment, the results of which are published in a separate chapter of the Commission's annual report on the Lisbon strategy. The latter is usually published in March of each year, before the spring European Council.

Further information is available at:
http://europa.eu.int/comm/environment/index_en.htm

The Structural Funds and instruments: How do they work?

The amounts available: For the period between 2000 and 2006, EUR 213 billion has been earmarked for all structural instruments in EU-15. In addition, about EUR 22 billion in pre-accession aid, and another EUR 22 billion in structural interventions for the new Member States in the period 2004–06, will be spent within the Union's adjusted financial perspectives. The total of about EUR 257 billion represents approximately 37 % of the EU budget for the period up to 2006. Most of the funding is being spent through multiannual development programmes, managed jointly by Commission services, the Member States and regional authorities.

The funds: Each of the four existing Structural Funds has its own specific thematic area. The European Regional Development Fund (ERDF) finances infrastructure, job-creating investments, local development projects and aid for small firms. The European Social Fund (ESF) promotes the return of the unemployed and disadvantaged groups to the workforce, mainly by financing training measures and systems of recruitment assistance. The Financial Instrument for Fisheries Guidance (FIFG) helps adapt and modernise the fishing industry. The Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF-Guidance) finances rural development measures and provides aid for farmers, mainly in regions lagging behind in their development. The Cohesion Fund and the Instrument for Structural Policies for Pre-Accession (ISPA) provide direct finance for individual projects to improve the environment and develop transport networks.

The objectives: To enhance its impact and secure the best possible results, 94 % of structural funding for the period 2000–06 is concentrated on three objectives.

Objective 1: Helping regions whose development is lagging behind to catch up. Some 50 regions, home to 22 % of the Union's population, or some 83 million inhabitants, are concerned and they receive 70 % of the funding available; between 2004 and 2006, a further 73 million people will be covered by this category.

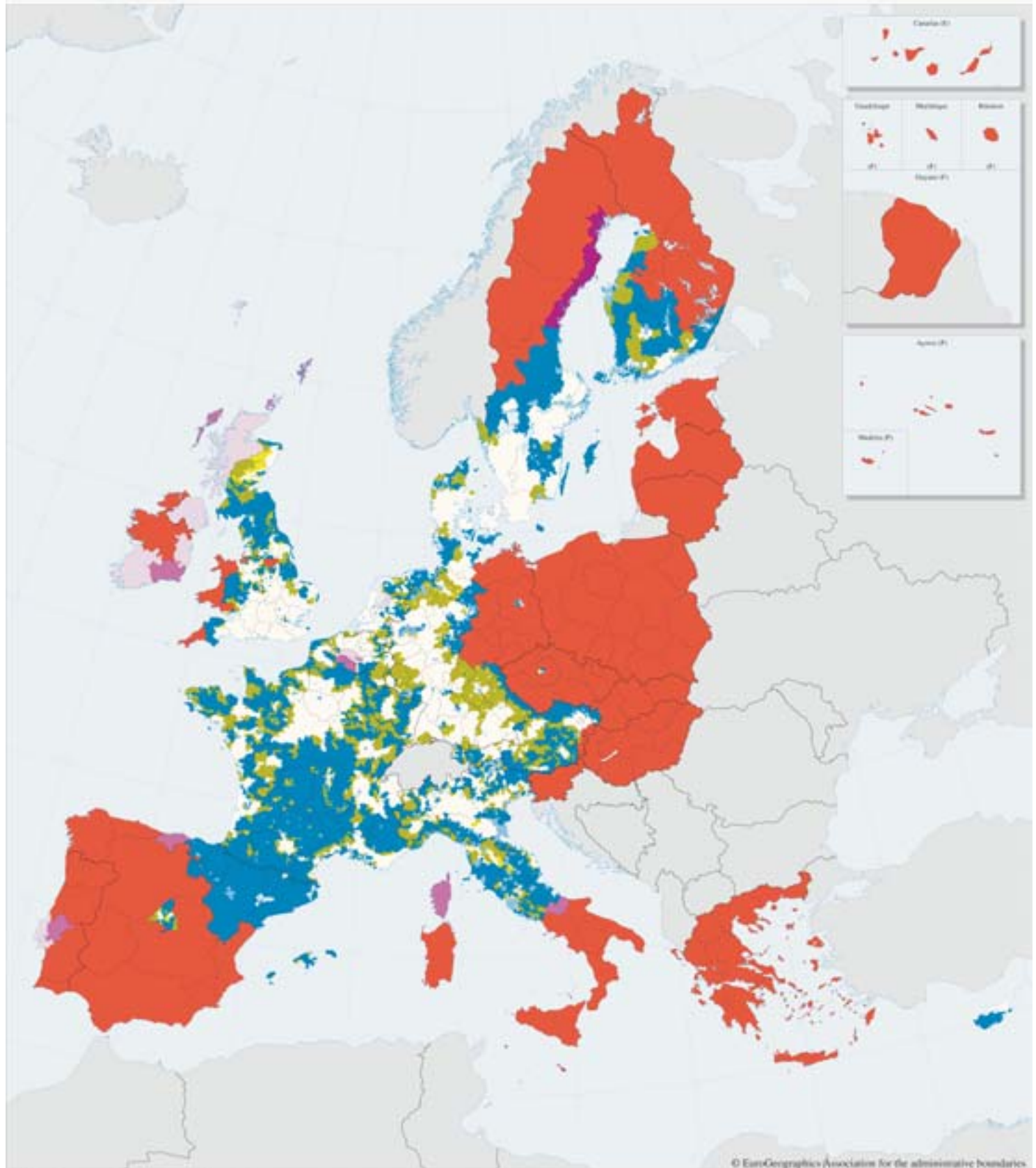
Objective 2: Supporting economic and social conversion in industrial, rural, urban or fisheries-dependent areas facing structural difficulties. In all, 18 % of the population in EU-15, or 68 million people, live in these areas, which receive 11.5 % of total funding.

Objective 3: Modernising systems of training and promoting employment. Measures financed by Objective 3 cover the whole Union except for the Objective 1 regions, where measures for training and employment are included in the catch-up programmes. Objective 3 receives 12.3 % of total funding.

Community initiatives and innovative actions: Four Community initiatives are aimed at finding solutions to problems common to a number of or all Member States and regions: Interreg III for the development of cross-border, interregional and transnational cooperation; URBAN II to support innovative strategies in cities and urban neighbourhoods; Leader+ to promote rural development initiatives; EQUAL to combat discrimination in the labour market. The Community initiatives absorb 5.35 % of the Structural Fund budget. In addition, programmes for innovative actions receive funding to work as laboratories of ideas for disadvantaged regions.

Further information is available at:
http://europa.eu.int/comm/regional_policy/index_en.htm

Enlarged European Union Structural Funds 2004–06 : Areas eligible under Objectives 1 and 2



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- | | | |
|--|--|---|
| Objective 1 | Objective 2 | Boundaries |
| ■ Objective 1 | ■ Objective 2 | — National boundaries |
| ■ Phasing-out (till 31/12/2005) | ■ Objective 2 (partly) | — NUTS2 boundaries |
| ■ Phasing-out (till 31/12/2006) | ■ Phasing-out (till 31/12/2005) | |
| ■ Special programme | ■ Phasing-out (partly) (till 31/12/2005) | |



Regional competitiveness and the Structural Funds

Although the term competitiveness normally refers to businesses competing in the marketplace, it is also increasingly being used to compare the economic performance of regions and countries. The definition of regional and national competitiveness relates to the achievement of high rates of quality employment and high and rising standards of living that can be sustained by providing economic opportunity to their citizens in an increasingly globalised economy.

The main indicator of competitiveness is gross domestic product (GDP) per capita, but other factors affecting economic success are also taken into consideration, such as the physical and social infrastructure, the location's accessibility, the quality of the workforce, a positive framework for innovation, and the efficiency of public administrations and institutions. Following the Lisbon and Gothenburg strategies, a set of structural indicators to monitor economic, social and environmental development was developed. These indicators are grouped under six headings: general economic background; employment; innovation and research; economic reform; social cohesion; the environment.

Modernising infrastructure, attracting private investment, creating a stimulating environment, especially for small and medium-sized enterprises (SMEs) and start-ups, and supporting trans-European networks are key features addressed by the Structural Funds and are at the heart of development strategies for regions lagging behind or in structural difficulties.

The density of motorways is four times higher in central than in peripheral EU regions, while there are also 40 % more railway lines and twice the length of double-track lines. The construction of modern and efficient transport, energy and telecommunications infrastructure is of the utmost importance for economic development, especially in the most remote regions.

In its White Paper, 'European transport policy for 2010: Time to decide' ⁽¹⁾, the European Commission places users' needs at the heart of a strategy that is designed to shift the balance between modes of transport by 2010. This strategy involves revitalising the railways, promoting maritime and inland waterway transport, and linking the different modes of transport. In the pe-

riod between 2000 and 2006, about EUR 49.3 billion, or 22.5 % of the overall Structural Fund allocations, is available for transport, energy and telecommunications networks in Member States and acceding and candidate countries.

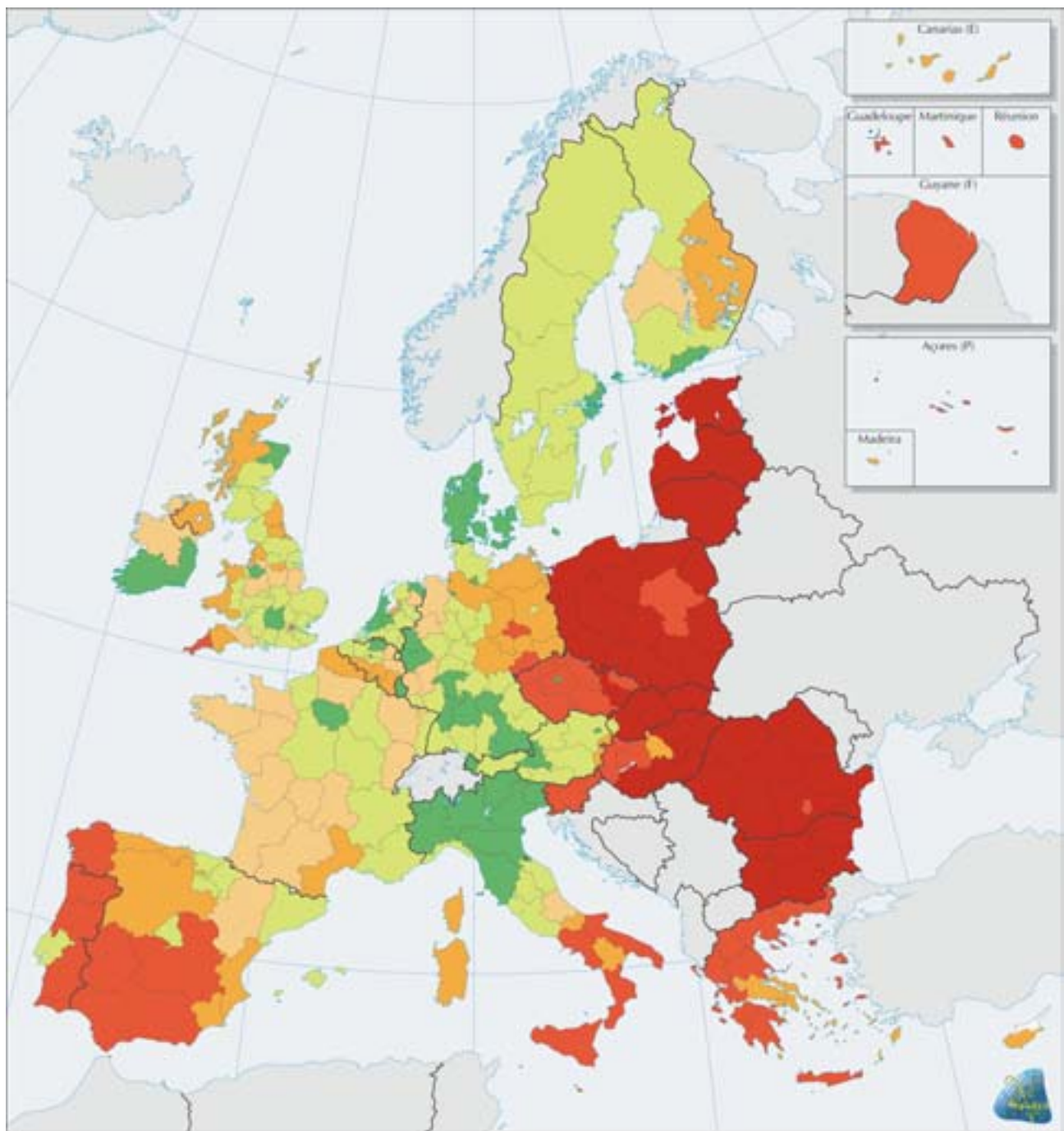
Entrepreneurship and competitive enterprises are also key drivers of regional development and are therefore also important priorities for Community policies. An 'enterprise Europe', which meets the challenges of globalisation and the new knowledge-driven economy by contributing to sustained growth, has become the slogan for Community activities in this area.

Focused, in particular, on small and medium-sized enterprises, the Union's activities aim to encourage entrepreneurial activity, to provide an environment which is supportive of innovation and profitable change, and to ensure access to new and higher value added markets for goods and services. In the framework of the Community's existing State aid rules, a significant proportion of the Structural Funds — EUR 52.2 billion, or 23.8 % of the allocations up to 2006 — has been earmarked to promote the development, modernisation and cooperation of enterprises. This support will not only have a positive effect on regional labour markets, but will also contribute to 'greener' production because of reduced emissions and more effective energy use.

Regional disparities in the rates of employment and unemployment, and in the levels of educational attainment differ significantly across the Union. Regions performing best in terms of employment are usually characterised by high income levels, a low share of employment in agriculture, a high level of employment in the service sector and a highly qualified population of working age. In 2001, unemployment in the regions with the lowest rates averaged a mere 2.3 % compared with an average of 19.7 % in the regions with the highest rates.

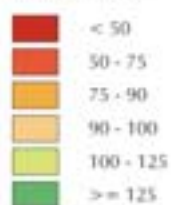
Embedded in the European employment strategy and national action plans since 1998, the European Social Fund contributes to national and regional employment and training programmes as well as to social inclusion schemes. Its overall allocation amounts to EUR 62.1 billion, representing 28.3 % of the total Structural Funds.

⁽¹⁾ COM(2001) 370 of 12.9.2001.



GDP per head by region (PPS), 2000

Index, EU-25 = 100



MT, 1999

Source: Eurostat

0 100 200 km

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Evaluating the impact of the Structural Funds

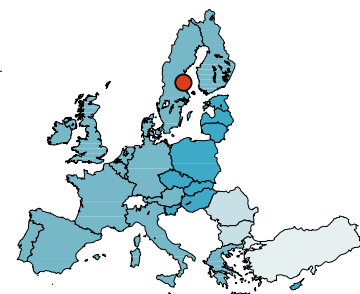
Evaluating the impact of the Structural Funds is a fundamental requirement of the European Commission, the Member States and the regions. As laid down in the funds' regulations, any intervention has to be evaluated before, during and after it is carried out (*ex ante*, ongoing, *ex post*). In recent years, this has created an evaluation culture across Europe with an ongoing exchange and improvement of methods. The following studies were published recently by the Commission services:

- In 2002, the European Commission presented a study which examines *ex ante* the economic impact of the Structural Funds on the Objective 1 regions (defined by a gross domestic product (GDP) per capita of below 75 % of the EU average). Covering Greece, Spain, Ireland and Portugal, as well as the Mezzogiorno in Italy and the eastern *Länder* in Germany, the Objective 1 regions will receive some EUR 135 billion between 2000 and 2006. The study shows that GDP is expected to increase by 3.5 % in Portugal and 2.4 % in Greece and that up to 700 000 jobs will be created as a direct result of this investment.
- A study published by the Commission in 2003 examines *ex post* the effectiveness and impact of the Structural Funds spent in the 1994–99 period in Objective 1 regions. During this period, the EU contributed EUR 114 billion through structural instruments to an estimated total spent of EUR 210 billion, including national public and private co-financing. The study shows that Structural Funds helped to boost GDP by 4.7 % in Portugal and 1.27 % in Northern Ireland, and supported the creation of 800 000 jobs (gross) and the training of 8.15 million people in Objective 1 regions.
- The *ex post* evaluation of Objective 2 regions (regions affected by industrial decline, covering 16.3 % of the EU population) for the period 1994–99, which was carried out in 2003, concludes that the Structural Funds and their national and private co-financing — about EUR 52.3 billion in total — contributed to the creation of 700 000 jobs (gross), assisted more than 300 000 small and medium-sized enterprises, and provided significant support for research, technological development, innovation and the promotion of the information society. The average unemployment rate in these regions declined by 2.1 %, from 11 to 8.9 %, which demonstrates that they performed better than regions outside Objective 2.

