



April 1997 EN

Summary of SPDs Objectives 2, 5b and 6 Finland

The Structural Funds in Finland 1995-1999

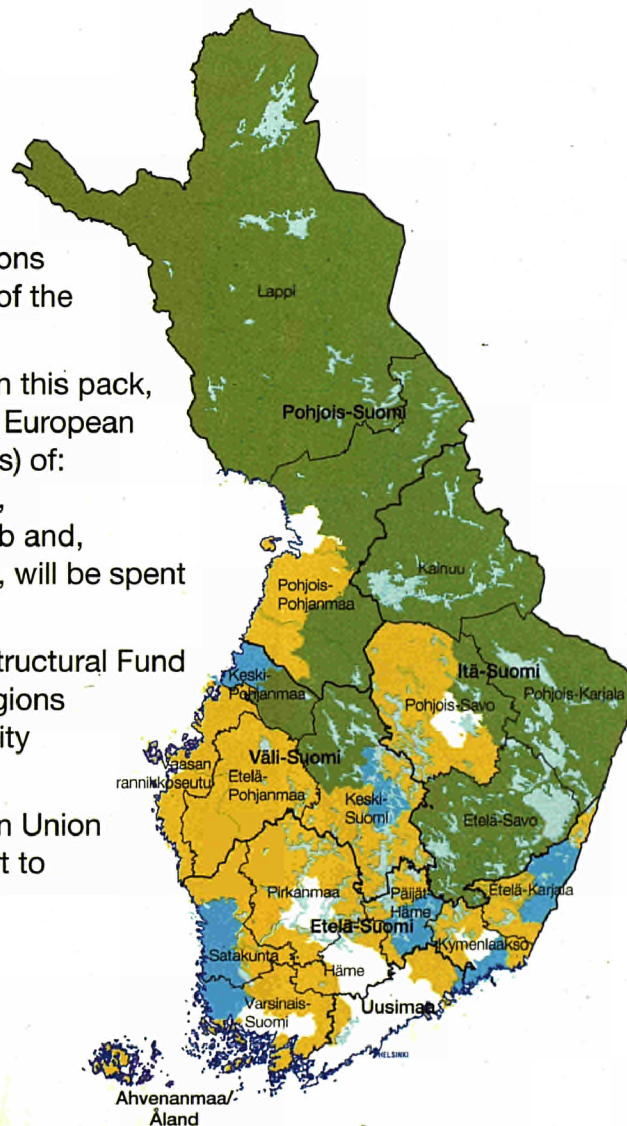
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Following Finland's accession to the European Union on 1st January 1995, Single Programming Documents (SPDs) were approved by the European Commission for regions eligible under Objectives 2, 5b and 6 of the Structural Funds.

These SPDs, which are summarised in this pack, contain a breakdown of how the total European Union Structural Fund aid (1995 prices) of: 183.0 million ECUs under Objective 2, 191.4 million ECUs under Objective 5b and, 459.9 million ECUs under Objective 6, will be spent during the period 1995-1999.

In addition, further European Union Structural Fund aid will be made available to these regions under a variety of European Community Initiatives.

Through its contribution, the European Union provides economic and social support to these regions.



- Areas eligible under Objective 2
- Areas eligible under Objective 5b
- Areas eligible under Objective 6

Eligible regions

Finland's Objective 2 area comprises parts of the regions of Varsinais-Suomi, Satakunta, Päijät- Häme, East Uusimaa, Kymenlaako, South-Karelia, Central Finland and Central Ostrobothnia.

The most acute problem in the Objective 2 area is unemployment. The unemployment rate is higher than the average in Finland; it rose from 10.4% in 1991 to 23.0% in 1994 and in 1996 it stood at 21.4%. The percentage of unemployed young people and the long term unemployed is high and the proportion of women out of work has been increasing. As a result of these problems many people have left the area in search of work.

