

*Report B: Analysis of
the future programming
period (2007-2013) with
regard to the
intervention areas of
Structural funds and
Cohesion Fund*

Commissioned by:
DHV CR, spol. s.r.o.

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intervention areas of Structural funds and
Cohesion Fund*

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1. PROGRAMME ARCHITECTURE FOR EU COHESION POLICY AFTER 2006

In the public debate on the future of cohesion policy, a general conclusion was that there are a number of matters which are important for cohesion in the Union as a whole. (...“*the issues of competitiveness, sustainable development, and economic and social restructuring are relevant in all Member States*”¹). These elements are key to understanding the proposal below on future priorities.

In effect, the Commission proposes that actions supported by cohesion policy should focus on investment in a limited number of Community priorities, reflecting the Lisbon and Gothenburg agendas, where Community intervention can be expected to bring about a leverage effect and significant added value. Accordingly, for the regional programmes, the Commission proposes a core list consisting of a limited number of key themes as follows: innovation and the knowledge economy, environment and risk prevention, accessibility and services of general economic interest. For employment related programmes, the focus will be on implementing the reforms needed to progress towards full employment, improve quality and productivity at work, and promote social inclusion and cohesion, in line with the guidelines and recommendations under the European Employment Strategy.

These priority themes would be valid for the Union in general, but they would need to be completed and expanded to take account of the specific needs of the less developed regions and Member States, where additional needs persist, for example, in relation to the provision of infrastructure and to institutional capacity building. These aspects are dealt with below.

The pursuit of the priority themes will be organised around a simplified and more transparent framework with the future generation of programmes grouped under three headings: *convergence, regional competitiveness and employment; territorial cooperation*.

1.1 Convergence: supporting growth and job creation in the least developed Member States and regions

The convergence programmes concern the less developed Member States and regions which in accordance with the Treaty are the top priority for Community cohesion policy. The Treaty calls for a reduction in disparities between “*the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas*” (Article 158).

¹ COM (203) 34 final of 30.1.2003, p.4.

Enlargement brought about an unprecedented increase in the disparities within the Union, the reduction of which will require long-term, sustained efforts. This objective would concern, first and foremost, those regions², in which per capita GDP is less than 75% of the Community average³.

The key objective of cohesion policy in this context would be to promote growth-enhancing conditions and factors leading to real convergence. Strategies should plan for the development of long-term competitiveness and employment.

The Commission proposes that temporary support should apply under this heading to those regions where per capita GDP would have been below 75% of the Community average as calculated for the Union of Fifteen (the so-called statistical effect of enlargement). These are regions where objective circumstances have not changed, although their GDP per head will be relatively higher in the enlarged Union. In the interest of equity, and to allow the regions concerned to complete the process of convergence, support would be higher than decided in Berlin in 1999 for the so-called "phasing out" regions of the current generation.

It should be noted that in making this proposal, the Commission is opting for the more rigorous among the four options presented in the Second Cohesion Report, in the interest of concentration and a more effective cohesion policy overall. It should be understood that this support would end in 2013 and would not be followed by a further phasing out period.

Programmes would be supported by the financial resources of the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund⁴, in accordance with the principles set out in the Treaty.

For illustration, the ERDF would provide support for:

- modernising and diversifying the economic structure of Member States and regions, with particular attention to innovation and enterprise, notably by creating closer links between research institutes and industry, favouring access to and use of information and communication technologies (ICTs), developing conditions favourable to R&D, improving access to finance and know-how and encouraging new business ventures;
- extending and upgrading basic infrastructures such as transport, telecommunications and energy networks, water supplies and environmental facilities;

² Strictly defined at the NUTS 2 level.

³ Measured in purchasing power parities and calculated on the basis of the Community figures for the last three years available at the moment the decision is taken.

⁴ Each of these Funds will have at its disposal resources to finance technical assistance.

- protecting the environment, notably by helping Member States to achieve full compliance with the body of EU law, supporting the development of eco-industries, rehabilitating derelict industrial sites, supporting measures to prevent natural and technological risks, investment in infrastructure linked to Natura 2000, contributing to sustainable economic development, favouring cleaner methods of transport and the development and use of renewable energy;
- reinforcing the institutional capacity of national and regional administrations in managing the Structural Funds and the Cohesion Fund.