Further information is available at:
http://europa.eu.int/comm/regional_policy/sources/docgener/evaluation/evaluation_en.htm

HUDIKSVALL (SWEDEN)

The fibre optic valley



With the help of EU Objective 2 funding, the region of Hudiksvall in Sweden is working with local high-technology businesses to boost its competitiveness in the area of fibre optics.



Long-term growth in the data and telecommunications sector is driven by new applications requiring high-speed data transmission. Fibre optics is one of the leading technologies in this area and offers possibly the greatest potential for future development. Optical transmission capacity is currently several thousand times higher than that of other forms of transmission.

However, fibre optic research and development (R & D) and manufacturing are highly competitive and require a well-motivated and qualified workforce, as well as state-of-the-art equipment. The region of Hudiksvall is well resourced in both these areas, thanks to an established local fibre optic industry. Some of the leading companies in the areas of fibre components, fibre optic cable and fibre access are based in the region. These include Ericsson Network Technologies, a leading fibre and cable manufacturer and one of the world's few sea-cable manufacturers, and Acreo FiberLab, one of the leading optical fibre laboratories in northern Europe.

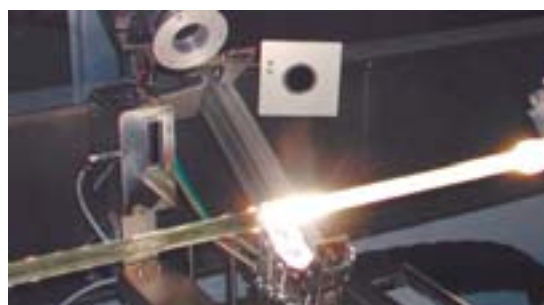
With the assistance of EU Objective 2 funding, Hudiksvall is now attempting to exploit this potential to develop a region with world-class competencies in the area of fibre optics — the fibre optic valley (FOV). The FOV project involves the development of both infra-

structure and fibre optic R & D and education. Project objectives include the establishment of a fibre optic test bed in Hudiksvall and the building of a fibre optic connection between the test bed and the national test-bed node in Kista using a 40 Gbps link.

The new network will be capable of delivering a range of services requiring broadband capacity: videoconferencing and video distribution, Internet-based TV (highly compressed to HDTV) and telephony, telemedicine applications, distance working and education, storage area networking, etc. The project also includes fibre optic education and research initiatives, the development of inexpensive access networks and components, and the creation of an innovation system for the development of new products and services. It is also proposed that the new test bed will be used to identify new products and services that will lead to the establishment of new businesses in the region.



Coloured optical fibres



Optical fibre production at Acreo FiberLab

Contact:

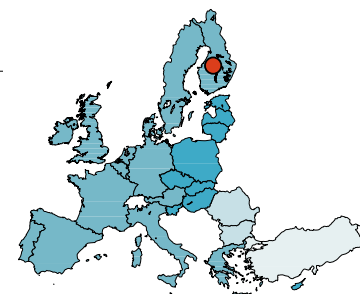
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Project: The fibre optic valley
Programme: Objective 2

Total eligible cost: EUR 13 859 760
EU contribution: EUR 3 278 535

NIVALA-HAAPAJÄRVI, SIIKALATVA (FINLAND)

Harvesting the fruits of entrepreneurship



The Nivaska project in the sub-regions of Nivala-Haapajärvi and Siikalatva aims to create new employment opportunities by nurturing the growth and development of micro-enterprise through the provision of specific tailored supports.

The sub-regions of Nivala-Haapajärvi and Siikalatva, located in the southern part of the Oulu province in northern Finland, suffer from high levels of unemployment and emigration. The lack of economic opportunities has inhibited the development of this area, which remains sparsely populated, with just 51 000 inhabitants in its 11 municipalities.

During the previous EU programme period (1994–99), the authorities in the area were successful in supporting the establishment of a number of new micro-enterprises (between one and three employees). For the current programme period, the authorities are attempting to build on this success by focusing on supporting the growth and development of these new enterprises in order to maximise their potential to create employment. This initiative, known as the Nivaska project, is also targeting a number of slightly bigger businesses (between 4 and 20 employees) which are also considered to have potential for further growth and employment creation.

The steering committee of the Nivaska project, together with local entrepreneurs, has developed a new way to bring together the interests of the private and public sector in the area. The aim is to use an 'impulse strategy', i.e. to strengthen the positive circle of development within small and micro-enterprises by targeting small amounts of financial support at certain key areas. Project measures are therefore tailored according to the specific needs of the individual businesses. For example, a micro-sized manufacturing company gets support to create a trade mark and a product catalogue, which might cost only a few thousand euro but which plays a crucial role in marketing the company's product nationally and internationally.

The project's menu of supports is aimed, in particular, at small and micro-enterprises and includes advice, support for networking and subcontracting, support for marketing and exporting, and co-financing of equipment and

facilities necessary for well-balanced growth. The project aims to assist 10 businesses per year, with support to each business continuing for a period of one to three years, depending on the needs of the enterprise. The overall objective is to create 20 new jobs every year.

The Nivaska project model can easily be disseminated and is already attracting interest from other local authorities in Finland. Serious consideration is also being given to using it as a model for the development of Finland's national programme to support SMEs for the period beyond 2004.



The Oulu province

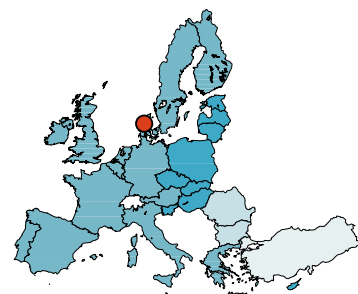
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Project: Nivaska
Programme: Objective 1

Total eligible cost (2000–03): EUR 692 766
EU contribution: EUR 281 229

NORTH JUTLAND (DENMARK)



Business angels to the rescue

In the North Jutland region, a focus on technology and innovation has helped to reverse economic decline and create new business and employment opportunities in emerging, future-oriented businesses.

In the mid-1980s, many of the traditional employment-intensive sectors in North Jutland, such as shipbuilding, agriculture and fisheries, underwent major structural changes. This had a detrimental impact on the regional economy, and by 1995 unemployment levels had risen to 11.4 %.

To address this situation, the authorities in the region launched the NOVI project in the late 1980s. The project involved collaboration between industry, trade unions, universities, and local and regional authorities, and the overall aim was to facilitate the transition from a dependency on heavy industry to a more dynamic knowledge-based economy.

The strategy adopted by the partners in the NOVI project was to focus on technology and innovation as a means of fostering new enterprise and employment opportunities in the region. The development of the North Jutland Science Park, which was officially opened by the Minister for Education and Science on 8 September 1989, was an integral part of this strategy.

The science park consists of six buildings: NOVI 1, 5 and 6 are leased to individual enterprises, the research and development departments of existing businesses, commercial service businesses, and enterprise support agencies; NOVI 2 is occupied by the University of Aalborg's Centre for Personal Communication; NOVI 3 is leased to InterMedia, a company specialised in promoting research, development and education in the field of interactive multimedia; and NOVI 4 houses a number of information and communications technology companies.

The NOVI project also provides investment and other assistance to companies considering or about to launch new science-related ventures. This includes facilitating access to the expertise and experience of a panel of 'business angels', which was established in 1999.

In the 14 years since its establishment, the NOVI project has continued to develop its services to meet the evolving needs of the region. It has recently launched a fund specialising in green investments and is also developing a partnership with the University of Aalborg and the county of North Jutland to strengthen the NorCom industrial cluster — a group of companies in the North Jutland telecommunications sector.

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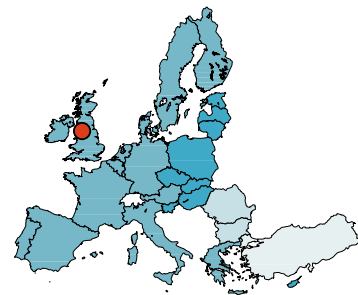
Project: NOVI
Programme: Objective 2

Total eligible cost: EUR 31 000 000
EU contribution: EUR 12 900 000



Aerial photograph of the NOVI business complex

CUMBRIA (UNITED KINGDOM)



Cumbria's 'Entrepreneurial Campus'

The Cumbrian coastline, facing the Irish Sea and backed by the rugged Lake District, has a natural beauty that masks the economic difficulties faced by the people who live there. The old traditional coal and steel industries have declined, leaving an economic gap which is now being filled by new innovative SMEs.

The Westlakes Science and Technology Park was established in the late 1980s as the flagship development project of the West Cumbria Partnership. The partnership's main aim is job creation through the diversification of the local economy, moving away from traditional industries to the establishment of knowledge-based high-growth companies. An early study of the options for the economic regeneration of West Cumbria clearly identified that successful diversification lay in establishing a base for industry, research and higher education to work in concert. The development of a new science and technology park was seen as the best way to achieve this.

The vision was to create an 'entrepreneurial campus' of international significance. Some 10 years later, the park is now home to 30 companies, employing more than 700 people in six major buildings. Employment is expected to rise to 1 500 in the next five years. In 1998, 356,048 square metres of land for future expansion was purchased, bringing the total surface area of the park to around 526,980 square metres. This makes Westlakes the eighth largest science park in the United Kingdom. The park has two main areas of focus:

- it is home to a high-quality cluster of businesses and organisations providing support services to the nuclear industry;
- through the work of the Westlakes Research Institute, it provides a basis for the future expansion and devel-

opment of companies whose business has synergies with in-house research in applied environmental sciences and healthcare informatics.

Westlakes provides a high-quality working environment, and through its partners is able to offer comprehensive support services to businesses and research organisations seeking new accommodation. In particular, the park is home to the West Cumbria Development Agency, which provides new and expanding companies with a complete range of business support services, and Campus Ventures Limited, which manages and operates a new 232 square metres incubation unit.

The Westlakes Research Institute also offers consultancy research combined with an academic programme of postgraduate activity in the Westlakes International Research and Graduate Centre, which received EUR 2.24 million from the European Regional Development Fund. The institute is linked to several universities nationally and is quickly becoming a major higher educational establishment in its own right.

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Project: Science park and research centre in Cumbria
Programme: Objective 2

Total eligible cost: EUR 8 484 848
EU contribution: EUR 3 181 818

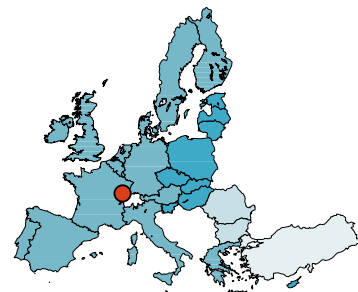


Further expansion of the Westlakes Science and Technology Park



Aerial view of the Westlakes Science and Technology Park

FRANCHE-COMTÉ (FRANCE)



Spectacles provide vision for the Jura

The competition, 'Young designers, for you to see', has enabled Jura spectacle manufacturers, known as 'Les lunetiers du Jura', to strengthen and develop their creativity and to enhance their international competitiveness.

Spectacle manufacturing began in the Morez basin (Jura region) over two centuries ago. From 1827, when production was divided between Morez, Prémamanon and Longchaumois, to 1848, the output of the workshops at Morez grew from 3 000 to 720 000 items per annum. Over time, a real industry developed and, by the end of the 19th century, its reputation for quality and creativity had established Morez as the capital of French spectacle manufacturing. Today, it accounts for 50 % of all French spectacle production.

However, in the late 1990s, confronted with international competition, and confined by a restricted and mountainous location, the Jura spectacle manufacturers were looking for new ways in which they could work together to enhance their competitiveness. The Regional Directorate of Industry, Research and the Environment (DRIRE), with the help of local authorities and EU financial aid, proposed a new partnership contract to help promote sustainable collective actions. Among the initiatives proposed was that of organising a spectacle design competition. The objective was to offer a springboard for new designers and to demonstrate the creativity of French spectacle manufacturing.

Within this framework, the competition entitled 'Young designers, for you to see', which was open to design students and young professionals, took place in 2002. The competition included three stages. In March 2002 (Paris), 30 projects from each of the two eligible categories were pre-selected, and, in May 2002 (Morez), eight student and six professional projects were shortlisted by an independent jury. These candidates then had to draw a prototype, working in partnership with spectacle businesses. Finally, the award winners were announced on 3 October 2002.

The competition was an overwhelming success. A total of 935 young people (605 students and 330 professionals), representing 55 countries, and a significant number of businesses from Morez participated in the event.



The inspirational landscape of the Jura region

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Project: The Jura spectacle manufacturers' international design competition

Programme: Objective 2

Total eligible cost: EUR 215 258

EU contribution: EUR 80 722

Sustainable regional development

The European Union is committed to ensuring sustainable development and to maintaining a high level of environmental protection. Both of these requirements have to be integrated into the definition and implementation of Community policies. Regional development can only be sustainable if it respects the environment. Furthermore, the environment can itself become a source of economic growth, be it through the development of environmentally friendly tourism, clean technologies or by natural habitats contributing to the attractiveness of a region.

Climate change, public health, natural resources, poverty and social exclusion, an ageing population, and congestion and pollution are all at the heart of the Commission's sustainable development strategy, which was adopted at the Gothenburg European Council in July 2001. Objectives and target dates for addressing a number of these issues have been laid down in the sixth environment action programme, a key priority of which is the ratification and implementation of the Kyoto Protocol to cut greenhouse gas emissions to 8 % below the 1990 levels by 2012. Other targets, such as achieving 22 % of electricity generated from renewable sources by 2010 and decoupling growth in GDP from transport and resource use form part of subsequent Commission reports.

Programmes and projects developed under the Structural Funds have to respect and strengthen EU environmental law and policies. For example, programming needs to take account of existing directives, such as 'Natura 2000' for the preservation of natural habitats, and the interventions' environmental impact has to be assessed before Member States and regions receive funding. Beyond this, the Structural Funds provide direct financing for projects which aim to improve the quality of the environment, either through the development and use of renewable energy and environmentally friendly technologies or through improving waste management, drinking water or sewage systems.