Structurally the area's main deficiencies are that: industry is too dependent on individual major companies in traditional sectors such as forestry, chemicals and metal manufacturing; it has no major role in potential growth clusters of the economy, and it lacks a tradition of SMEs; existing SMEs mainly concentrate on the domestic market and have little international orientation.

The area does have opportunities to exploit, for example, strengths in certain key industries, natural resources and a cultural heritage makes it attractive for business (although environmental problems from outside Finland threaten the environment) and economic developments in Russia and the Baltic States present new openings for local businesses. The individual areas are strategically located as 'gateways' to these countries.

Objective 2

Strategy

There are two programmes for the period 1995-1999, the first covering 1995-96 and the second 1997-99.

Projects carried out under the first programme have already produced results; an indicator survey conducted in August 1996 showed that, up to the end of June 1996, the creation of about 3000 new jobs could be directly attributed to measures co-financed by the European Regional Development Fund.

The 1997-1999 programme is summarised below. Its development strategy is to: create and upgrade jobs; diversify the structure of the economy (particularly by increasing and broadening SME activity); improve the competitiveness of business and the skills of the labour force, and increase international co-operation.

Within the overall strategy each eligible region has its own strategic priorities. The importance of improving employment is highlighted by the fact that the effect on employment will be the main criterion for selecting projects under the programme and the effects must be measurable in advance.

Priorities

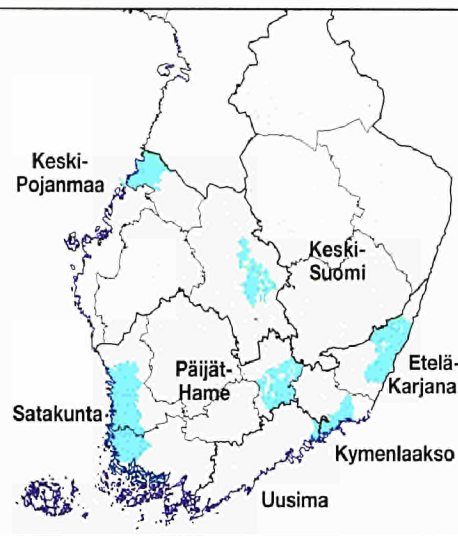
PRIORITY 1.

Increasing, developing and internationalising business activity

1.1.

Establishment and development of SMEs (18.567 MECUs)

Diversifying the structure of the local economy by supporting new SME start-ups and expansion and development of existing firms. Emphasis will be placed on developing business services firms and innovative projects.



Areas eligible under Objective 2

1.2.

Networking and clusters (16.457 MECUs)

Improving competitiveness by developing "clusters" of SMEs around larger companies and supporting co-operation and networks, such as sub-contracting networks, between SMEs themselves and SMEs and larger companies.

1.3.

Internationalisation and raising competitiveness on quality (11.894 MECUs)

Promoting product quality improvement by developing individual SMEs' marketing, management and product and production technology, and developing the business services necessary for internationalisation.

1.4.

Development of human resources supporting business activity (13.464 MECUs)

Maintaining and improving the skills, in line with needs, of local employers and employees, particularly in SMEs, through training, advice, guidance and development services.

PRIORITY 2.

Raising the level of skills and technology supporting economic activity

2.1. (ERDF MEASURE)

Development and application of technology in businesses (19.968 MECUs)

Supporting innovation, research and development activity, especially through collaborative research, international co-operation and co-operation between firms and training and research institutions.

2.2. (ESF MEASURE)

Actions to develop technological competence (15.386 MECUs)

Supporting training and staff development in SMEs, advisory services and local initiatives.

PRIORITY 3.

Infrastructure, environment and culture

Stimulating business activity by supporting projects which improve the operating conditions for industry and the attractiveness of the area as a business location.

3.1.

Infrastructure development (13.345 MECUs)

Basic infrastructure projects that are essential for business activity, such as transport and logistics services and operations.

3.2.

Improvement of natural and urban environment (10.689 MECUs)

Preserving and regenerating the industrial landscape and natural habitats and renovating town centres, including projects to prevent and repair environmental damage.