The ESF would strengthen its role as the main Community financial instrument supporting of the European Employment Strategy (EES). It would provide support for:

- improving the quality and responsiveness of labour market institutions, education and training systems, and social and care services;
- increasing investment in human capital, raising educational levels, adapting the skills of citizens and ensuring access for all to the labour market;
- promoting the adaptation of public administration to change through administrative and capacity building.

The new generation of employment-related programmes should also seek to take on board the lessons of the current EQUAL initiative across the EU (covering innovation, empowerment, partnership and trans-national cooperation in employment matters).

The Cohesion Fund will apply to Member States with GNI lying below 90% of the Community average⁵. As for the current period, the Commission proposes to maintain the mid-term assessment of eligibility for the Cohesion Fund.

In line with the priorities set by the financial perspective, the Cohesion Fund should strengthen its contribution to sustainable development. In this respect, trans-European transport networks, in particular, the projects of European interest, and environmental infrastructure would remain the central priorities. In order to reach an appropriate balance to reflect the particular needs of the new Member States, it is envisaged also to support projects such as rail, maritime, inland waterways, and multimodal transport programmes outside the TEN-T, sustainable urban transport and environmentally important investment in the key fields of energy efficiency and renewable energies.

⁵ Measured in purchasing power parities and calculated on the basis of the Community figures for the last three years available at the moment the decision is taken.

1.2 Regional competitiveness and employment: anticipating and promoting change

While interventions in the less developed Member States and regions remain the priority of cohesion policy, the analysis of the Third report confirms that there are, to different degrees, important challenges that concern all EU Member States.

In particular, Member States, regions and citizens will have to adapt to a world experiencing rapid economic and social change and restructuring, trade globalisation and a move towards a knowledge-based economy and society. They will also have to tackle the particular challenges that derive from an ageing population, growing immigration, labour shortages in key sectors and social inclusion problems.

In this context, the Union must have an important role to play. First, the implementation of the Lisbon agenda has been disappointing. In these circumstances, Community financial support can act as a catalyst, helping to mobilise national and regional policies and resources and to target them more resolutely on the Union's objectives.

Second, the visible presence of cohesion interventions throughout the EU is an essential element for the political, economic and social integration of the Union and for promoting involvement of public and private stakeholders and gaining their commitment to achieving the Union's objectives.

For cohesion policy outside the least developed Member States and regions, the Commission proposes a two-fold approach:

1. First, through *regional* programmes, cohesion policy would help regions and the regional authorities to anticipate and promote economic change in industrial, urban and rural areas by strengthening their competitiveness and attractiveness, taking into account existing economic, social and territorial disparities;
2. Second, through *national* programmes, cohesion policy would help people to anticipate and to adapt to economic change, in line with the policy priorities of the EES, by supporting policies aimed at full employment, quality and productivity at work, and social inclusion.

The regional programmes will help to address the problems faced by urban and rural areas relating to economic restructuring and other handicaps. The Cohesion report describes the difficulties facing many areas, for example, those dependent on traditional industries, or urban areas in decline, or, again, rural areas often confronted with a highly dispersed or ageing population and poor accessibility. Under the new programmes, the Commission proposes a stricter concentration of interventions on the three priority themes referred to above (see Box).

The single funding source for the new programmes will be the ERDF. From a resource allocation point of view, two groups of regions need to be distinguished:

- the regions⁶ of the Union covered neither by the convergence programmes nor by the “phasing in” support described below;
- the regions currently eligible for Objective 1 not fulfilling the criteria for the convergence programmes even in the absence of the statistical effect of enlargement. Such regions will benefit from a higher level of support (under the heading “phasing in”) on a transitional basis (the reduction would follow a path comparable to that for regions no longer eligible for Objective 1 in the period 2000–06).

Actions in this sphere will be delivered through national programmes with the aim of reinforcing the introduction and implementation of structural reforms in the labour market and strengthening social inclusion, in line with the objectives and guidelines of the EES.