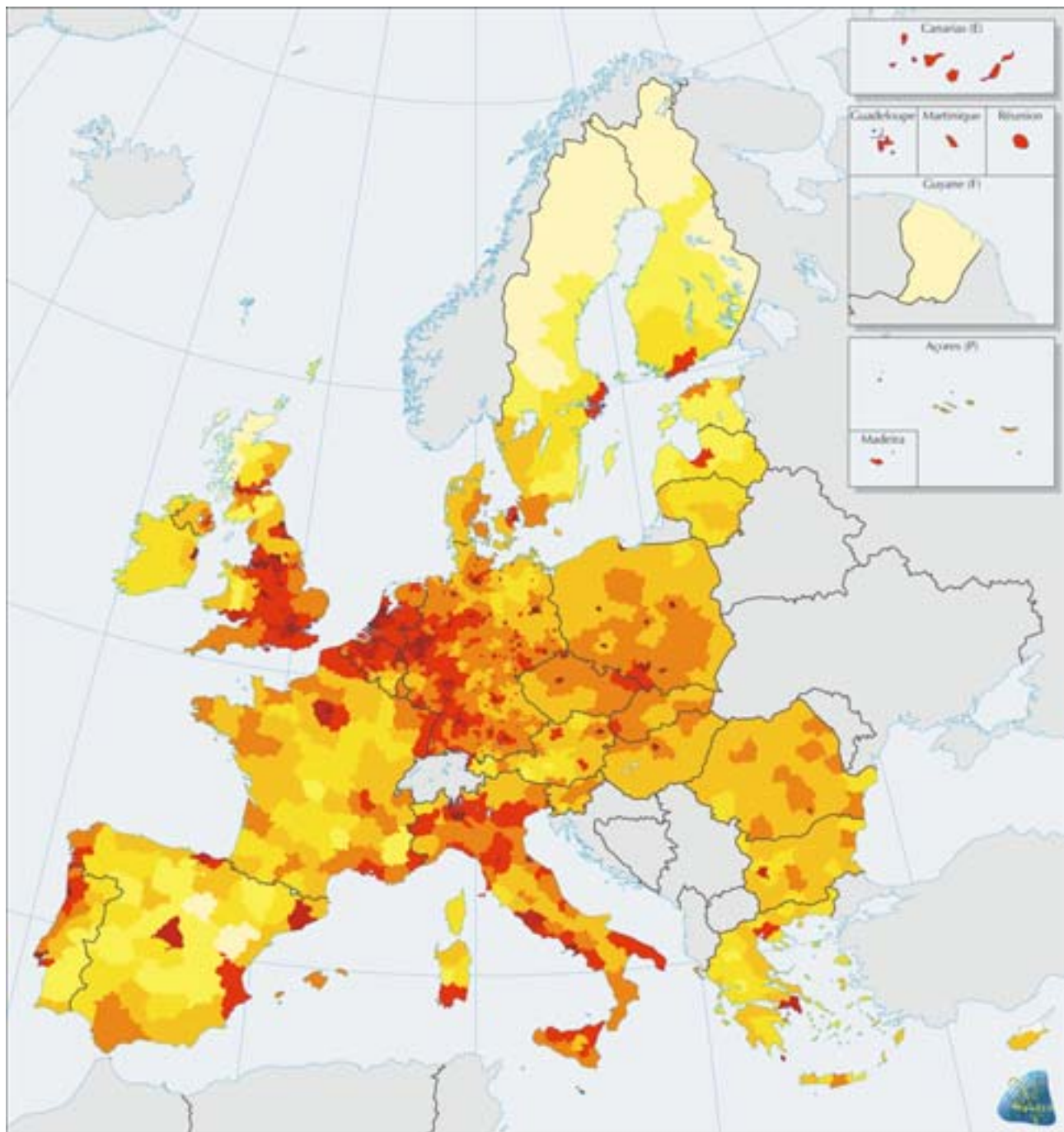
The overall share of the structural instruments directly or indirectly related to the environment increased to

11.4 %, or EUR 22.6 billion, for the 2000–06 period. In central and eastern Europe, half the funds available under the Instrument for Structural Policies for Pre-Accession (ISPA) are allocated to environmental projects, helping the acceding countries to cope with EU environmental standards, particularly through the construction or modernisation of wastewater treatment plants.

Rehabilitation of former industrial and military sites leads to a reduction in land use, which is of particular importance to highly populated areas in the central regions of the Union. Due to their accessibility, these sites often play a crucial role in the restructuring of regions and can become hubs for new entrepreneurial activities. Projects of this nature form a significant part of the development strategies of Objective 2 areas in structural difficulties.

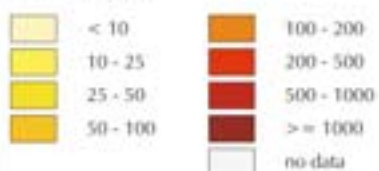
Europe's increasing energy import dependency and the continuous growth of road and air transport will have negative impacts on the competitiveness of European industry. Therefore, renewable energy applications and networks, less polluting modes of transport and environmentally friendly technologies are key priorities in terms of modernising production and reducing emissions. Structural Fund support for brownfield rehabilitation and environmental infrastructure in the 2000–06 period amounts to EUR 39.9 billion (18.2 % of the overall allocation).

The Cohesion Fund for Greece, Spain, Ireland and Portugal, and ISPA for the acceding countries in central and eastern Europe are major sources of finance for environment-related infrastructure, such as for the supply of drinking water, wastewater treatment and solid waste disposal. Both instruments provide funding for investment-intensive projects and help these countries to meet the environmental standards and legal requirements of the Union. About EUR 18 billion from the Cohesion Fund and a further EUR 7.3 billion from ISPA are available up to 2006. After accession in 2004, ISPA funding will be replaced by the Cohesion Fund in the new Member States.



Population density by NUTS3 region, 2000

Inhabitants/km²



EU-27 = 114.3

Source: Eurostat

0 100 200 km

© EuroGeographics Association for the administrative boundaries

The Structural Funds and sustainable development

Based on 19 case studies of regions from all over Europe, a study published in 2002 by the Directorate-General for Regional Policy of the European Commission shows that the Structural Funds make a positive contribution to more sustainable regional development. It was found that Structural Fund interventions generally seek to address the critical regional trade-offs and win-win situations. However, the focus could in many cases be improved by making the trade-offs more explicit and by seeking better integration with sectoral and national policies. Furthermore, in some regions, sustainability could be better taken into consideration in the way projects are generated and selected.

Some of the main trade-offs of relevance to regional policy are: the impact of road building on land use and

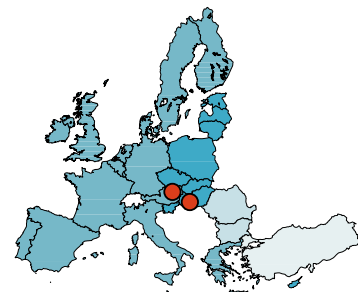
emissions; the impact of greenfield development on biodiversity and on emissions through increased transport; the impact of increased tourism on natural habitats; and, in some cases, the impact of increased employment and wealth on increasing income disparities and social exclusion.

The study notes that regional policy is only one of a number of policies having an impact on the main policy trade-offs of a region. In some cases, policies such as national transport and social policies can have a greater impact on the sustainability of regional development than regional policies as carried out through Structural Fund interventions.

Further information is available at:
http://europa.eu.int/comm/regional_policy/sources/docgener/evaluation/rado_en.htm

VIENNA (AUSTRIA), GYÖR (HUNGARY)

Businesses find it pays to be green



In regions with a strong industrial tradition, such as Vienna in Austria and Győr in Hungary, economic activity has long been synonymous with a deterioration in the natural environment. This situation is beginning to change, however, as more and more businesses respond to demands for greater environmental protection.

Increasing numbers of businesses in all sectors of the economy are beginning to realise that, by introducing more environmentally friendly practices, they can add value to their image, and ensure more sustainable conditions for future development. But assisting businesses to adopt 'green' practices is a complex task, which requires an integrated approach, involving cooperation between government agencies, businesses and consultancy firms. Facilitating this process was the aim of the 'Ecoprofit Vienna-Győr' cross-border project, which was implemented in 2001 under the EU Interreg II programme.

'Ecoprofit' is a consulting module created by the 'Viennese initiative for entrepreneurial protection of the environment'. It was specifically designed for small and medium-sized businesses in the production sector and aims to promote awareness of the basic principles of materials and energy management through participation in working groups and individual consulting sessions. The objective is to convince participants that, if they can meet the challenges of innovation and cost control, they can actually improve their competitiveness by respecting the environment.

To date, the 'Ecoprofit Vienna-Győr' project has focused mainly on Vienna, where the number of participating businesses increased from 15 in the first year to 40 in the following year. However, in parallel, the Viennese specialists have established contacts with city government officials in Győr with a view to setting up a similar initiative on the Hungarian side. Information material in Hungarian has already been drafted. In the longer term, the project will also contribute to the introduction of a system of environmental management, in accordance with European regulations, in the economic area situated between the two cities.

With support under the Interreg III programme, 'Ecoprofit Vienna-Győr' is now being expanded to a bigger project, 'EcobusinessPlan Vienna-Győr'. This project in-

cludes all the modules from the previous programme (Ecoprofit, climate protection, tourist ventures, EU eco-management and audit scheme (EMAS) and ISO 14 001) and provides for the development of an additional module aimed at reducing the amount of waste produced by small businesses.



Participants in the 'Ecoprofit Vienna-Győr' project



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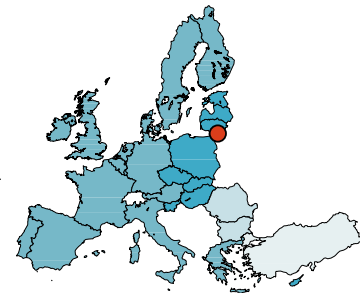
Project: Ecoprofit Vienna-Győr
Programme: Interreg IIA, Austria/Hungary

Total eligible cost: EUR 460 000
EU contribution: EUR 230 000

Project: EcobusinessPlan Vienna-Győr
Programme: Interreg IIIA, Austria/Hungary

Total eligible cost: EUR 1 416 000
EU contribution: EUR 674 000

VILNIUS (LITHUANIA)



Partners in sustainable waste management

The planning and development of a new waste management project in Vilnius provided the first opportunity for a non-governmental organisation (NGO) to participate in a project supported by the Instrument for Structural Policies for Pre-Accession (ISPA) in Lithuania. The experience highlights the important role of NGOs in ensuring public transparency and the consideration of sustainability issues at the earliest stages of project planning.

The collection and treatment of solid municipal waste is a major problem in the county of Vilnius. In some rural areas, there is no waste-collection service and existing municipal dumps have no environmental protection systems. It is estimated that 350 000 m³ of effluent enters the soil every year from the region's 125 dumps. The Kariotiskės dump, which serves Vilnius and adjoins the Trakai National Park, is an exception, but, even there, analysts have recorded a deterioration in the water table.

The current ISPA waste management project in the Vilnius region involves the closure of five municipal dumps, including the Kariotiskės dump, and the construction of a new regional dump, which meets national and European standards. The new dump is to be located in the municipality of Elektrenai, on the site of a former quarry. It will have a containment shell, an effluent pumping system, 10 wells for water table analysis, and a biogas collector for electricity production. The project will ultimately make it possible to achieve a four-fifths reduction in effluent seepage.

A notable aspect of the project, and a 'first' for ISPA, is the involvement in the preparatory discussions of the Lithuanian Green Movement (LGM), a non-governmental organisation. Invited as an observer by the project monitoring committee, the LGM was a participant in the public hearings to evaluate the environmental impact of the various options available. It successfully opposed the construction of a waste incinerator, which was one of the early options considered. Another controversial issue was the siting of the regional dump. Protests by the local population and local associations, together with a carefully thought-out LGM campaign, caused the

authorities to abandon the idea of using a green area in the municipality of Sirvintai in favour of the former industrial site of Kazokistės.

This positive experience shows that, despite sometimes being seen as disruptive, NGOs can play a constructive role in ensuring the quality and public transparency of projects. It also highlights the benefits of sharing expertise. Associations, professionals and administrations all have a role to play and can learn from the experience of jointly implementing complex projects of this kind.



Dump site in the Vilnius region



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Project: Waste management (Vilnius)
Programme: ISPA

Total eligible cost: EUR 20 930 000
EU contribution: EUR 10 465 000

SZCZECIN (POLAND)



Cleaner water gives new life to Szczecin

With the help of EU funding under the Instrument for Structural Policies for Pre-Accession (ISPA), the city of Szczecin is laying the foundations for sustainable development through investment in the modernisation of its water supply and water treatment facilities.

Located on the River Odra, the port city of Szczecin (population 420 000) is a major contributor to pollution in the Baltic Sea. At present, the city has only one small, mechanical wastewater treatment plant, located on the east bank. There is no treatment plant on the west bank, and only 13 % of the total wastewater generated in the city is currently being treated.

The quality of drinking water in Szczecin is also poor, and is well below EU standards. The city's water supply is largely dependent on a single pipeline from one main water source at Miedwie Lake, to the south-east of the city. The rate of leakage in the water distribution system is also high.

In March 2000, the city completed a master plan to implement a major programme of investment, which includes two new wastewater treatment plants on the west bank, the upgrading of the plant on the east bank, and a major programme of sewerage extension and rehabilitation. The overall aim is to enable the city to achieve compliance with EU standards, in particular the urban wastewater directive ⁽²⁾ and the drinking water directives ⁽³⁾.

The investment programme in the water sector is a major undertaking, costing in excess of EUR 280 million. EU funding has already been allocated for the first phase of the work, which is costing in excess of EUR 47 million, including EUR 23 million for water supply and EUR 24 million for water treatment. Technical assistance for the preparation of the later stages of the project is also being provided.



The existing wastewater treatment plant in Szczecin

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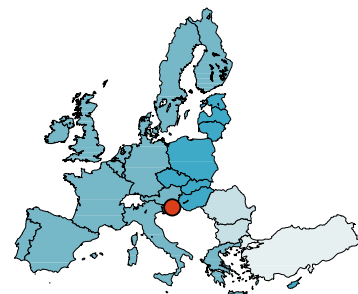
Project: Water quality improvement in Szczecin (stage 1)
Programme: ISPA

Total eligible cost: EUR 288 000 000
EU contribution: EUR 190 080 000

⁽²⁾ Directive 91/271/EEC.

⁽³⁾ Directives 75/440/EEC, 80/778/EEC and 98/63/EC.

CELJE (SLOVENIA)



Saving the Sava

Supported by the Instrument for Structural Policies for Pre-Accession (ISPA), the new wastewater treatment plant in the city of Celje will help to reduce effluent discharges into the River Sava, a designated environmentally sensitive area.

Celje, with a population of 50 000 inhabitants, is the largest town on the estuary of the River Savinja, a tributary of the River Sava. At present, most households in the town are connected to the regional sewage system, which extends to approximately 277 km. Celje currently produces around 4 500 000 m³ of wastewater every year, which is discharged untreated into the Savinja.

However, with support from ISPA, the municipality of Celje is currently investing in a major new water management programme, which includes the construction of a new wastewater treatment facility, the upgrading of primary and secondary collectors, and also the upgrading of the water supply network. The programme is designed to reduce the impact of effluent discharges into the Savinja and to ensure that the city can meet the requirements of the EU urban wastewater directive and the national environmental action programme.

The upgrading of the primary collector is a precondition for construction of the central wastewater treatment plant and this work is being financed from the municipality's own funding sources. ISPA funding is supporting the construction of the central wastewater treatment plant and 3.6 km of primary collector.

The new wastewater treatment plant will refine household, pretreated industrial, hospital and other effluents. It will facilitate tertiary treatment, which is necessary to ensure the protection of the River Sava, which is designated as a potentially sensitive area. The plant is located on the left bank of the River Savinja, approximately 4 km from the city of Celje, and it covers an area of 20 400 m².

The site of the new wastewater treatment plant was selected in 1993, and in 1998 the municipality of Celje conducted a study of its suitability, which proved acceptable in terms of the economic, sociological and environmental aspects. Construction of the new plant is ongoing and is expected to be completed by the end of 2003.

Contact:

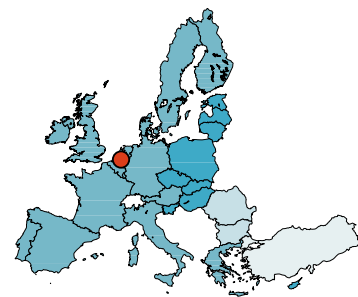
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Project: Wastewater treatment plant in Celje
Programme: ISPA

Total eligible cost: EUR 14 740 679
EU contribution: EUR 8 844 407



NORTHERN BRABANT, LIMBURG (NETHERLANDS),
PROVINCE OF ANTWERP AND LIMBURG (BELGIUM)



Conserving water resources

The project 'Water management in the central Benelux area' focuses on practical measures to enhance water conservation. This includes assisting farmers and market gardeners to reduce water consumption, and the development of technical and scientific know-how in the area of water conservation and water-level management.