3.3.

Development of cultural and other attractions and tourism (11.335 MECU)

Enhancing the area's identity and attractiveness to encourage an increase in business activity, employment and inward investment.

Useful information

The programme of all regions in the Objective 2 programme is available from the respective Regional Councils, whose contact details are set out in the Annex at pages 10 and 11. Further information is also available from the Association of Finnish Authorities.

For further information please contact:

The Association of Finnish Authorities
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You may visit the web-site of DGXVI (the directorate responsible for regional policy and cohesion) at:
<http://europa.eu.int/comm/eu/dg161dg/6home.htm>

Priorities	Structural Fund Contribution	National Public Financing	Private Financing*	Total
Priority 1	60.382	93.388	336.343*	490.113
Priority 2	35.354	44.659	28.074	108.087
Priority 3	35.369	82.307	19.414	137.090
Technical Assistance	3.159	3.099	-	6.258
Total	135.293	224.482	383.831	743.606

Million ECUs in 1997 prices, including transfer from 1995-96 programme.
*Estimated

Eligible regions

The Objective 5b programme covers the rural parts of fourteen of the nineteen regions of mainland Finland and the Åland Islands. An excellent environment and large forest resources are features of all the areas.

The areas of the mainland covered by the Objective 5b programme have a population of 1.079 million (21.3% of the Finnish population) and cover an area of 93,704 square kilometres. Population density is low and settlements are scattered. There is a great dependency on primary production (23.5% of total employment in the regions) and a need for adaptation of this sector. The regions suffer from serious economic handicaps having relatively low income and a narrow occupational base, due to job losses in primary production, industry and public services.

Objective 5b

Strategy

The Mainland Finland programme's strategy is to broaden the employment and income base and reduce unemployment by improving the operating conditions and competitive positions of businesses and farms. Also, to expand the use of nature based resources, improve know-how and enhance the attraction of the countryside. Environmental protection and sustainable development are incorporated into the strategy.

The Åland Islands' aim is to establish and improve small-scale enterprise that is suited to the environmental and cultural surroundings and to develop tourism and related services. The objectives are to create jobs, reduce unemployment, double the number of farms run on an ecological basis and protect the environment.

Mainland Finland

Priorities

PRIORITY 1.

Enterprise promotion

1.1.

Increasing new business activity (14.55 MECUs)

SMEs based on new environmentally friendly technology.

1.2.

Investment and development by existing enterprises (28.59 MECUs)

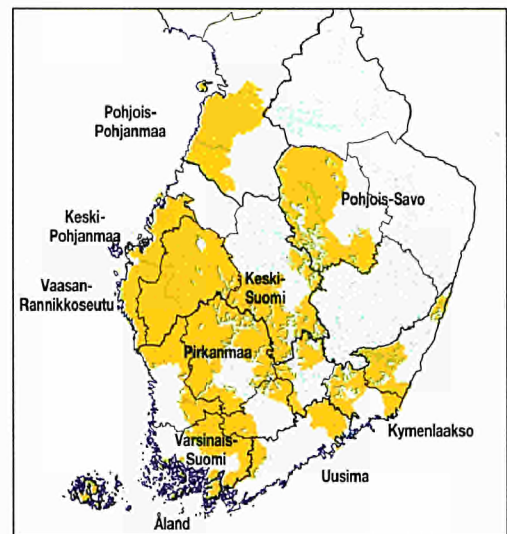
1.3.

Improvement in the operating environment for business (9.26 MECUs)

Business services; business to business co-operation; services connected to R&D/high technology.

1.4.

Promoting the use of bioenergy and renewable sources of energy outside agriculture (4.74 MECUs)



■ Areas eligible under Objective 5b

PRIORITY 2.

Diversification of primary production

2.1.

Developing diversified rural occupations (23.31 MECUs)

Measures aimed at better profitability and animal health conditions.

2.2.

Promoting the use and value-added of forests and the use of wood for energy (7.65 MECUs)

2.3.