To this end, support should focus on three policy priorities that are crucial for the implementation of the EES and where Community funding can provide added value:

- increasing the adaptability of workers and enterprises, by investing in skills and in-company training and by supporting the development of efficient life-long learning strategies;
- attracting more people into employment and preventing early exit from the labour market, in particular through active ageing policies and measures to support the participation of women;
- increasing the employment potential of people who face greater difficulties in accessing the labour market and retaining their job, such as people with disabilities, ethnic minorities and migrants.

The single funding source for the new programmes would be the ESF.

⁶ Defined at NUTS 1 or NUTS 2 depending on the institutional system of each Member State

1.3 European territorial cooperation: promoting the harmonious and balanced development of the Union territory

In the Second Progress Report on economic cohesion⁷ the Commission pointed to “the high level of value added by the Union to measures concerning co-operation, the exchange of experiences and good practices and the role played by the Community Initiative programmes was widely acknowledged. Strengthening the instruments for transnational, cross-border and interregional co-operation and assistance on the external frontiers of the Union were the aspects most often mentioned”.

Building on the experience of the present INTERREG Initiative, the Commission proposes to create a new objective dedicated to furthering the harmonious and balanced integration of the territory of the Union by supporting cooperation between its different components on issues of Community importance at cross-border, trans-national and interregional level. Action will be financed by the ERDF and will focus on integrated programmes managed by a single authority in pursuit of key Community priorities linked to the Lisbon and Gothenburg agendas. In principle, all regions (defined at NUTS 3 levels) along the external and internal borders, terrestrial as well as maritime⁸, will be concerned by cross-border cooperation. The aim is to promote joint solutions to common problems between neighbouring authorities, such as urban, rural and coastal development and development of economic relations and networking of SMEs.

In this context, the Commission intends to propose a new legal instrument in the form of a European cooperation structure (“Cross-border regional authority”), in order to allow Member States, regions and local authorities to address – both inside and outside Community programmes – the traditional legal and administrative problems encountered in the management of cross-border programmes and projects. The aim is to transfer to this new legal structure the capacity to carry out cooperation activities on behalf of public authorities.

In order to allow more effective actions on the external borders of the enlarged Union, the Commission will propose a New Neighbourhood Instrument (NNI) in the context of the European Neighbourhood Strategy. The NNI will operate on both sides of the external border, including, where appropriate, maritime borders. The NNI will promote, inter alia, sustainable economic and social development and build on past experience of cross-border cooperation, in particular partnership, multi-annual programming and co-financing.

⁷ COM(2003)34 final of 30.1. 2003, p.27.

⁸ Only maritime borders proposed by Member States would be eligible.

So far as the broader actions to promote *transnational cooperation* are concerned, the lessons should be drawn from current experience. In particular, Member States and regions would be invited to assess the usefulness and effectiveness of the existing 13 transnational cooperation zones (defined under INTERREG IIIB) in the light of enlargement. The objective would be to decide, together with the Commission, on a number of zones for transnational cooperation which are sufficiently coherent and where there are common interests and opportunities to be developed. It is envisaged that such cooperation would focus on strategic priorities with a transnational character such as R&D, information society, environment, risk prevention and integrated water management.

Finally, the Commission proposes that regions should in future incorporate actions in the field of *interregional cooperation* within their regional programmes. To achieve this, regional programmes would need to dedicate a certain amount of resources to exchanges, cooperation and networking with regions in other Member States. In addition, the Commission would seek to facilitate exchange of experience and good practice on a European scale by organising networks involving regions and cities.

2. MAIN CHANGES FOR 2007-2013

Overall the new architecture proposed for Cohesion Policy provides for simpler programming, greater flexibility, less administrative burden and a renewed Cohesion Fund. The number of Objectives has been limited from 7 to 3, the number of funds from 6 to 3. The number of funds would be limited to ERDF, ESF and Cohesion Fund compared to the current six (see Box at the end of this section).

As opposed to current multi-Fund programmes, future ERDF and ESF interventions would aim at operating with only one Fund per programme. In this respect, the action of each Fund would be made more coherent by allowing the ERDF and the ESF to finance residual activities related, respectively, to human and physical capital. Funding of these activities would be limited and directly linked to the main domains of interventions of each Fund. This would allow both for a simplification and increased effectiveness of programming.