The supply of groundwater and surface water is not endless, which means that there are limits to the amount of water that can be withdrawn from the environment. Therefore, the management of water resources, which are vital for sustaining life, must be tackled in an appropriate manner.

Within the framework of the Interreg II programme, nine partners from four different provinces in the Netherlands (Northern Brabant and Limburg) and Belgium (the province of Antwerp and Limburg) joined forces to take measures to improve water management. Some of the key actions undertaken included examining the potential for retaining water for longer periods on farmland, so as to raise the groundwater level, and investigating measures to help farmers and market gardeners use less water.

Between 1998 and 2001, several such actions were undertaken. Canals and ditches in the eligible areas were equipped with spillways to prevent water from flowing to the sea (2 000 spillways/140 000 ha) and, in terms of promoting more responsible use of water, the reliability and feasibility of various sprinkling systems were tested. Tests on nutrient elements were also carried out in order to improve the quality of the groundwater. At 80 different farms and market gardening companies, the existing methods for calculating the amount of water to be sprinkled on the crops were further developed and refined.

These measures have been successful in helping to improve water conservation and have also had a positive impact on flora and fauna. Thanks to the work of the project, farmers and market gardeners are now using less water, which is good for both farming and the environment.



One of the 2 000 spillways erected to prevent water from flowing to the sea

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Project: Water management in the central Benelux area
Programme: Interreg II

Total eligible cost: EUR 6 000 000
EU contribution: EUR 3 000 000

Innovation and the information society

Innovation is more than a process leading from basic research to commercialisation. A more interactive model has emerged in recent years that recognises the importance of the environment in which businesses, and particularly small and medium-sized businesses, operate. Today, innovation is associated with concepts such as network formation, management, clustering and the way in which firms, universities, research institutes and public authorities work together, particularly at regional level. The capacity to innovate varies significantly from one region to another, both in quantitative and qualitative terms.

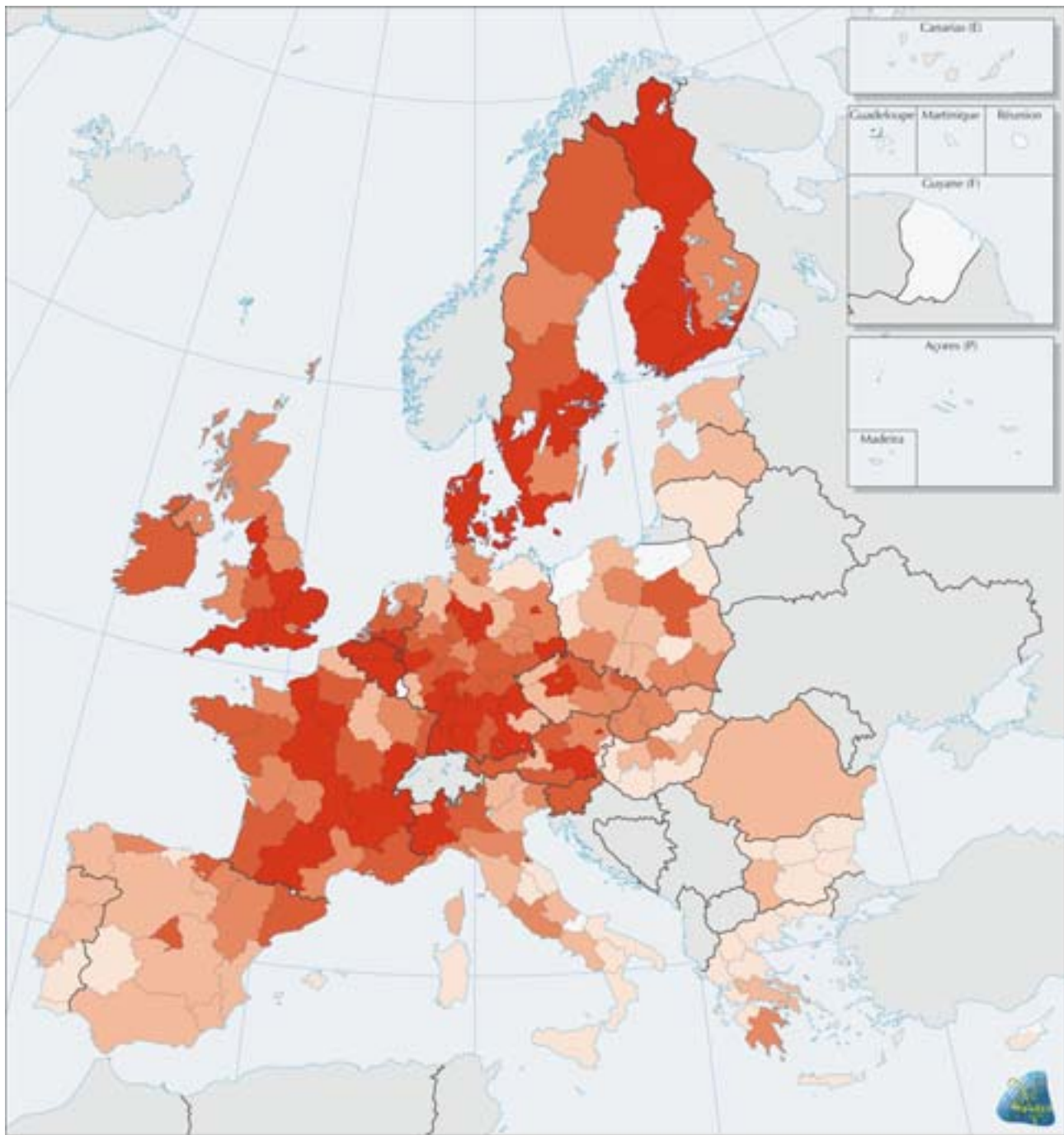
Innovation, the information society, and research and technological development (RTD) can be determining factors in a region's success. On the one hand, there is a strong concentration of these activities in the most advanced regions of the EU, where the top 10 regions account for around a third of all related expenditure in the Union. On the other hand, however, 17 of the 25 regions with the lowest RTD intensity are Objective 1 regions. Differences between regions are particularly significant in the cohesion countries. In Greece, for example, over half of all research expenditure is incurred in the capital region of Attiki, and in Spain over three quarters of the business RTD spending occurs in just three regions, with 30 % concentrated in the Madrid region alone.

Community policies on innovation, the information society and RTD promote the enhanced competitiveness of the European economy. They contribute to the development of a Europe of knowledge and know-how, with a world-class communications infrastructure and decreasing information costs. The Lisbon European Council reiterated the importance of research and development for economic growth, employment creation and social cohesion. It emphasised the need to move towards a European research area, an objective which now underpins the EU's sixth framework programme for research and technological development. This has been translated into targets such as increasing RTD spending with the aim of reaching 3 % of GDP by 2010 — from 1.9 % at present — and increasing the proportion financed by business to two thirds of that total.

Cohesion policy and funds are therefore focused on overcoming the technological and digital divide between rich and poor regions, between urban and rural regions, and even within regions. Networks of innovative businesses, university-business links and better access to communications services for citizens and enterprises are measures that receive increased Structural Fund support in the current period.

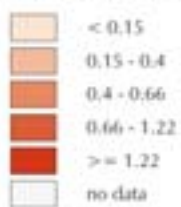
In 2001, the information and communications technology sector was worth EUR 643 billion, or 7.5 % of GDP, according to the European Information Technology Observatory. The EU's eEurope scheme seeks to create a digitally literate Europe and to ensure that the whole process is socially inclusive, builds consumer trust and narrows the gap between regions and between individuals in terms of the adoption of new technologies. Based on the Lisbon strategy, the 'eEurope action plan 2005', approved by EU leaders in Seville in June 2002, aims specifically at creating an inclusive information society. The Structural Funds have supported regional activities related to RTD and the information society, and the share of overall funding going to these sectors was increased to EUR 10 billion in the current period.

An instrument of the Structural Funds, which has been specifically targeted at fostering innovation in the period 2000–06, is the regional programmes of innovative actions. Under this instrument, 156 regions throughout the EU are eligible to apply directly to the Commission for a contribution of up to EUR 3 million towards a regional programme of no more than two years' duration. Three key themes have been selected under the European Regional Development Fund, which concern the issues of 'knowledge and technological innovation', 'the information society at the service of regional development' (e-EuropeRegio), and 'regional identity and sustainable development'. Since January 2001, 126 regional programmes of innovative actions and three specific network programmes have been approved. A prize for the most innovative project in each of the three priority themes will be awarded in April 2004.



R&D expenditure in the business enterprise sector, as % of GDP, 2000

% of regional GDP



EU-27 = 1.21

D, EL, E, IRL, I, NL, P: 1999
A: 1998

BE UK: NUTS1
IE RO: NUTS0

Source: Eurostat

0 100 200 km

© EuroGeographics Association for the administrative boundaries

Impact of the Structural Funds on the information society

The results of an evaluation published in 2003 show that the Structural Funds make a significant contribution to promoting the information society. The study estimates that between 2000 and 2006 some EUR 10 billion will go to measures in this field, supporting the key objectives of the Union such as the eEurope initiative. The study compared data from 150 regional and three national programmes supported by European funds.

The amounts devoted to the information society vary from EUR 0.6 per inhabitant in Lower Saxony (Germany) to EUR 358 in the Border, Midlands and West region (Ireland). About half of the regions surveyed give priority to the information society as a dimension that is taken into account across the entire programme. Amongst the top 20 regions, ranked according to information society expenditure per capita, six are Greek, four are British and two are Spanish. Seven are island regions or regions with a mainly insular character.

The study recommends that regions should invest more in strategy development and building regional capacity, especially in the assessment of regional needs and proj-

ect selection. It also suggests that regional information society priorities should be driven more by regional demand and supply-side measures, offering a balance in terms of the development of telecommunications infrastructure such as broadband networks, access, applications and services, digital content and skills.

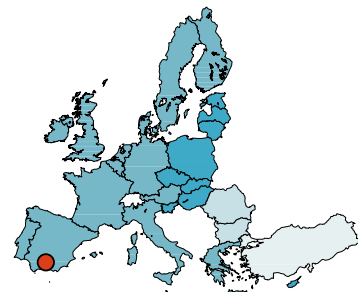
In the less favoured regions, this environment is often characterised by a combination of structural weaknesses, such as the lack of a dynamic business services sector, a poorly developed financial system, weak links between the public and private sectors, sectoral specialisation in traditional industries with little propensity to innovate, low levels of public support for innovation, and aid schemes which are poorly adapted to the needs of local SMEs.

In view of this, the primary aims of regional policy should be to help develop new forms of organisation and institutional cooperation, and so improve the 'structural' competitiveness of firms located in these regions, and to encourage resources to be shifted into more dynamic and innovative areas of economic activity.

Further information is available at:
http://europa.eu.int/comm/regional_policy/sources/docgener/evaluation/rado_en.htm

ANDALUSIA (SPAIN)

Internet access for all



The Guadalinfo project in Andalusia aims to provide broadband Internet access to all the inhabitants of the region, including those living in the most remote areas. The project is being implemented by the government of Andalusia as part of the ERDF innovative actions programme and includes the establishment of 25 public Internet access centres.

Andalusia already has a high proportion of Internet users (22.8 % of the population), slightly higher than the Spanish average of 21.2 %. But this statistic hides some serious inequalities, especially in relation to broadband Internet access. Profound differences exist in Andalusia between urban centres and the smaller towns and villages in rural and mountainous areas. Because of the poor return on investment, the roll-out of broadband in these areas has been very limited. If it was left to market forces, villages with populations of 5 000 or less might not have broadband Internet access for another 20 years.

To address this inequality, the public sector decided to take action by implementing the Guadalinfo project, which aims to provide broadband Internet access for all the inhabitants of Andalusia. The project involves the establishment of 25 public centres which will provide broadband Internet access in disadvantaged areas. Thanks to the efforts of the government of Andalusia, the private telecommunications operators have agreed to make the necessary investments in these areas to ensure rapid and inexpensive Internet access.

But the 25 pilot centres will not be limited to only providing local inhabitants with computer hardware and connectivity. They will also act as catalysts for integrated local development. A number of different projects will be launched in the centres, which will also function as public information points, centres for distance learning, and centres for the provision of services to small and micro-enterprises. Guadalinfo will also encourage the creation of 'virtual communities', based on cooperation between several pilot centres.

The centres will be managed by public or private non-profit-making associations, which will receive a grant covering the cost of equipment, operating expenses and management advice. However, at the end of two years, they will be expected to be self-financing.

The overall ambition is to offer broadband Internet access to most of the municipalities with populations of less than 20 000 by the end of the project in 2004. Guadalinfo is being coordinated by the government of Andalusia as part of its I@landalus plan of strategic initiatives for the development of the information society.



Presentation of the Guadalinfo programme by the Regional Minister, Gaspar Zarrias, and the General Secretary of the Information Society Development, José Carlos Alarcon, May 2002

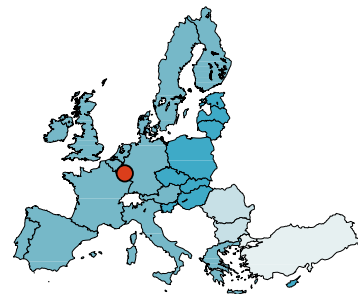
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Project: Guadalinfo
Programme: ERDF innovative actions

Total eligible cost: EUR 5 850 000
EU contribution: EUR 2 940 000

LUXEMBOURG



Nurturing enterprise and innovation

In Luxembourg, a growing demand among SMEs for support for innovation, and the absence of a structure to host new innovative technology businesses, led to the creation of a new business innovation centre.

Technoport Schlassgoart is a new business innovation centre, which was established in July 1998 at Esch-sur-Alzette. The development of the centre was coordinated by the Centre de recherche public Henri Tudor (a member of the European business and innovation centres (BICs) network), with support from the Ministry of Education, the Ministry of the Economy, the Structural Funds and the ARBED Group, a leading steel producer.

The centre provides a wide range of facilities and support services to high-technology entrepreneurs, innovators, SMEs and manufacturing companies. These include:

- high-level telematic resources with broadband link-up to the technology campus at Luxembourg's Kirchberg;
- an advanced local area network (LAN) with shared servers and services;
- online and multimedia training and conference rooms;

- common lobby and reception desk;
- state-of-the-art office equipment and services;
- access to prenegotiated services with partner businesses and innovation centres;
- on-site restaurant and cafeteria, and catering services for special events;
- art and exhibition gallery (900 m²);
- rental of machines and laboratory equipment;
- visitor parking and extended space for regular car parking.

For start-up businesses and early-stage business developments, there is also the added advantage of being located within a productive community of industrial R & D professionals, academics, and innovation advisers. This innovation community can also benefit from the sectoral networks established by the Centre de recherche public Henri Tudor at national, regional or international level.

Businesses locating at Technoport are offered incubation contracts, or cooperation and location contracts for a maximum duration of three years.



The Technoport Schlassgoart business innovation centre

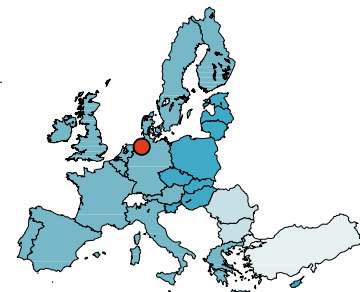
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Project: Nurturing enterprise and innovation
Programme: Objective 2

Total eligible cost: EUR 8 242 439
EU contribution: EUR 770 000

BREMERHAVEN (GERMANY)



Science by the sea: Biotechnology in Bremerhaven

Biotechnology is a key technology in the 21st century and is playing an increasingly important role in enhancing the competitiveness of many different industries. With the establishment of the Bio-Nord Centre for Biotechnology in the spring of 2003, the city of Bremerhaven has taken centre stage in this rapidly expanding sector.