Small-scale mechanical wood processing in farms (7.11 MECUs)

Promoting product marketing/development.

2.4.

Development of villages and farm tourism (19.65 MECUs)

To increase and improve tourism products and make tourism marketing more effective.

2.5.

Development projects on technology which benefit farm activity (6.79 MECUs)

2.6.

Training related to the development of villages and farm tourism (1.8 MECUs)

PRIORITY 3.

Raising the know-how level

3.1.

Improvement of educational structures and enhancement of work-force know-how (8.05 MECUs)

Networking and the internationalisation of higher education institutes.

3.2.

Utilisation of information generated by Research and Development units (8.39 MECUs)

3.3.

Promotion of business activity by increasing know-how in SMEs (13.81 MECUs)

PRIORITY 4.

Development of rural communities

4.1.

Development of transport links (7.57 MECUs)

Reducing inconveniences caused by long distances.

4.2.

Development of data communications services (3.02 MECUs)

4.3.

Protection and improvement of the environment (8.10 MECUs)

4.4.

Improvement of water and waste management (9.29 MECUs)

Securing sufficient clean water for sparsely populated areas.

4.5.

Utilisation of unused buildings (3.78 MECUs)

Restoration for new businesses' needs.

4.6.

Reorganisation of services (3.07 MECUs)

To develop and demonstrate new, efficient operating models for guaranteeing services.

PRIORITY 5.

Technical assistance (2.87 MECUs)

Useful information

The programmes of individual regions in the Objective 5b programme are available from the respective Regional Councils, whose contact details are set out in the Annex at pages 10 and 11. Further information is also available from the Association of Finnish Authorities.

For further information please contact:

The Association of Finnish Authorities
Toinen linja 14
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FIN-00101 Helsinki
Tel: +358 9 7711
Fax: +358 9 771 2291
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You may visit the web-site of DGXVI (the directorate responsible for regional policy and cohesion) at:
http://europa.eu.int/comm/eu/dg16_1dg/6_home.htm

Priorities	Structural Fund Contribution	National Public Financing	Private Financing	Total
Priority 1	57.14	57.14	88.27	202.55
Priority 2	66.31	112.91	50.57	229.79
Priority 3	30.25	51.50	13.25	95.00
Priority 4	34.83	34.83	11.05	80.71
Priority 5	2.87	2.87	-	5.74
Total	191.40	259.25	163.14	613.79

(million ECUs)

Eligible regions

The Åland Islands form a scattered archipelago in the Baltic sea between Finland and Sweden. The province consists of more than 6500 islands and skerries. All the area, except the main town of Mariehamn, is covered by the programme and the population living in the area is 14,696 (58% of the Åland Island's population). Population density is 9.7 inhabitants per square kilometre on average and 4.7 in the archipelago.

The region suffers: from the problems faced by the primary sector including fisheries, a weak economic base, lack of means for raising the skills of the labour-force and great dependence on the efficiency of transport links.

The Åland Islands

Priorities

PRIORITY 1.

Tourism

1.1.

Co-operation between tourist enterprises (0.184 MECUs)

Strengthening and developing the co-operation between the tourist entrepreneurs and activity organizers to increase the level of service, by activities such as, launching enterprise networks and clubs, promotional brochures and establishing joint facilities.

1.2.

Activity tourism for different target groups (0.694 MECUs)

Developing specific tourism branches such as, cultural tourism (for example the annual Postal Boat Race, maritime traditions, promoting handicrafts, hunting and fishing) and adventures and activities (mountain biking, trekking, canoeing).

PRIORITY 2.

Enterprising in Sparsely Populated Areas

Processing, adjustment and industrial development within primary production. Also, development of small-scale enterprising in the small-scale industry and services sectors.

2.1.

Product development

2.1.1.

Product development in the agricultural sector (0.146 MECUs)

Investments in facilities and machinery; environmentally friendly working methods and technology.

2.1.2.

Product development in other industries (0.146 MECUs)

Diversifying the industrial sector to maintain and raise the employment rate.