The Cohesion Fund and the ERDF would follow a single programming system, where transport and environment infrastructures are concerned. Large projects would be adopted by the Commission separately, but managed within the related programmes.

In terms of programming there will be only one step instead of two currently – the Community Support Framework and the Programme Complement are abolished. The renewed Cohesion Fund is now part of multi-annual programmes instead of being decided project by project.

Table 1
Instruments and objectives 2007-2013

2000-2006		2007-2013	
Objectives	Financial instruments	Objectives	Financial Instruments
Cohesion Fund	Cohesion Fund	Convergence and competitiveness	Cohesion Fund
Objective 1	ERDF ESF EAGGF-Guidance FIFG	78% of overall means for less developed regions, Cohesion Fund, and “statistical effect” regions eligible NUTS II regions with GDP<75%; GNI<90% for CF	ERDF ESF
Objective 2	ERDF ESF	Regional competitiveness and employment	

Objective 3	ESF	18% of overall means for “phasing in” and other programmes – regional level (NUTS I or II) – national level: European Employment Strategy	ERDF ESF
INTERREG	ERDF	European territorial cooperation	ERDF
URBAN	ERDF		
EQUAL	ESF	4% of overall means for CB, NP, transnational programmes and networks	
LEADER+	EAGGF-Guidance		
Rural development and restructuring of the fisheries sector outside Objective 1	EAGGF-Guarantee FIFG		
9 objectives	6 instruments	3 objectives	3 instruments

2.1 Programming System

The programming system would be simplified as follows:

- at the *political level*: on the basis of the strategic document adopted by the Council, each Member State would prepare a policy document on its development strategy, which would be negotiated with the Commission and constitute the framework for preparing the thematic and regional programmes, but not having the role—as the existing Community Support Framework – of a management instrument;
- at the *operational level*: on the basis of the policy document, the Commission would adopt national and regional programmes for each Member State. The programmes would be defined at an aggregate or high priority level only, highlighting the most important measures. Additional detail, reflected today in the so-called “programme complement” would be abandoned as well as management by measure.

Coordination and coherence between the Funds would be guaranteed at both political and operational level.

For the “Convergence” objective, allocations will be based on eligible population, national and regional prosperity and unemployment in the areas concerned. For the “regional competitiveness and employment” objective it will be based on eligible population, national and regional prosperity, unemployment and population density.

With regard to the regional competitiveness programmes, the current emphasis (under Objective 2) on the zoning of eligible areas at the level of communes, municipalities and wards has meant that concentration has been understood almost exclusively in micro-geographical terms. While the geographical concentration of resources in the worst affected pockets or areas must remain an essential part of the effort in the future, it must also be recognised that the prospects of such areas are intimately linked to the success of the region as whole.

As many regions have recognised, this requires the development of a coherent strategy for the whole region as a way of addressing the needs of its weakest parts. For the future, it is therefore proposed to abandon the current system of micro-zoning, allowing the appropriate balance between the geographical and other forms of concentration to be determined in the drawing up of the regional competitiveness programmes in partnership with the Commission.

2.2 Rural Development

The Commission proposes to simplify and to clarify the role of the different instruments in support of rural development and the fisheries sector by grouping them in one single instrument under the Common Agricultural Policy (EAFRD, EFF) designed to increase the competitiveness of the agricultural, enhance the environment and countryside through support for land management the quality of life in rural areas.

The current instruments linked to rural development policy would be grouped in one single instrument under the Common Agricultural Policy designed to:

- increase the competitiveness of the agricultural sector through support for restructuring (for instance, investment aids for young farmers, information and promotion measures);
- enhance the environment and countryside through support for land management, including co-financing of rural development actions related to Natura 2000 nature protection sites (for instance agri-environment, forestry, and 'Least Favoured Areas' measures);
- enhance the quality of life in rural areas and promote diversification of economic activities through measures targeting the farming sector and other rural actors (for instance, qualitative reorientation of production, food quality, village restoration).