The food industry has long been an important contributor to the economy of Bremerhaven, with many new businesses having developed around the local fishing industry. There are currently over 200 food companies operating in the *Land of Bremen*, including some major international businesses, such as Frosta, Deutsche See, Beck & Co., Kellogg's, Kraft Foods, Nordsee, Frozen Fish International, Philip Morris, Nestlé, Tchibo and Atlanta-Konzern.

The aim of the Bio-Nord project is to underpin the future development of this industry by establishing a centre dedicated to helping local food companies exploit the potential of biotechnology in the development of new products and processes. The project involves the establishment of a biotechnology centre (Bio-Nord) which provides start-up food businesses, including spin-offs from industry and research, with conditions conducive to development. The centre contains office and laboratory space that can be designed to meet specific needs, a joint technical support section with state-of-the-art equipment, conference facilities and a range of other ancillary supports.

A key aspect of the Bio-Nord project is the participation of the Bremerhaven Institute for Food Technology and Bio-

processing (BILB). BILB is a research and development institute which specialises in application-oriented research and development for trade and industry. A partner in the development of the Bio-Nord Centre for Biotechnology, BILB is now responsible for the overall management of the centre and for the provision of a range of technical support services to resident companies.

BILB services include: access to state-of-the-art biotechnology equipment and expertise; assistance with the procurement of partners and qualified personnel; coordination of national and international research and development projects; and assistance in identifying technology transfer opportunities.

Businesses using the centre can also avail themselves of assistance in areas such as business planning, product strategies, marketing, cooperative agreements, licensing and patenting.

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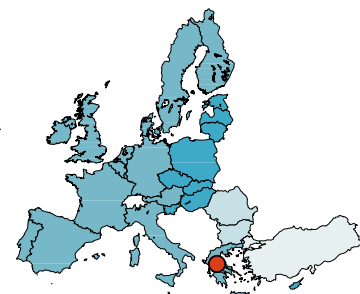
Project: Bio-Nord Centre for Biotechnology
Programme: Objective 2

Total funding: EUR 12 480 221
EU contribution: EUR 6 240 110



The Bio-Nord Centre for Biotechnology

GREECE



Online educational community

The EU-funded Greek schools network project is exploiting the latest information and communications technologies (ICT) and e-learning applications to establish a new educational network. The network incorporates primary schools, secondary schools and the administrative offices of the Ministry of Education, and facilitates the delivery of advanced telematics services.

The Greek schools network (GSN) project responds to the requirement of primary and secondary schools for new innovative educational methods, access to digital libraries, and collaboration between distributed groups of users. The objective of the project is to create a national infrastructure for innovative education methods and practices by connecting all primary and secondary schools, and the administrative offices of the Ministry of Education, in an educational intranet. The total number of connected units (educational and administrative) will be over 8 000.

The project functions at four different levels. Firstly, it provides *in situ* infrastructure. Schools participating in the project obtain computers and local network hardware tailored to their specific educational needs. This is known as the 'school laboratory'. Secondly, it provides network connectivity to these laboratories through a complex communications infrastructure, which includes a backbone network, a decentralised distribution network that interconnects points of presence (nodes) with the backbone network, and an access network that interconnects users with the nearest point of presence.

Thirdly, GSN provides telematics services for education, collaboration and communication to its users. Fourthly, GSN users also benefit from educational content, provided through a portal specifically designed for the needs of the project. This includes articles and information material, teaching material, software tools for the preparation of classes and the monitoring of students, useful links, news, etc. At a more advanced level, the project will also facilitate asynchronous open distance learning, teleconferencing, and video on demand (VoD).

'Out-of-GSN' schools (e.g. private schools) can also interconnect with the network via dial-up lines. In this case the school is responsible for the telecommunications charges.

Although GSN is a Ministry of Education initiative, it is being implemented in collaboration with 10 Greek universities and two research centres (12 local nodes in total), which provide network administration and develop the necessary applications software and e-learning tools. The project uses the backbone network of the Greek research and technology network, which also provides Internet access to Greek universities and research centres.

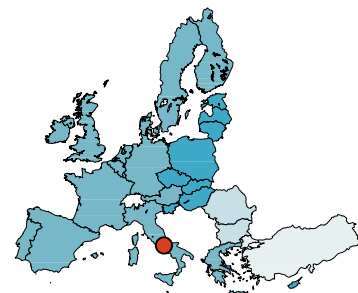
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Project: Greek schools network (GSN)
Programme: Objective 1

Total eligible cost: EUR 35 000 000
EU contribution: EUR 26 250 000

ABRUZZI, BASILICATA, CALABRIA, CAMPANIA,
MOLISE, APULIA, SARDINIA, SICILY (ITALY)



Virtual businesses, real experiences

In the Objective 1 areas of southern Italy, an innovative training method based on the creation of 'virtual' enterprises is helping schools to bridge the gap between education and employment.

It is generally recognised that schools have a pivotal role to play in preparing young people for working life. In recent years, as schools respond to changes in society, there has been a greater emphasis on promoting a culture of adaptability, mobility and flexibility, and the role of schools in facilitating the transition from education to the world of work has begun to receive greater attention.

In southern Italy, schools have undergone profound changes in the last decade, with a significant upgrading of infrastructure and technology. This transformation has been assisted by the EU, which has part-funded investment in new laboratories, equipment and computer networks.

In the technical and professional schools of southern Italy, the EU has contributed to the development of an innovative training method based on the creation of 'virtual' enterprises, sometimes known as 'practice firms' or 'simulated enterprises'. Using the latest technology, virtual enterprises, such as banks, travel agencies and trading companies, have been set up in schools to simulate commercial activities and work processes in an authentic business setting.

Students taking part have the opportunity to experience the day-to-day life of an enterprise, thereby acquiring skills needed in the labour market. The only difference between a real and a virtual business is that no exchange of physical goods or services, or real money, takes place.

An important factor in the success of the simulated enterprise scheme is the link between the participating schools and real businesses operating in the locality. Every virtual business is matched with a tutoring firm, which provides the model to be followed in terms of the administrative organisation, the marketing of products and the updating of material. Tutors from these firms collaborate with schools in, for example, drawing up product catalogues, planning market research and analysing budgets.

The schools in southern Italy are part of a national simulated enterprises network and many countries besides Italy are also actively involved in this concept. Thus, Italian schools can also conduct commercial transactions (e-commerce) with other participant schools, both nationally and internationally. In addition, students have the opportunity to meet at local, national and international simulated enterprise fairs.

During the period 1994–99, the EU part-funded the setting-up of 47 simulation centres, equipping schools with hardware and specialist software.



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Project: Simulated enterprises
Programme: Objective 1

Total eligible cost: EUR 4 872 876
EU contribution: EUR 2 436 438

Territorial cohesion

As a consequence of Europe's historical development, economic activities have been largely concentrated in central areas of the European Union. While the concentration of economic activity in these stronger regions may lead to greater efficiency of production in the short term, this may be at the expense of long-term competitiveness, in so far as the potential of weaker regions to exploit comparative advantages could be reduced. Furthermore, the concentration of both businesses and people in particular regions conflicts with the objective of sustainable and balanced development, not only because of possible overcrowding and congestion, but also because of the resultant degradation and depopulation of the peripheral regions.

Studies of the effect of integration on the EU's regional balance have emphasised the need for policies to prevent a possible widening of disparities between stronger and weaker areas in the common market. Market forces alone will not result in balanced economic development across the Union as a whole and eastern enlargement will double existing regional disparities in the near future.

Therefore, strengthening economic and social cohesion and achieving the sustainable development of the EU territory as a whole have been defined as key objectives of the Community. This was the rationale behind the formulation of the European spatial development perspective (ESDP) in 1999 by the informal Council of Ministers responsible for spatial planning and regional policy. The ESDP identified polycentric urban development and a new relationship between urban and rural areas, equal access for all European regions to infrastructure and know-how, and prudent management of natural and cultural heritage as its main objectives.

Half of the EU's population live in cities with more than 50 000 inhabitants. Cities are the motors of growth, concentrating wealth, knowledge and technical capacity and public services. However, they also harbour many of the major problems in Europe such as economic and social exclusion, degradation of the natural and built environment, congestion, crime, intolerance and racism, and the loss of local identity. Urban areas are therefore important strategic locations in terms of pursuing goals such as the promotion of economic competitiveness, social inclusion and environmental sustainability, and enhancing local culture and identity. Europe's urban areas and cities benefit in many ways from the Structural Funds. In all, 70 urban areas and their development are at the centre of the URBAN Community initiative, for which funding of EUR 727 million is available. In addition, 70 % of the programmes under Objectives 1 and 2, with total funding of EUR 15 billion between 2000 and 2006, address urban problems.

The economic and social characteristics of rural areas vary significantly across the Union, as well as within individual Member States. Three kinds of area can be identified. Firstly, rural areas — often close to urban centres — which are well integrated into the overall economy and which are characterised by economic and population growth. Secondly, intermediate rural areas, where agriculture continues to play a significant role, but with

a tendency towards increasing economic diversity into areas such as food processing and services. In a number of Member States, farms in these areas are typically bigger than in other areas.

Thirdly, remote rural areas that are usually sparsely populated and, in many cases, located in peripheral parts of the Union, far from urban centres. Their relative isolation is often due to their topography (e.g. mountainous or island regions), and they tend to have a highly dispersed and ageing population, poor infrastructure, inadequate services, low income per capita, a relatively unskilled workforce, weak links with the rest of the economy and high levels of employment in agriculture.

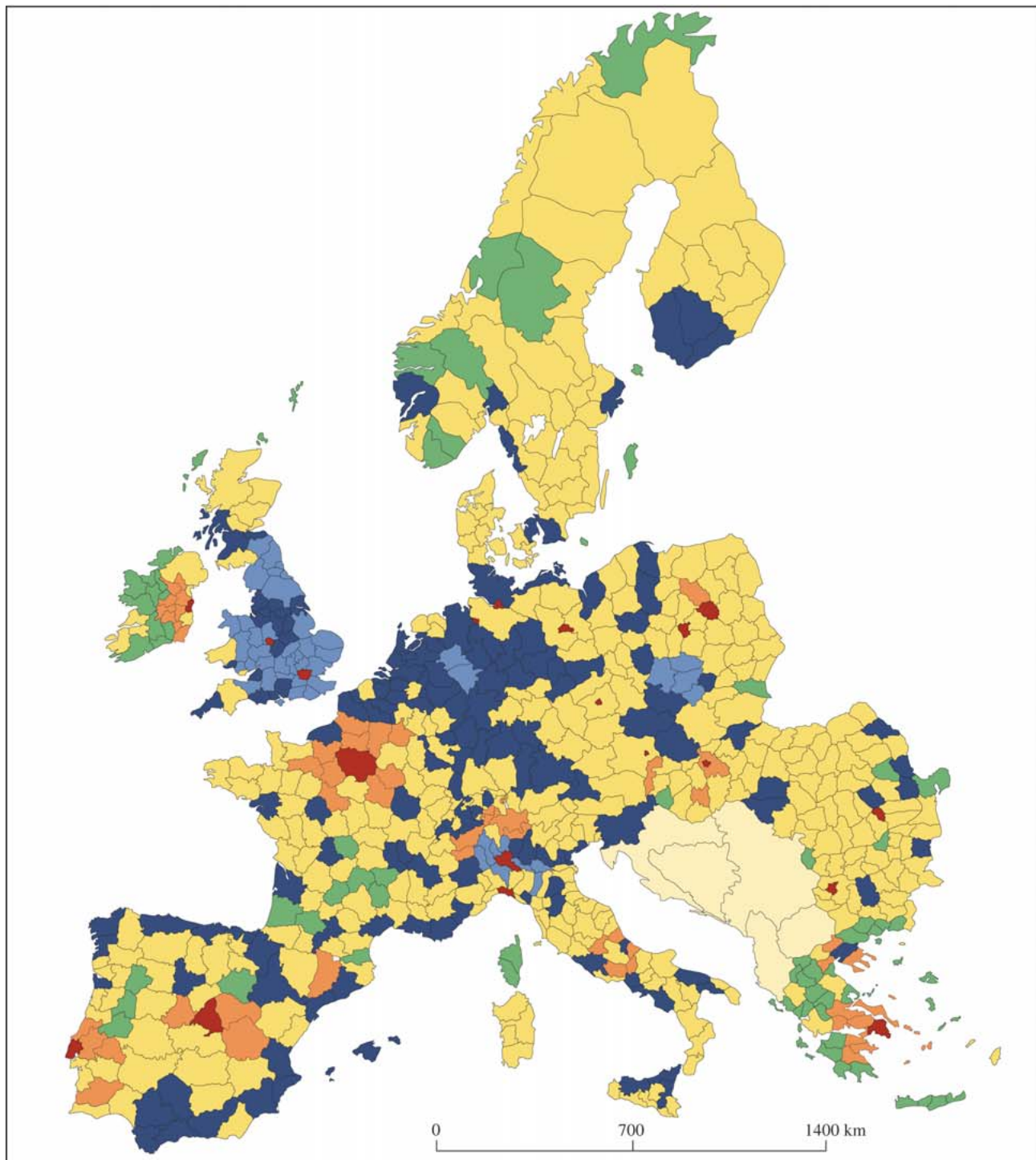
Rural areas, and particularly the more remote areas, are target areas for interventions to overcome their natural or economic disadvantages and the Structural Funds contribute substantially to their development. Between 2000 and 2006, about EUR 22 billion or 14 % of the allocation for Objectives 1 and 2 regions are targeted at helping rural areas and their citizens.

Approximately 10 million people live in 286 island regions (*) near the European mainland and another 3.8 million people live in the seven Portuguese, Spanish and French so-called 'outermost regions', as defined under Article 299(2) of the EC Treaty. In addition to their remoteness, these regions are confronted with special development problems, such as poorly developed economies, a high emigration rate and unfavourable natural conditions. Currently, nearly all these regions are covered by Objective 1 or 2 of the Structural Funds.

Areas such as the Alps, the Pyrenees, the Dolomites, the Greek mountains, the Highlands of Scotland and Fjällen in Sweden cover approximately 41 % of the EU land area and are home to 16 % of the EU population. In many of these areas, agriculture, tourism and other services are the main economic activities. While some mountainous areas are economically viable, most have problems, as demonstrated by the fact that more than 95 % of their surface area is eligible for assistance under Objective 1 or 2 of the Structural Funds.

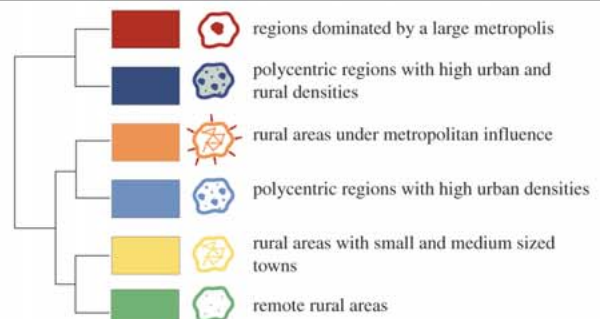
Sparsely populated areas can be found all over the EU territory, but they are most common in Finland and Sweden. These areas face a number of specific difficulties as a result of their geographical isolation. These include high transport costs, demographic problems associated with an ageing population and out-migration of young people, a concentration of employment in the primary or in the public sector, and a particularly poor level of service provision. These problems often result in low standards of living and it is for this reason that the Structural Funds have been supporting these areas since 1995, with programmes focusing on issues such as infrastructure, employment creation, environmental and natural resources, business cooperation and cross-border actions.