2.2.

Education

Training rural entrepreneurs.

2.3.

Marketing of products related to the agricultural sector (0.174 MECUs)

Enhancing the profile of branches of rural industry by, for example, establishing a promotion office and production of joint marketing material.

2.4.

Requirements of newly started and existing enterprises (0.316 MECUs)

Improving the environment for business by, for example, promotional measures for the establishment of enterprises, developing infrastructure, communications and facilitating long-distance working.

PRIORITY 3.

Environment and Culture

3.1.

Handicraft (0.127 MECUs)

Safeguarding handicraft skills unique to the province and improving marketing and sales knowledge.

3.2.

The projection of Åland as an environmental and cultural haven (0.491 MECUs)

Sustaining traditional population balance without environmental harm.

3.3.

Education (0.82 MECUs)

Environmental and cultural competence; educating new generations.

PRIORITY 4.

Technical Assistance (0.50 MECUs)

Priorities	Structural Fund Contribution	National Public Financing	Private Financing	Total
Priority 1	0.878	1.207	1.505	3.590
Priority 2	0.970	1.400	1.834	4.204
Priority 3	0.700	1.208	0.450	2.358
Priority 4	0.052	0.052	-	0.104
Total	2.600	3.867	3.789	10.256

(million ECUs)

Eligible regions

60% of the total surface area of Finland is covered by Objective 6. The Objective 6 area covers mainly north and east of Finland and lies on the extreme north-east periphery of the EU with a border over 1.000 km long with Russia. The climate is cold and there are small settlements separated by large expanses of forests and lakes and pristine natural wilderness.

Due to a decrease in the birth rate and migration the region's population has been declining; it is now 840, 000 with an average population density of 4 people per km². Many young people have left because of a lack of jobs and an exceptionally high unemployment rate (over 24% in 1994, the highest in Finland), leaving an ageing population vulnerable to long-term unemployment.

The economy is dependent on primary production and the public sector which accounts for 34% of the workforce, but jobs in these sectors are decreasing. A few big export-oriented companies dominate the economy. Other businesses tend to be very small, under-developed and reliant on the domestic market but the low population base means local markets are limited.

The long distances from major markets make commuting and living costs high.

There is a strong emphasis on agriculture and forestry in the area; in some remote rural areas over half the labour force earn their living from these sectors. Tourism is under-exploited and apart from Lapland the area is little known.

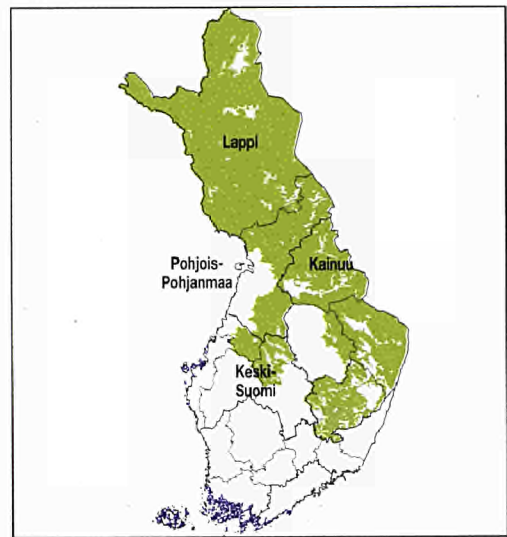
Objective 6

Strategy

The overriding requirement is to stimulate new economic activity in order to create jobs.

To achieve this the strategy consists of:

- the development of business activity and the improvement in companies' competitiveness;
- maintaining acceptable living conditions in remote rural areas, taking account of the impact of EU membership and macro-economic adjustments within the Finnish economy.



■ Areas eligible under Objective 6

Priorities

PRIORITY 1.

Business development and company competitiveness

To stimulate and diversify business activity.

1.1.

The creation of new business activity to develop and diversify the area's economic structure (26.3 MECUs)

Encouraging the establishment of SMEs start-up expenditure and incubator activity.