The present Community Initiative, LEADER+, would be integrated into mainstream programming framework covered by the EAFRD.

Similarly, action in favour of the restructuring of the fisheries sector would be grouped under a single instrument, which would focus on actions to accompany the restructuring needs of the

fisheries sector and to improve working and living conditions in areas where the fisheries sector, including aquaculture, plays an important role.

An important part of these proposals is that the financial resources transferred from cohesion policy to these new instruments would continue to be deployed in such a way that the same degree of concentration is achieved as today on helping the less developed regions and countries covered by the convergence programmes.

Outside these interventions, cohesion policy (ERDF) would support the diversification of the rural economy and of the areas dependent on fisheries away from traditional activities, in conformity with the priority themes described in next chapter.

2.3 Urban areas

Maintaining the important URBAN approach in the Structural Funds will be carried out in different ways: an integrated partnership with “urban” actors, specific eligibility for urban regeneration issues within the ERDF, possibility of global grants to decentralise the design and implementation of urban policy priorities.

The Commission intends to reinforce the place of urban issues by fully integrating actions in this field into the regional programmes. Critical to the success of urban actions is the involvement of the city authorities both in the design of programmes and in the management. It is therefore envisaged that an arrangement involving a sub-delegation of responsibilities to these authorities would be necessary within the regional programmes. Regional programmes will need to indicate how urban actions are dealt with and how the sub-delegation of responsibilities to city authorities for these actions is organised.

To carry this out, at the beginning of the next programming period, each Member State shall propose a list of urban areas which would benefit from a specific action within the programmes. The extent of the problems facing the cities and their role in promoting regional development would suggest that the number of cities concerned should be greater than the 70 today covered by the URBAN initiative in the EU15.

The scale of interventions organised in this way would be decided when the programmes are drawn up, but it is worth noting that today more than 10% of the total EU contribution to Objectives 1 and 2 is devoted directly or indirectly to financing urban-related measures. As indicated above, cooperation between cities is an important element of the added value of European action and would be included under the heading of territorial cooperation.

2.4 State Aid

A key question is that of the consistency between cohesion and competition policies. The regions with GDP per capita below 75% of the average should remain eligible for the state aid regime as defined in accordance with Article 87.3(a) of the Treaty. For the regions affected by the “statistical effect”, these would be subject to a limit on state aid similar to that foreseen under Article 87.3(a) at the beginning of the period. These regions would be assimilated to the state aid regime as defined in Article 87.3(c) but subject to the relevant limits on aid intensity granted under Article 87.3(c) by the end of 2013 at the latest.

The outermost regions as defined under Article 299 of the Treaty that would not be covered by the new convergence objective would also benefit from a specific transitional state aid regime setting limits on aid that would be comparable, initially, to those defined under Article 87.3(a), followed by a gradual reduction.

For other regional programmes, the Commission is proposing to abandon the current system whereby it draws up detailed lists of eligible areas at sub-regional level. Consistency would be ensured at the level of the priorities to be financed rather than at the level of the geographical areas where the actions supported take place. This means that outside the convergence objective, the different fields of intervention will have to be pursued in a manner consistent with the applicable state aid rules. At the same time, the Commission intends to keep the relevant state aid rules under review taking into account these priorities.

The Commission intends to simplify the rules as regards other state aid matters not explicitly covered by existing frameworks, guidelines or regulations. This concerns cases involving the granting of limited amounts of state aid. The principle would be one of applying a so-called “significant impact test”. The result would be to provide greater legal security and more flexibility, well above what is currently possible under the de minimis rule, for both Member States and regions in addressing local development and employment issues.

The proposed rules provide that “shopping structural funds” effects are excluded as much as possible. Supported enterprises moving towards another region have to pay back Structural Funds aids, if they do so before a period of 7 years. Specific obligations for the Member States and the Commission including information mechanisms are suggested in order to avoid “shopping Structural Funds”.