(*) Island regions refer only to those without a national capital. The island of Sicily with 5 million inhabitants falls under this definition.



Regional types of rural-urban spatial patterns

GDR LIBERGEO - EQUIPE P.A.R.I.S.
Sources : Moriconi - Ebrard, Geopolis, 1994, and Eurostat



What is territorial cohesion?

The notion of territorial cohesion extends and builds on that of economic and social cohesion as defined in Articles 3 and 158 of the EC Treaty. As a policy objective, the aim is to contribute to the harmonious and balanced development of the Union as a whole.

An examination of the Union's territory demonstrates geographical discontinuities at various levels.

- **Excessive geographic concentration of innovative economic activities:** The territory within the triangle North Yorkshire (UK)/Franche-Comté (FR)/Hamburg (DE) covers one seventh of the territory of the Union of 15 Member States, but contains one third of its total population and produces almost half its wealth.
- **Great territorial diversity** between urban, rural and geographically disadvantaged outlying regions, which can in itself be a challenge for development and planning activities.
- **Significant socioeconomic disparities between the regions:** For example, in a Union of 27 members, the most prosperous 10 % of regions will have an average

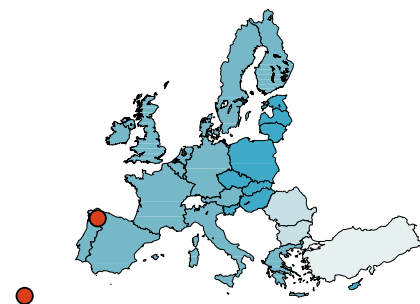
unemployment rate of 2.4 %, while the least prosperous 10 % will have a rate of 22.6 %.

Cohesion policy already embraces certain aspects of territorial cohesion, including the priority given to support for regions whose development is lagging behind. However, this needs to be built on and extended in order to provide a better response to the Union's territorial imbalances. Specifically, this entails:

- a greater focus on development opportunities;
- encouraging cooperation and networking between areas;
- greater attention to the strengths of areas with improved targeting of cohesion policy instruments and investments;
- ensuring full incorporation of the environmental dimension and the principles of sustainable development, including the prevention of natural risks that are potentially damaging to regional development prospects;
- promoting greater coherence and coordination between regional policy and sectoral policies with a substantial territorial impact.

GRAN CANARIA, GALICIA (SPAIN)

Roadworks ahead!



The Rias Bajas route and the new Las Palmas bypass provide good examples of how EU cohesion funding is supporting the modernisation and extension of the road network in Spain.

Operational since 1997, the Rias Bajas route provides a new access corridor between Galicia, a mountainous region in the north-west of the Iberian peninsula, and Spain's major economic centres. The motorway runs some 300 km, linking Porriño (near Portugal) with Benavente (León, Spain). The project had to overcome many challenges and required the construction of more than 30 viaducts and other structures to span or otherwise negotiate obstacles in this hilly terrain.

The new route has opened up Galicia, a peripheral and inaccessible area, and has also improved internal communications within this less developed region. By crossing the *montañas de León*, it makes it easier for the inhabitants to travel within the region and to reach the rest of the peninsula.

In Las Palmas, the capital of the island of Gran Canaria, cohesion funding has helped to relieve problems of major traffic congestion. In 2000, the city recorded an average volume of traffic of 12 000 vehicles per day at the entry points to the city from Tafira, Tamaraceite and the north. From the south, this level rose to 68 800 vehicles per day due to airport traffic.

In an attempt to reduce the congestion that this caused in the city centre, the authorities decided to build a three-section bypass. The first of these sections, which was opened in December 1999, connects Plaza de América with Nueva Paterna and Tamaraceite. The other two sections were opened in May 2003. The construction of the bypass also included a series of measures aimed at minimising the impact on the environment. This included land consolidation, afforestation using native species and landscaping with irrigation networks.

The project has resulted in a considerable improvement in the quality of urban life in Las Palmas and a marked reduction in noise and atmospheric pollution. It has also stimulated the development of new residential areas and industrial estates in the metropolitan area.



The new Las Palmas bypass

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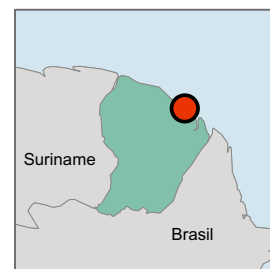
Project: Las Palmas bypass
Programmes: Cohesion Fund (phase 1)
Objective 1 (phases 2 and 3)

Total eligible cost (phase 1): EUR 51 300 760
EU contribution: EUR 43 605 646

Project: Rias Bajas route
Programme: Cohesion Fund

Total eligible cost: EUR 856 000 000
EU contribution: EUR 728 000 000

GUYANA (FRANCE)



To the waters and the wild

The Kaw-Roura Nature Reserve in the south-east of Cayenne is an area of major ecological importance because of its unique diversity of habitats and rich biodiversity. The reserve is currently receiving support from the European Union within the framework of Objective 1 programming.

The Kaw-Roura Nature Reserve, which was established by ministerial decree in 1998, covers an area of 94 700 ha. Its ecological significance derives from its diverse range of ecosystems and the large biodiversity that they support. The reserve's ecosystems include coastal and estuarine mangroves, sub-coastal marshes (the Kaw marshes) and mountain forests.

The mangroves are home to large numbers of North American limicolous and the wider reserve contains an exceptional richness of bird life, particularly along the watercourses. The large ponds of the Kaw marshes also provide sanctuary for one of the last populations of black caiman, a protected species of crocodile. As regards aquatic life, the most original species found in the reserve is undoubtedly the atipa (species of fish), which has the capacity to utilise atmospheric oxygen in the event of deoxygenation of the water.

In terms of human habitation, the first settlers in the area were the Amerindians, who mostly lived on the Favard Mountain. From the 18th century, colonists set-

tled on the Gabrielle Mountain and along the banks of the Rivers Kaw and Approuague. The slaves on the estates established by these colonists dug a channel between the Rivers Kaw and Approuague to facilitate the drainage of the marshes. However, with the abolition of slavery in 1848, these exploitations were abandoned and the village of Kaw, located on a small sandy island in the middle of the marshes, was established by the emancipated slaves.

Today human habitation is concentrated in the boroughs of Roura (population 1 500) and Kaw (population 50), which are located just outside the nature reserve. Tourism, fishing and hunting are important sources of income and food for the local population and these are allowed in certain parts of the reserve. Tourism is concentrated mainly around the Gabrielle creek and the River Kaw. Local residents have developed tourist activities, such as trips in dugout canoes, and also provide guest accommodation and catering.

Thanks to EU support, the reserve now has a new administrative and visitors centre, which has improved the facilities available to visitors and scientists. It has also enabled the development of a more ambitious policy for environmental education and reinforced the touristic and cultural attractiveness of the reserve. The reserve currently employs four guards and a manager.



Commissioner Micher Barnier visiting French Guyana in June 2002

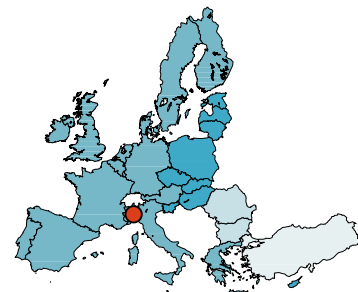
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Project: The Kaw-Roura Nature Reserve
Programme: Objective 1

Total eligible cost: EUR 228 675
EU contribution: EUR 152 450

TURIN (ITALY)



The house of daily life

'The house of daily life' (*La casa del quotidiano*) is one of a number of URBAN II projects being implemented in the city of Turin. The overall objective is to improve the provision of public services in a disadvantaged suburban area.

The project involves the renovation of an abandoned 17th century farmhouse, now surrounded by social housing, and the conversion of the house and its 4 ha site into a modern social services centre. The new centre will act as a laboratory for poverty and conflict management and resolution, and as an observatory to monitor social needs. It will also participate in the development and implementation of social projects and provide basic social services to the local community. A nursery and play area, and a meeting centre for the elderly (to combat isolation) will be incorporated into the new centre.

Prior to the implementation of the project, a consultation process was carried out by the Social Table (*Tavolo Sociale*), the urban management structure created to re-organise and improve public services in the URBAN area. The consultation revealed that elderly people living in the area have a considerable amount of spare time, are often professionally skilled, and are interested in giving their time and skills for the benefit of the local community. The project will therefore try to exploit this local resource by involving these elderly people in the running of the centre, and specifically in organising art and craft workshops and training. The workshops will cover topics such as DIY (do-it-yourself), interior design, tailoring, embroidery, carpentry, etc., and will be primarily based on the exchange of competencies.

The centre will also contain a safe second-hand open market for children's products, an information point on enterprise opportunities for women and a thematic library. The overall objectives of the project are: to redevelop the farmhouse and the surrounding area (4 ha); to create 25 places in the nursery and play area; to organise a minimum of six workshops per annum; to create four social services centres; and to provide 400 m² for community activities.

The URBAN II programme in Turin covers a total area of 2.135 km² in the southern suburbs of the city, next to the Fiat industrial area Mirafiori Nord. The area, which has a population of 24 843 inhabitants, has a high concentration of social housing and is struggling with severe social and economic problems. The challenge for the URBAN II programme is to promote social cohesion, rejuvenate public spaces and create new integrated services for social and entrepreneurial activities.



The XVII century farmhouse before its renovation

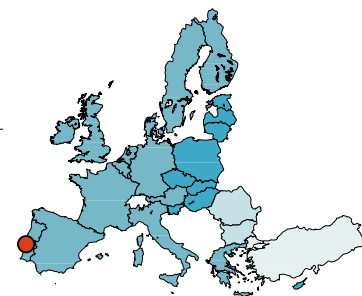
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Project: The house of daily life
Programme: URBAN II

Total eligible cost: EUR 3 602 707
EU contribution: EUR 1 616 082

LISBON AND TAGUS VALLEY (PORTUGAL)



Ecotourism springs to life in Lisbon and Tagus Valley

The ecotourism project in the region of Lisbon and Tagus Valley has helped to promote sustainable development in the Alviela river springs area by integrating ecotourism with environmental awareness and education, and scientific research.

The ecotourism project activities included the construction of an interpretative centre in an area close to the Alviela river springs, and also close to a river beach, a camping area, and to the Serra de Aire Natural Park, a Natura 2000 protected site. The area surrounding the centre, and the rest of the park, is an area of outstanding natural beauty and is also of great interest from a geological, hydrological and ecological perspective. Therefore, outdoor infrastructure and pathways were developed in order to facilitate the observation of the riverside ecosystem and nearby geological and morphological features. Other elements of the project included the construction of a small dam to increase the size of the existing bathing area, and the development of tourism facilities, including a leisure area and a caravan and camping site.

The interpretative centre hosts and promotes a whole range of different activities, including a cave bat monitoring centre, where video monitoring facilitates ongoing scientific research and allows visitors to witness the reclusive lives of these mammals (the natural park's cave systems harbour all 24 different species of bats found in Portugal, 9 of which are considered endangered species), and a geodrome (capacity 15 visitors), which is a simulator that gives a unique insight into the geological evolution of the area. The centre also contains training facilities, free public Internet access, a thematic library, an auditorium, facilities for temporary exhibitions, a self-service restaurant, administrative support facilities, and guest accommodation for up to 60 people.

The project was led by the municipal authorities. The other partners in the project included scientific and education organisations, a local development agency, the water regulator and a local water company.



Many national and international teams have come to explore the complex underground network of the Alviela river springs



A limestone canyon in the Alviela river springs

Contact:

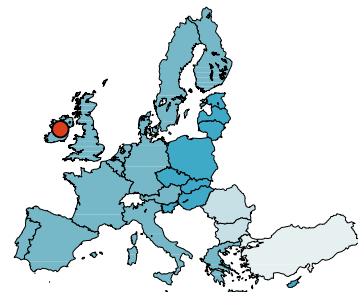
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Project: Ecotourism — The Alviela river springs
Programme: Objective 1

Total eligible cost: EUR 3 710 000
EU contribution: EUR 2 517 000

LONGFORD (IRELAND)



Connecting the countryside: ICT in rural Ireland

The EU Leader programme is helping to improve the competitiveness of rural County Longford by supporting the strategic development of the information and communications technology (ICT) sector.

Despite its central location and relatively good road access, Longford (31 000 inhabitants) is a predominantly rural county and does not have any major industrial or educational establishments. The absence of such large institutions has meant that there has been no real catalyst for the development of an ICT capability in the county.

In the early 1990s, in an attempt to address this situation, local development interests came together to launch an ICT awareness campaign. Actions implemented included the integration of ICT classes into the school curriculum, the setting-up of a computer training college in 1994, the development of a business centre, and the installation of an Internet server in the county library.

However, while this initiative gradually helped to familiarise local people with these technologies, it lacked the overall strategic framework to really establish activities linked to ICT in Longford. This was identified as a barrier to the economic development of the county and was therefore included as a priority in the Longford Leader II programme.

In February 1996, the Leader II local action group (Longford Community Resources) organised an Internet conference, which enabled the opportunities offered by ICT to be better defined in the specific context of the county. The event led to the formation of an Internet community cooperative, the aims of which were to use the Internet to promote the county, to communicate with the diaspora and to promote the use of ICT.

In March 1997 a task force, with responsibility for identifying the concrete perspectives relating to the use of advanced communications technologies, was established. The task force comprised 18 representatives of different sectors of the community and socioeconomic interests in the area.



ICT creates new opportunities in rural Ireland



Thematic working groups were then set up to look at the possible uses of ICT in five priority areas: business, farming, education, health, voluntary work. With Leader II assistance, a survey of 259 households and 77 local businesses was carried out and the results, which were published in July 1997, provided invaluable information for the strategic development of ICT in Longford.

Actions arising from the survey included: the establishment of the 'Longford-online' Internet site and database; an online service for farmers; a commercial database for local businesses; and a mobile training programme, which involves installing 11 computers in a village for six weeks at a time to enable 30 people to learn basic information technology (IT) skills. These activities are now being further developed under the Leader+ programme in Longford.

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Project:

Longford ICT

Programmes:

Leader II and Leader+

Total eligible cost: EUR 45 970

EU contribution: EUR 36 800

Exchange of good practices and networking of regions

Structural interventions are not limited to regional programmes and projects on the ground. The Commission also encourages actors across the European Union to work together in regional networks to exchange good practices. These networks are often supported by cross-border cooperation instruments, such as the Community initiatives, which have accompanied the implementation of multiannual programming since the launch of cohesion policy at the end of the 1980s. In the current period, there are four Community initiatives, which are targeted at different problems or areas where added value is assumed to be greatest.

The Interreg III initiative addresses issues of cross-border, interregional and transnational cooperation in a number of fields linked to economic, social and territorial cohesion. After enlargement in 2004, about 80 Interreg programmes will involve actors in cross-border, interregional and transnational cooperation activities covering the whole EU territory.

URBAN II is focused on innovative approaches to overcoming economic, social and environmental problems in 70 deprived urban areas located in all Member States.

The EQUAL initiative tests new ways of tackling discrimination and inequality in the labour market. Based on the four pillars of the European employment strategy — employability, entrepreneurship, adaptability and equal opportunities for women and men — EQUAL supports transnational cooperation, innovation, empowerment and EU-wide partnerships.

Leader+ is the fourth Community initiative and is designed to help rural actors to consider the long-term potential of their areas. Leader+ supports the implementation of integrated, high-quality and original strategies for sustainable development in rural areas. It also builds on partnerships and networks for the exchange of know-how and experience.

Funding available for the Community initiatives amounts to around EUR 11 billion, or just under 5 % of the total Structural Funds, for the period between 2000 and 2006. In addition, regions have access to programmes for innovative actions financed by the Structural Funds, which amount to 0.4 %, or some EUR 800 million.