1.2.

Development and investment by existing companies and by businesses newly locating in the area (58.6 MECUs)

Emphasis on: developing SMEs; investment in product and process development; purchase of business support services and internationalisation projects.

1.3.

Improvement in the operating environment for business (31.5 MECUs)

Promotion and development of business services; business to business co-operation between public and private sectors and services connected to R&D and technology.

1.4.

Promoting the establishment of companies and entrepreneurship (7.8 MECUs)

Entrepreneurial training; advice and counselling; developing the capability to establish enterprises.

1.5.

Personnel development to underpin the competitiveness of SMEs in key sectors and support investment of key importance for the region (12.1 MECUs)

1.6.

Development of telecommunications network services (9.4 MECUs)

Alleviating the problems caused by long distances.

1.7.

Encouraging the use of bioenergy and other renewable sources of energy and development of energy infrastructure and networks (8 MECUs)

Peat and other renewable forms of energy such as wind power.

PRIORITY 2.

Development of human resources and expertise

2.1.

Investments in higher education and training establishments and R&D activities required to develop expertise (16.7 MECUs)

2.2.

Research, technology and training supporting development of key sectors (9.5 MECUs)

Focus on business needs.

2.3.

Development of co-operation and networking to promote expertise (11MECUs)

To generate innovation and new products and services and enhance companies' international competitiveness.

2.4.

Pathways to employment and prevention of exclusion (20.1 MECUs)

2.4.1.

Pathways to employment

- prevention of long term unemployment and integration of long term unemployed
- the socially excluded

2.4.2.

Employment creation and development of human resources in SMEs

Pathways from unemployment to work and development of service structures; training the unemployed in SMEs and pathways to entrepreneurship.

2.5.

The integration of young people into the labour market (Objective 3) (12 MECUs)

2.6.

Vocational training and retraining, guidance and advice (Objective 4) (6.7 MECUs)

2.7.

Anticipation of changes in labour markets and the development of expertise systems (Objective 4) (7.8 MECUs)

2.8.

Human resources action aimed at the development of the information society and distance working (3.7 MECUs)

Particularly telecommunications and networking.

PRIORITY 3.

Agriculture, Forestry, Fisheries, Rural Development and the Environment

3.1.

Improvement of the efficiency of agriculture, investment aid to agricultural holdings and back-up measures to assist agricultural holdings (6.6 MECUs)

Despite the general decline of agriculture, there is scope for improving efficiency and expansion of certain sectors. Traditional reindeer farming is also covered.

3.2.

Establishment aid for young farmers (8 MECUs)

3.3.

Compensatory allowances for mountain and hill farming in less favoured areas (19.5 MECUs)

3.4.

Development of processing and marketing for agricultural products (4.3 MECUs)

To improve conditions for processing and distribution of agricultural and forestry products.

3.5.

Establishing producer groups for agricultural and horticultural products (0.3 MECUs)

3.6.

Training to encourage structural adjustment in agriculture (2.6 MECUs)

To develop quality products by raising skills levels.

3.7.

Development of the structure of the fisheries sector (3.9 MECUs)

Improving efficiency and competitiveness.

3.8.

Rural development package: ERDF measure (12.2 MECUs)

To widen the economic base of rural areas and help maximise their indigenous potential.

3.9. & 3.10.

Rural development package: ESF & EAGGF measures (45.3 MECUs)

3.11.

Management and protection of the environment (6.4 MECUs)

Promoting nature conservation and improve quality of the environment.

Useful information

The programme of all regions in the Objective 6 programme is available from the Office for Official Publications of the European Communities, Rue Mercier 2 under reference CX-03-97-175-EN-C and from the respective Regional Councils, whose contact details are set out in the Annex at pages 10 and 11.

Further information is also available from the Association of Finnish Authorities.