2.5 Financial framework

The financial resources dedicated to cohesion policy should reflect the ambition of an enlarged Union to promote growth and job creation in its less favoured areas. For the period 2007–2013,

the Commission has proposed in the financial perspectives to allocate a sum equivalent to 0.41% of the GNI of the EU27 (which equates to 0.46% before the transfers to the proposed single rural and fisheries instruments) in support of the three priorities of the reformed cohesion policy. This percentage corresponds to EUR 336.3 billion over the period (or EUR 344.9 billion taking into account the administrative expenditures and the Solidarity Fund). With the exception of the Solidarity Fund, these resources would remain, as today, an expenditure target, while remaining subject to the rules related to de-commitment ('n+2').

The indicative division of this amount among the three priorities of the reformed policy would be as follows:

- 1) Around 78% for the “convergence” priority (less developed regions, Cohesion Fund, and “statistical effect” regions), with the emphasis on help to the 12 new Member States. The absorption limit (“capping”) for financial transfers to any given Member State under cohesion policy would be maintained at its current 4% of national GDP, taking into account amounts included under the rural development and fisheries instruments. The relative importance of the Cohesion Fund would be enhanced to represent a third of the financial allocation for the new Member States concerned. This is in order to consolidate the effort begun in 2004–2006 in the light of significant needs of these countries in terms of transport and environment infrastructure. The allocation between countries would take account of the needs of each Member State and upper and lower limits would be established, as today (financial “fourchettes”).
The regions concerned by the so-called statistical effect would benefit from a specific, decreasing allocation under the convergence objective to facilitate their “phasing out”.
- 2) Around 18% for the “regional competitiveness and employment” priority. Outside the phasing-in regions the distribution between the regional programmes financed by the ERDF and the national programmes financed by the ESF would be 50–50.
Regional programmes inside the “phasing in” regions will follow the same principle of funding from a single source (the ERDF). Interventions inside these regions in pursuit of the EES will take place in the context of the national programmes financed by the ESF, with an appropriate earmarking of ESF resources to ensure that the profile for phasing in is fully respected, ERDF and ESF combined. The contribution of each Fund in the regions concerned would follow, on average, the same proportions as in the current multi-fund programmes.
- 3) Around 4% for the “territorial cooperation” priority.
For the distribution of the financial resources among Member States, the Commission proposes to apply the method based on objective criteria used at the time of the Berlin Council (1999) for the “convergence” priority, taking into account the need for fairness regarding the regions affected by the statistical effect of enlargement.
Resources for the objective “regional competitiveness and employment” would be

allocated by the Commission between Member States on the basis of Community economic, social and territorial criteria. Finally, the size of the population living in the relevant regions and relative socio-economic conditions would guide the distribution of resources under the “European territorial cooperation” objective.

3. SCOPE OF ASSISTANCE ACCORDING TO DRAFT REGULATIONS ON COHESION FUND, ERDF AND ESF

Within its proposals on the fund specific regulations for the upcoming Structural Funds period the Commission proposes to focus in particular on topics of innovation/R&D, accessibility and environment. Table below provides an overview on the scope of assistance as suggested for the Objective “Convergence” and “Regional competitiveness and employment”.

In general the Objective “Convergence” maintains a broad range of interventions, which reflects the important needs faced by these regions. Within ERDF a new emphasis is placed upon research, innovation and risk prevention, while infrastructure retain an important role as within the Cohesion Funds.

“Regional competitiveness and employment” is within the ERDF constructed around the themes of innovation and knowledge economy, environment and risk prevention, and accessibility to transport services and ICTs.

Table 2

Priority themes according to funds specific draft regulations

	“Convergence” priority	“Regional competitiveness and employment” priority Regional competitiveness strand
Cohesion (Infrastructure)	<ol style="list-style-type: none"> 1. Trans-European Transport Networks in particular, the projects of European interest as identified by Decision No 192/96/EC 2. Achievement of the objectives of Article 174 of the Treaty falling within the priorities assigned to Community environmental protection policy under the policy and action programme on the environment <p>for new Member States in addition:</p> <ol style="list-style-type: none"> 3. rail, maritime, inland waterways, and multimodal transport programmes outside the TEN-T, sustainable urban transport and environmentally important investment in the key fields of energy efficiency and renewable energies 	
ERDF	<ol style="list-style-type: none"> 1. Innovation and the knowledge economy 	

(Diversification of regional economies)

- Productive investment
- infrastructure
- Development of endogenous potential

Inter alia:

- Services to enterprises
- Promoting innovation and R&D

- Promoting entrepreneurship

- Direct aid to investment
- Local infrastructure
- Information society
- Tourism and cultural investment

- Promoting innovation and R&D, *inter alia*, by reinforcing the links of SMEs with the knowledge base, supporting networks and clusters, and enhancing SMEs access to advanced technologies and innovation business services.