Border regions are at the heart of the Interreg initiative. In EU-15, they cover almost 40 % of the total land area

and account for 25 % of the population. In the acceding and candidate countries, they are even more extensive, accounting for 66 % of the land area and 58 % of the population. Enlargement will therefore lead to a significant growth in the importance of border regions in the Union.

Regions with internal borders in the EU cannot in general be regarded as having more economic difficulties than other regions. Their level of GDP per capita will be 15 % above the average of the enlarged EU. Regions with external borders, however, are in a more difficult situation, with the notable exception of those bordering the new Member States. Some of these regions are likely to face temporary difficulties after enlargement.

The differences between the regions of EU-15 bordering the acceding and candidate countries and those between new Member States themselves are much more striking. In the latter, GDP per capita is only 53 % of the average for the enlarged EU. However, they are still better off than regions in the candidate countries with eastern borders, which have an average GDP per capita of only 37 % of the enlarged EU.

After enlargement, the EU will have 10 000 km of new external borders with Russia, Ukraine, Belarus, Moldova, the western Balkans and the Mediterranean. This will create new challenges for the Union, and to address these, in July 2003, the Commission proposed launching a 'new neighbourhood instrument' ⁽⁹⁾ to strengthen development and stability in these areas.

Interact and Urbact, two special programmes aimed at strengthening EU-wide networking of regional and local actors, were established in 2002. 'Act' stands in both cases for 'animation — cooperation — transfer' and the activities of these programmes focus on the exchange of best practices, training and the general improvement of the quality of the two Community initiatives concerned (Interreg and URBAN).

The EU contribution to Interact is EUR 25 million, and EUR 15 million to Urbact, with national and regional co-financing almost doubling these amounts. Interact is managed by the Austrian Federal Government, while the French Ministry of Cities and Urban Renovation is responsible for the Urbact programme.

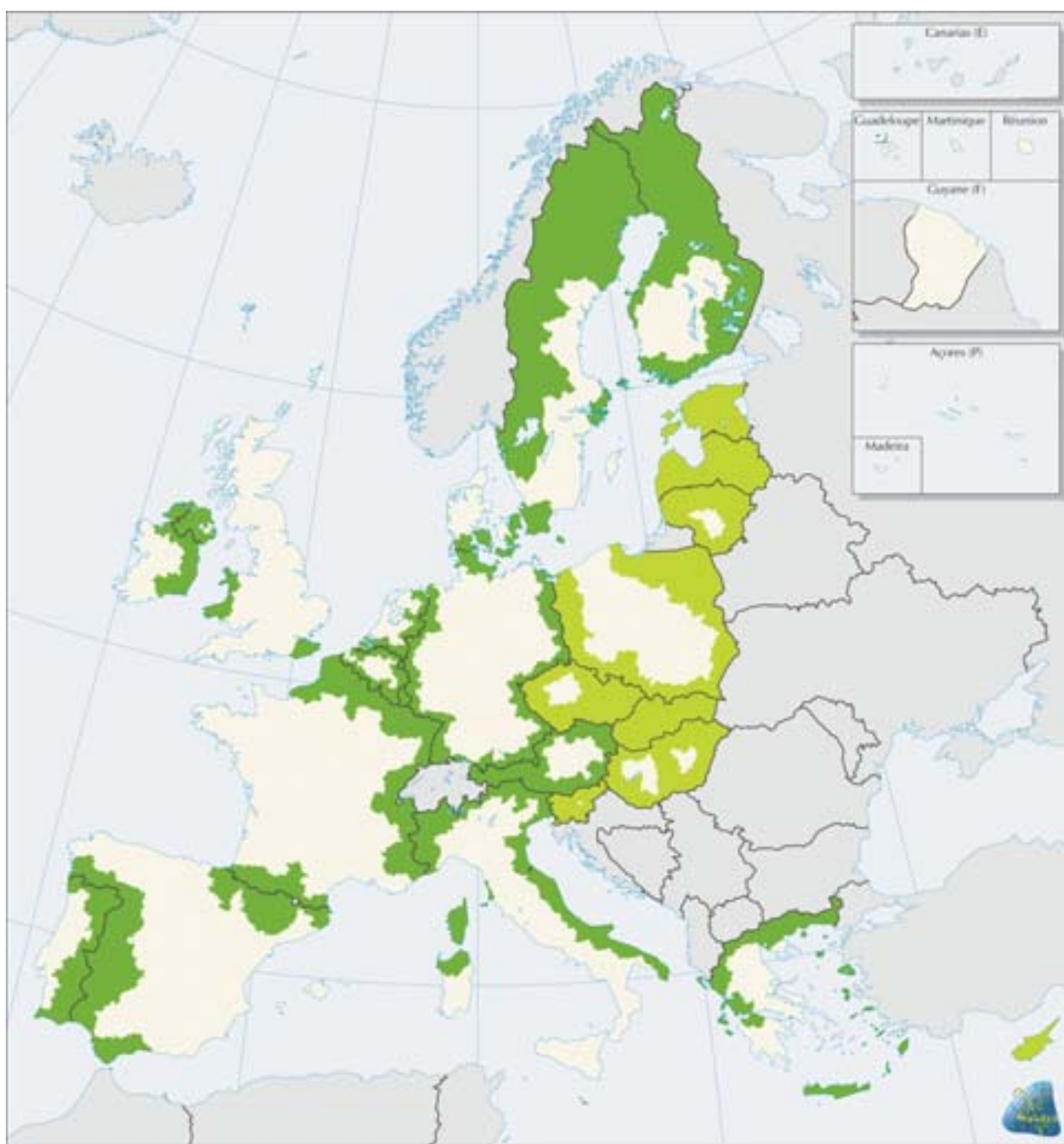
⁽⁹⁾ COM(2003) 393 final, 1.7.2003.

Networks have also been established for the programmes of regional innovative actions. Three of these networks reflect the regional innovative actions' priorities: ERIK for technological research and innovation; IANIS for information technologies at the service of regional development; and a pan-European network for sustainable development. These networks are run by the regions themselves and involve a number of partner regions.

Financed within the framework of the Interreg III initiative, the European Spatial Planning Observatory network (ESPON) serves as the basis for trans-European co-operation and coordination on spatial planning issues

between Member States, acceding and candidate countries and other neighbouring non-member States for the period until 2006.

ESPON focuses on the European spatial development perspective (ESDP), which was approved in 1999. The ESDP provides orientations for territorial cohesion and spatial development in the Union and offers a reference for sector policies with regard to their spatial impacts. EU funding amounts to EUR 6 million and will attract a further EUR 6 million in investment from national public funds. ESPON is coordinated by the Ministry of the Interior and a joint technical secretariat in Luxembourg.



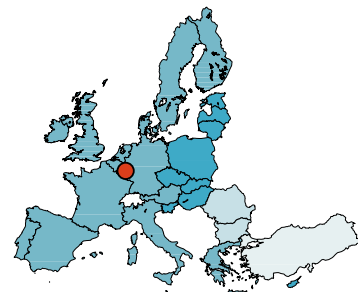
INTERREG IIIA regions in the enlarged European Union, 2004-2006

- INTERREG IIIA regions of EU-15
- border regions of 10 accession countries

0 100 200 km

© EuroGeographics Association for the administrative boundaries

BELGIUM, FRANCE, GERMANY, LUXEMBOURG,
THE NETHERLANDS, SWITZERLAND



Closing the flood gates in the north Rhine

On two occasions between 1993 and 1995, the Rivers Rhine and Meuse (Maas) broke their banks, causing serious flooding in the surrounding areas. The devastation caused by the floods prompted the establishment of a transnational prevention programme between the countries concerned: Belgium, France, Germany, Luxembourg, the Netherlands and Switzerland.

Known as IRMA ('Interreg Rhine-Meuse activities'), the programme was launched in 1997 and was subsidised by the ERDF under the Interreg IIC programme. The aim of IRMA is to stimulate cooperation and an integrated approach to the problem of flooding by encouraging the exchange of experiences. Mobilising a budget of EUR 419 million, a third of which is provided by the European Union, the programme has resulted in the implementation of 153 projects focusing on three main areas of intervention: regional planning, water management, and flood damage prevention.

One of these projects involved the construction of a new dyke in the Bislicher Insel area (near the city of Xanten). The Deichrückverlegung Bislicher Insel project involved the creation of a retention area, by constructing a 2.5 km sheetpile wall, and a number of pumping stations to protect the embankment against leaks and seepage of water. The newly created 1.10 ha retention area has a retention volume of 50 million m³.

The construction of this retention area has reduced the high-water peak level, which, in turn, has led to a reduction in flooding. As a direct result of the project, around 13 000 people now benefit from more effective protection against flood damage. The local environment, water quality and land management have also been greatly improved, and the benefits of the project have extended downstream across the Germano-Dutch border.



The IRMA ('Interreg Rhine-Meuse activities')
Interreg IIC programme area

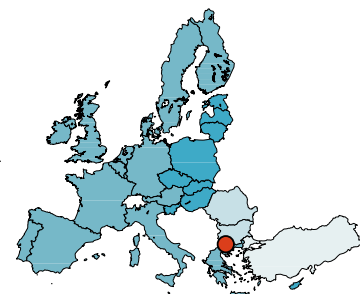
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Project: IRMA — Deichrückverlegung Bislicher Insel
Programme: Interreg IIC

Total eligible cost: EUR 26 040 000
EU contribution: EUR 4 900 000

ALBANIA, BULGARIA, THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA, GREECE



A cure for cross-border health problems

Medical cooperation between Greece and its Balkan neighbours is helping to improve public healthcare provision in the border regions and to contain pressures on the Greek public health service caused by uncontrolled migratory flows.

The political upheaval in the Balkans has resulted in a deterioration in public health services in the countries bordering Greece. This has also had consequences for the Greek public health service, which has been struggling to deal with the healthcare requirements of immigrants from these areas. Therefore, with assistance under the Interreg IIA programme, the Greek Ministry of Health took the initiative to set up a number of cross-border public health centres (CBPHCs) to cater for the immediate medical needs of these immigrants, and to promote cooperation and exchange of experiences with the countries concerned in the fields of medical research and health education.

In the first phase of the project, CBPHCs were opened along the borders with Albania and Bulgaria, where uncontrolled migration and a lack of awareness of health risks have posed acute problems. A series of 76 studies on major health risks was also carried out as part of the project. This laid the groundwork for cooperation and

made it possible to draw up a public health charter for the Greek border areas. Particular emphasis was placed on controlling transmissible diseases and water pollution, monitoring the effects on humans and animals, and improving healthcare facilities. Various international activities were also organised to encourage a common approach to current and future health problems, and to help implement appropriate mechanisms to cope with emergency situations.

Public health experts from all the countries concerned have participated in a total of 35 events. This has resulted in the creation of a Greek-Balkan cooperation and communications network, which allows experts from the participating countries to keep in touch with one another through an electronic forum, and to exchange medical or technical information via an intranet network.

In Greece, over 200 people have also completed a training course on the main health problems, including protection from and prevention of disease, so that medical services have sufficient human resources to implement the necessary reforms in the public health sector.

For the period 2000–06, the programme is continuing to receive funding under the Interreg III programme. This includes support for the expansion of the existing CBPHCs, the setting-up of five new centres along parts of the border with the Former Yugoslav Republic of Macedonia that have become eligible for European aid, the publication of health information for medical professionals and the general public, the development of educational programmes and the transfer of know-how.



Cross-border public health centre

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Project: Cross-border public health centres (CBPHCs)
Programmes: Interreg IIA and Interreg IIIA

Total eligible cost: EUR 5 300 000
EU contribution: EUR 3 700 000

VIENNA (AUSTRIA), THE CZECH REPUBLIC, HUNGARY,
SLOVAKIA



Enlarging opportunities for SMEs

The 'Cross-border business cooperation for central Europe' (CCC) project focused on the exploitation of new business opportunities arising from the eastward enlargement of the EU. The project was implemented in the eastern border regions of Austria.

Supported under the Interreg IIA initiative, the aim of the CCC project was to promote transnational economic activities and to assist small and medium-sized enterprises to exploit opportunities in new markets. The central players in the CCC project were the *Länder* of Vienna, Lower Austria and Burgenland — as the 'Vienna region' — and the Republic of Austria, the Czech Republic, Hungary and Slovakia. There were also cooperation arrangements at the institutional level between the respective economic development agencies and regional management bodies, as well as directly at the company level. The project activities included:

- networking with the relevant players and filling gaps in the existing range of services offered;

- support for companies, especially small and medium-sized enterprises;
- improved marketing of Austria's 'competence for the east' in the international competition to attract business investment;
- initial and further training activities.

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Project: Cross-border business cooperation for central Europe (CCC)

Programme: Interreg IIA

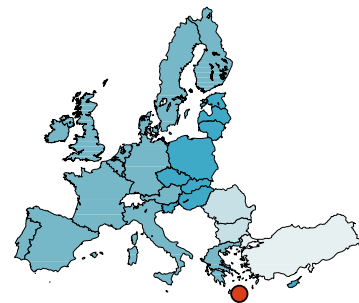
Total eligible cost: EUR 1 160 000

EU contribution: EUR 580 000



Competition crosses the border

CRETE (GREECE), CANARY ISLANDS (SPAIN),
MADEIRA (PORTUGAL)



Rejuvenating island fishing industries

The transfer of new innovative technologies for the production of juvenile marine fish is helping to improve the competitiveness of the fishing industries in the Canary Islands and Madeira.

Greece's annual production of bream and sea bass increased from around 100 tonnes in 1980 to over 56 000 tonnes in 2000. Finfish aquaculture in Greece now employs 2 500 people and the country has become the Mediterranean leader in this sector. This impressive leap forward is largely attributable to Greece's research and development centres and their role in transferring technology to private fish farms.

This successful example of technology transfer has now been extended beyond the borders of Greece, within the framework of the Interactt ('Interregional action for technology transfer') project. The project involves co-operation between the three island regions of Crete, the Canary Islands and Madeira.

This cooperation has resulted in the creation of an international network, which links all the parties involved in the aquaculture sector (regional authorities, research organisations and aquaculture enterprises) on the three islands. The overriding objective is to break down the barriers between scientists and producers, a major problem in the European aquaculture industry, whilst also fostering contacts between the producers themselves.

Traditionally, production in the Canary Islands and Madeira has been limited to facilitating the growth of fish in offshore sea-cages, an area in which they have well-established expertise. The requirement for juveniles has been generally catered for with imports from continental hatcheries. However, Interactt proposed that local SMEs involved in sea-cage farming could produce juveniles themselves by adopting the new 'Mesocosm' technology. This would give greater independence to and boost the competitiveness of these enterprises. Based on semi-intensive farming methods, this 'green' technology is particularly appropriate for rearing new species and has proven to be well suited to the economic and technical capabilities of SMEs.

The relevant technology has already been transferred to a number of pilot sites in order to demonstrate the viability of the project, and so far the results have been very encouraging. For the first time, these pilot areas are now mass producing sea bream and red porgy juveniles, and for less than 30 % of the cost of imports. Keen to pass on the benefits of their experience, the Interactt partners now intend to play a key role within a wider network of south European islands in order to promote their innovative methods of managing marine resources.



Phytoplankton production in Madeira



Sea bream juveniles in a 'Mesocosm' tank

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Project: Interactt ('Interregional action for technology transfer')

Programme: Regional programme of innovative actions

Total eligible cost: EUR 2 020 000

EU funding: EUR 1 010 000

STOCKHOLM-MALÄR REGION (SWEDEN), HÄME, THE ÅLAND ISLANDS, SOUTH-WEST FINLAND AND HELSINKI (FINLAND), SAINT PETERSBURG, LENINGRAD REGION (RUSSIA), TALLINN, HARJU REGION (ESTONIA), RIGA REGION (LATVIA)

A Baltic vision for international competitiveness

By developing a shared vision of the future, the regions surrounding the Baltic Sea have created a new development perspective based on a collective approach to achieving international competitiveness.