For further information please contact:

The Association of Finnish Authorities.
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Priorities	Structural Fund Contribution	National Public Financing	Private Financing	Total
Priority 1	153.7	153.7	206.0	513.4
Priority 2	87.9	87.9	14.0	189.8
Priority 3	209.1	280.5	114.9	604.5
Technical Assistance	9.2	9.2	-	18.4
Total	459.9	531.3	334.9	1326.1

(million ECUs)

Annex

Contact details of the Regional Councils:

Objective 2

Regional Council of Itä-Uusimaa
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FIN-06100 Porvoo
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Regional Council of Satakunta
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FIN-28101 Pori
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Fax: +358 2 6220 505

Regional Council of South-West Finland
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Regional Council of Päijät-Häme
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Objective 5b

Regional Council of Satakunta
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Uusimaa Regional Council
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Council of the Tampere Region
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The Governor of Åland
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Mariehamn
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Regional Council of Häme
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FIN-13100 Hämeenlinna
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Objective 6

Regional Council of Savo
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Regional Council of Kainuu
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Summary

Objective 2 2

Objective 5b 4

Objective 6 8

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Contact details 10

The Structural Funds

In order to promote harmonious overall development, the Community has adopted a policy to increase economic and social cohesion with emphasis on non-repayable financial assistance in six priority Objective areas.

Objective 1

Structural adjustment of regions whose development is lagging behind.

Objective 2

Economic conversion of areas seriously affected by industrial decline.

Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and those threatened with exclusion from the labour market.

Objective 4

Preventive measures to combat unemployment associated with industrial change.

Objective 5a

Structural adaptation of agriculture and fisheries.

Objective 5b

Economic diversification of vulnerable rural areas.

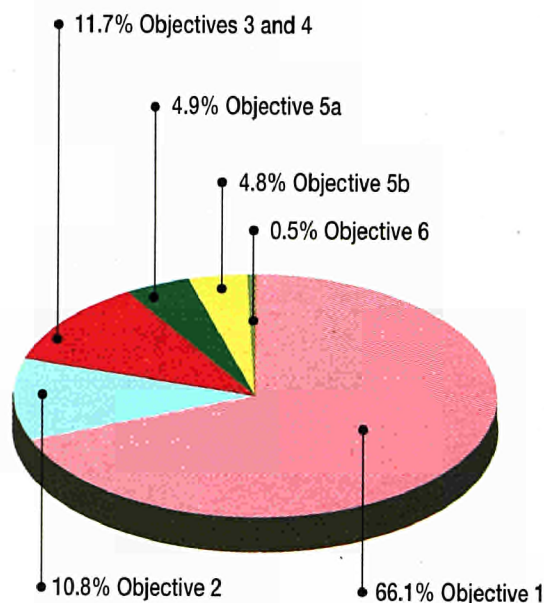
Objective 6

Development of underpopulated regions in Sweden and Finland. This priority Objective took effect following the accession of three new Member States (Austria, Finland and Sweden) on 1 January 1995.

Objectives 1, 2, 5b and 6 are regionally targeted and give rise to measures part-financed by the Structural Funds in certain regions, or parts of regions, recognized as eligible. Measures part-financed by the Structural Funds under Objectives 3, 4 and 5a are implemented throughout the Community.

For the period 1994-99, the Structural Funds will have at their disposal more than ECU 157 billion.

- the European Regional Development Fund (ERDF),
- the European Social Fund (ESF),
- the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF), and
- the Financial Instrument for Fisheries Guidance (FIFG)



* 1995 prices (excluding transitional and innovative measures)

“Part-financing” is the operative term because, in most cases, the Structural Funds can meet only part of the total cost of projects:

- up to 85% in the remotest regions and certain Greek islands,
- up to 80% in the Objective 1 regions of Spain, Greece, Ireland and Portugal,
- up to 75% in the other Objective 1 and Objective 6 regions,
- up to 50% for Objectives 2, 3, 4 and 5b.

Complementary national financing may be of private or public (national, regional or local) origin.

Other Community sources of financing are available, such as grants from the Cohesion Fund, and EIB and ECSC loans.