Like the colours on a painter's palette, the central Baltic Sea is surrounded by ten metropolitan regions belonging to five different countries. These include the regions of Stockholm-Mälär in Sweden, Häme in the Åland Islands, South-West Finland and Helsinki in Finland, the city of Saint Petersburg and the region of Leningrad in Russia, the city of Tallinn and the region of Harju in Estonia, and the region of Riga in Latvia.

Given their strong economic fabric, human resource capacity, dynamic metropolitan areas, diversity of tourist and cultural attractions, and geographical position at the heart of the Baltic transnational area, these five regions have significant, untapped development potential. This potential is even further enhanced in the context of the growth in international trade, the enlargement of the European Union to the east, and the rapid development of the information society.

The 'Baltic palette' transnational project, launched in January 1999 with the help of Interreg in the two Member States, Phare in the two acceding countries and Tacis in Russia, attempted to take advantage of this favourable situation by developing a perspective, vision, strategy and action plan common to all the participants.

With a secretariat spread across the five capitals, and a task force of experts, the project was implemented through eight action groups which focused on the following fields: metropolitan areas (cooperation and competition, polycentric development, sustainable development); development 'corridors'; maritime and port relations; information technology networks; sustainable

development in the archipelagos and islands; sustainable tourism. Sustainable development was a particular challenge for the partners because of the real risks that economic development pose to the rich natural heritage of the Baltic region.

When the project came to a close in mid-2000, a new network was in place and common documents had been published. These provided tools with which to continue discussions and cooperative actions. 'Baltic palette I' has since been followed up by 'Baltic palette II', which focuses on four key areas: a marketing campaign to promote the image of the 'Baltic palette' region; the orientation of infrastructural investment towards projects benefiting from the support of international financial institutions; the creation of new cooperative networks in the areas of tourism, the environment and culture; the establishment of joint education and training initiatives and programmes for the exchange of experiences.



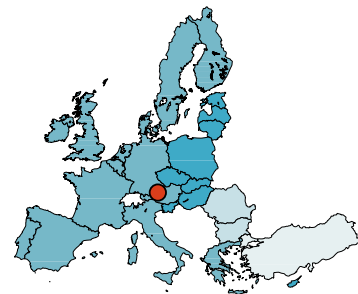
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Project: Baltic palette
Programme: Interreg IIC

Total eligible cost: EUR 1 607 447
EU contribution: EUR 807 724

AUSTRIA, FRANCE, GERMANY, ITALY, SWITZERLAND



Alpine habitat diversity

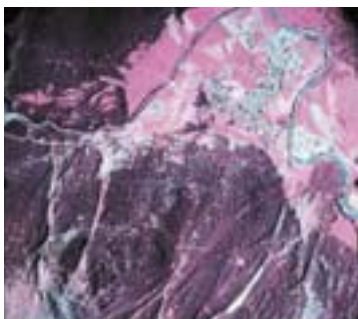
Within the framework of the Interreg IIIB programme, 11 partners from Austria, France, Germany, Italy and Switzerland are working together to develop new methods for monitoring habitats and their diversity in protected areas of the Alpine regions.

The unique diversity of the natural and cultural landscape is an important asset for the economic development of the Alpine regions. To help preserve this key resource, a number of designated protected areas have been established, which now form part of the European network for the conservation of natural habitats, Natura 2000.

Members of the Natura 2000 network are required to carry out long-term surveillance of natural habitats and biodiversity, and to facilitate this a number of protected Alpine areas are cooperating in the framework of the Habitats project. The project aims to develop a transnational spatial database to support the analysis of the Alpine landscape, its structure, diversity and long-term changes. The project activities include a surface-covering census of landscape diversity in the participating Alpine regions, and the evaluation of diversity data for landscape planning and management.

The structure and diversity of the landscape is determined on a surface-covering basis using colour infrared (CIR) aerial photographs. CIR photographs allow for the delimitation of landscape structures on a scale of 1:10 000, which is the spatial resolution needed for environmental planning and management of protected areas. A transnational spatial database will subsequently be compiled and integrated into a geographic information system, which will form a common basis for spatial planning and sustainable development.

Data will be interpreted by a hierarchical code, which has been developed by specialist authorities in Germany. This code comprises all existing land-use



Partners in the protection of Alpine habitats

types and natural habitats, including water surfaces, and agricultural, forestry, industrial and settlement areas. The interpretation key has already been tested in a number of areas and the Habitats project now involves the further dissemination of this system to other Alpine protected areas.

Due to the high diversity of Alpine habitats, extensions and differentiations of the present key are expected. Once the land cover types are delimited for all participating areas, a common method, supported by aerial photographs, for census and surveillance of Natura 2000 habitats and for diversity of landscape, will be implemented. More differentiated local data surveys and management-relevant data on detailed themes can also be integrated into the transnational database.

Project partners include: Berchtesgaden National Park (Germany, lead partner), Svizzer National Park (Switzerland), Hohe Tauern National Park (Austria), La Vanoise National Park (France), Les Ecrins National Park (France), Asters (France), Stelvio National Park (Italy), Dolomiti Bellunesi National Park (Italy), Gran Paradiso National Park (Italy), autonomous province of Bolzano (Italy), and Mount Avic Nature Park (Italy).

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Project: Habitats
Programme: Interreg IIIB

Total eligible cost: EUR 1 500 000
EU contribution: EUR 700 000

Glossary

Cohesion Fund: Fund created in 1993 to complement the structural aid of the European Union in the four least prosperous Member States (Greece, Spain, Ireland and Portugal) by financing projects concerned with environmental protection and European transport networks. It will apply to the new Member States after accession in 2004.

Community initiatives: Programmes set up to complement Structural Fund operations in specific problem areas. Community initiatives are drawn up by the Commission and coordinated and implemented under national control. They absorb 5.35 % of the budget of the Structural Funds.

- **URBAN II** concentrates its support on innovative strategies to regenerate cities and declining urban areas (financed by the ERDF).
- **Interreg III** promotes cross-border, transnational and interregional cooperation, i.e. the creation of partnerships across borders to encourage the balanced development of multi-regional areas (financed by the ERDF).
- **Leader+** promotes pilot integrated strategies for sustainable development in rural areas, drawn up and implemented by local partnerships (financed by the EAGGF Guidance Section).
- **EQUAL** seeks to eliminate the factors leading to inequalities and discrimination in the labour market (financed by the ESF).

The key common implementation features of the Community initiatives are:

- administrative simplification, in that they are financed by one Structural Fund only;
- a strong emphasis on partnership;
- networks for the exchange of experience.

European employment strategy (EES): The EES was launched at the Luxembourg Jobs Summit in November 1997 on the basis of the new provisions of the EC Treaty. Since then, Member States coordinate their employment strategies every year through national action plans, which are based on reports and recommendations of the Commission. The EES is also an important point of reference for programming the interventions of the European Social Fund.

European spatial development perspective (ESDP): Informal document adopted by the Member States in 1999, which proposes analyses and guidelines to strengthen the coordination of national regional planning policies. It aims to promote the balanced and polycentric development of Europe, appropriate city planning, a new relationship between cities and the countryside, equal access to infrastructure, communications (in particular through new technologies) and knowledge, and careful management of the environment, natural resources and heritage in order to ensure sustainable economic, social and environmental development.

Gender mainstreaming: A principle and approach by which efforts to promote equality in the implementation of specific measures to help women also mobilise all general policies and measures and their possible effects on the respective situation of men and women. This means systematically examining measures and policies — for example, in the case of the Structural Funds — and taking account of possible gender effects in their definition and implementation.

Gross domestic product (GDP): Gross domestic product is an aggregate measure of production which is equal to the sum of the gross value added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies, on products not included in the value of their outputs). The sum of the final uses of goods and services (all uses except intermediate consumption) is measured in purchasers' prices, less the value of imports of goods and services, or the sum of primary incomes distributed by resident producer units. For a comparison of EU regions, GDP is usually expressed as a percentage of the EU average (= 100 %). GDP per capita in purchasing power parities (PPPs) makes different prices comparable across Member States.

Innovative actions: The innovative actions of the European Regional Development Fund (ERDF) act as laboratories of ideas for disadvantaged regions. As the opportunities for experimentation are often limited under the main support of the Structural Funds, the innovative actions provide regional actors with the 'risk space' needed to respond to the challenges set by the new economy. During the period 2002–06, innovative actions programmes can be applied for by managing authorities in Objectives 1 and 2 regions and must relate to one or more of the following three themes: knowledge-based regional economies and technological innovation; e-EuropeRegio (the information society and regional development); regional identity and sustainable development.

Instrument for Structural Policies for Pre-Accession (ISPA): European fund created to help the 10 applicant countries of central and eastern Europe to prepare for accession (pre-accession aid) by funding projects concerned with environmental protection and transport networks. It intervenes according to the model of the Cohesion Fund.

Interreg: Community initiative of the European Regional Development Fund (ERDF) which supports cooperation between regions of the European Union. Between 2000 and 2006, the objective of Interreg III is to promote greater economic and social cohesion in the European Union and the balanced and harmonious development of the EU territory. The initiative has a total budget of EUR 4.875 billion and includes three strands.

A. Cross-border cooperation between adjacent regions aims to develop cross-border social and economic centres through common development strategies.

B. Transnational cooperation between national, regional and local authorities aims to promote better integration within the Union through the formation of large groups of European regions.

C. Interregional cooperation aims to improve the effectiveness of regional development policies and instruments through large-scale information exchange and the sharing of experience (networks).

Within strand B, the priorities for action focus on drawing up regional development strategies at transnational level, including cooperation between towns or urban areas and rural areas, promoting effective and sustainable transport systems, improving access to the information society and promoting the protection of the environment and natural resources.

Managing authority: Any public or private authority or body at national, regional or local level designated by the Member State to manage the Structural Fund interventions.

Nomenclature of territorial units for statistics (NUTS): Nomenclature established by Eurostat (the statistical office of the European Communities) in order to have a single and coherent territorial distribution plan. The current nomenclature subdivides the countries of the European Union into 78 NUTS 1 regions (the German *Länder*, the regions in Belgium, etc.), 211 NUTS 2 regions (the autonomous communities in Spain, the French regions, the Italian regions, the Austrian *Länder*, etc.) and 1 093 NUTS 3 regions, which are smaller areas.

In the regional development programmes, Objective 1 of the Structural Funds primarily covers NUTS 2 regions and Objective 2 covers NUTS 3 regions. The current NUTS five-level hierarchical classification will be replaced by a three-level system following Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003. The average size of classes of administrative units will lie within the following population thresholds: NUTS 1: 3 million to 7 million; NUTS 2: 800 000 to 3 million; NUTS 3: 150 000 to 800 000. In each Member State and based on its decision, there can also be further levels of detail below the NUTS 3 level.

Objectives of the Structural Funds: Objectives to which the Structural Funds devote most (94 %) of their resources, which amount to a total of EUR 195 billion between 2000 and 2006 (for EU-15 in 1999 prices).

- **Objective 1 (territorial):** Aid to help regions whose development is lagging behind to catch up, by providing them with the basic infrastructure they lack and by supporting investment in enterprise to boost economic activities.
- **Objective 2 (territorial):** Aid for areas having difficulties with economic and social conversion (urban, industrial, rural or fisheries-dependent areas).
- **Objective 3 (thematic):** Measures to modernise training systems and to promote employment. Objective 3 covers the entire Union except for the Objective 1 regions where these measures are included in the catch-up programmes.

Open coordination: In certain policy fields, the EU and Member States work together under the open coordination procedure — the Commission and Council setting common guidelines and benchmarks and Member States' efforts and policies reflecting these, without serious consequences for failure (example: employment policy since 1997).

Pre-accession aid: Support provided via three financial instruments (see Instrument for Structural Policies for Pre-Accession, Sapard and Phare) to each applicant country of central and eastern Europe until its accession to the European Union. After accession, the new Member State will benefit from all forms of EU structural aid (see Cohesion Fund and Structural Funds). Virtually all the territory of the new Member States will fall under Objective 1 of the Structural Funds.

Programming: Principle of action of the Structural Funds aimed at the preparation of multiannual development programmes. The programming follows a multiphase decision-making process based on partnership and ends with the

takeover of the programmes by the holders of public or private projects. The current programming period covers the years 2000–06.

Purchasing power parity (PPP): Currency conversion rate that converts economic indicators expressed in a national currency to an artificial common currency that equalises the purchasing power of different national currencies.

Purchasing power standard (PPS): Common reference currency unit used in the European Union to express the volume of economic aggregates for the purpose of spatial comparisons where price-level differences between countries are eliminated.

Rural development: Balanced and diversified development of rural activities. The focus is on strengthening the economic and social fabric of rural areas and stopping out-migration from the countryside by maintaining a viable and varied agricultural sector while developing complementary or alternative activities ('green' tourism, recreational activities, services, etc.) and preserving the environment, natural resources, landscapes and the cultural heritage of rural areas. A wide range of rural development measures are being implemented in the framework of rural development programmes, in the framework of the Leader+ Community initiative and, in part, in the framework of regional policy.

Sapard (special action programme for agriculture and rural development): European fund created to help the central and east European countries applying for EU membership to prepare for accession (pre-accession aid) by lending assistance for the adjustment of agricultural structures and rural development. The fund is entirely decentralised, and each applicant country is responsible for its management. This is a historical first for European funding to non-EU countries.

Structural Funds: The main four financial instruments providing aid for the Union's 'structural' actions, meaning those actions aimed at narrowing economic and social gaps. The Structural Funds are complementary to national or private funding and are used to implement large-scale programmes, which cover a very broad range of local, regional or national activities. The funds combine their interventions depending on the needs. There are four funds.

- **European Regional Development Fund (ERDF):** Supports the building of infrastructure, productive and job-creating investments, local development projects and aid for small and medium-sized enterprises in disadvantaged regions.
- **European Social Fund (ESF):** Supports training actions and employment schemes and promotes the social and occupational inclusion of unemployed people and less favoured groups.
- **European Agricultural Guidance and Guarantee Fund (EAGGF):** The Guidance Section supports rural development and assistance measures for farmers in regions lagging behind in development (Objective 1) and the Leader+ initiative throughout the Union. The Guarantee Section supports the same measures outside Objective 1 areas and certain specific measures across the Union.
- **Financial Instrument for Fisheries Guidance (FIFG):** Supports the adaptation and modernisation of the sector's facilities.

Structural indicators: Structural indicators are drawn up for use in the annual communication from the Commission on progress towards realising the objectives of the Lisbon strategy. The list of key indicators is reassessed every year, taking into account political priorities, as well as progress with regard to the development of indicators. They cover six areas: economic performance; employment; education, research and innovation; economic reforms; social cohesion; the environment. Since the spring of 2003, reports and structural indicators have included coverage of the acceding and candidate countries.

Sustainable development: Concept based on the choice of balanced economic growth which takes account of the requirements of employment and social inclusion, the needs of businesses, public health and welfare, and environmental protection. The aim is to satisfy present needs without jeopardising the capacity of future generations to satisfy theirs. The Structural Fund interventions are required to reflect upon the principle of sustainable development.

URBAN Community initiative: Since the end of the 1980s, the EU has developed specific approaches and programmes for cities, the most visible being the URBAN Community initiative. Between 1994 and 1999, the URBAN I initiative financed programmes in 118 urban areas with a total of EUR 900 million in Community assistance. In all, 3.2 million people lived in the supported areas and projects focused on rehabilitation of infrastructure, job creation, combating social exclusion and upgrading the environment. Between 2000 and 2006, the URBAN II Community initiative represents further added value for innovative strategies for cities. It is planned that a total of EUR 730 million will be invested in sustainable economic and social regeneration in 70 urban areas throughout Europe. URBAN II will also include a network of EU cities (Urbact), which will facilitate the exchange of experiences and best practices.

European Commission

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