- Promoting entrepreneurship, by, *inter alia*, supporting the creation of new firms from universities and existing firms, or setting up new financial instruments and incubating facilities.

	"Convergence" priority	"Regional competitiveness and employment" priority Regional competitiveness strand
	<p>2. Accessibility and services of general economic interest</p> <ul style="list-style-type: none"> – Transport, telecommunications and energy networks, including trans-European networks; – Secondary networks; – Social infrastructure <p>3. Environment and risk prevention</p> <ul style="list-style-type: none"> – Helping Member States to achieve full compliance with the body of EU law – Supporting the development of eco-industries – Rehabilitating derelict industrial sites – Supporting measures to prevent natural and technological risks – Favouring cleaner methods of transport – Energy efficiency – Development and use of renewable energy <p>4. Reinforcing the institutional capacity of national and regional administration in managing the Structural Funds and the Cohesion Fund</p>	<ul style="list-style-type: none"> – Secondary networks, <i>inter alia</i>, road connections to TEN-transport, but also regional train junctions, airports and harbours or multimodal platforms, regional and local inland waterways, rail sections ensuring radial connections to main rail lines. – Information society, <i>inter alia</i> equitable access and use of broadband ICT networks and services; the promotion of SME access to ICT. – Investment in infrastructure linked to Natura 2000 contributing to sustainable economic development – Promoting the integration of cleaner technologies and pollution prevention measures in SMEs – Rehabilitation of derelict industrial sites – Supporting measures to prevent natural and technological risks – Promotion of urban sustainable public transport – Development and use of renewable energy
		"Regional competitiveness and employment" priority Employment strand
ESF	<p>1. Education, employment and social support systems</p> <ul style="list-style-type: none"> – Strengthening labour market institutions – Development of education and training systems – Development of social and care services <p>2. Human capital and labour supply</p> <ul style="list-style-type: none"> – Initial and continuing training measures – Active labour market measures to ensure access to the labour market for all – Social inclusion support measures <p>3. Adaptation of public administration to change through administrative and capacity building</p>	<p>1. Adaptability of workers</p> <ul style="list-style-type: none"> – Enhancement of life-long learning strategies, notably by public authorities and social partners – In-company training for the adaptability of workers <p>2a. Labour supply and 2b. people at disadvantage</p> <ul style="list-style-type: none"> – Enhancement of active ageing strategies and prevention of early exit from the labour market – Measures to increase labour force participation of women – Measures to increase the employment potential, equal access and inclusion of people with disabilities, migrants, ethnic minorities

For the current programming period in all objectives and Community Initiatives basically a large portfolio of eligible measures (on the basis of the fund specific priorities) existed. Limits were set only due to available means, the aims of the Community Initiatives and programme priorities. According to the EC proposal for 2007-2013 there will be a large portfolio of eligible measures also in future for the Objective "Convergence" ranging from productive investment, construction of infrastructure to soft measures supporting endogenous regional development.

For the Objective "Regional competitiveness and employment" a focus is put on the agenda of Lissabon and Gothenborg with flexibility for specific types of regions (urban areas, rural regions, areas with natural handicaps, outermost regions). The mainstream programmes substantially reduce the possibility of funding of investment. Tourism is not mentioned within Article 5 of draft ERDF regulation any more but included in cultural heritage within the Urban dimension and under the specific provisions for rural areas. This is probably of particular importance for the region of Prague which will be eligible under this Objective.

The Objective "Territorial co-operation" within cross-border programmes continues its flexibility. Within the trans-national co-operation again a focus is put on four topics related to Lissabon and Gothenborg. New is the emphasis on transnational infrastructure projects within the Objective of "Territorial co-operation". Due to the limited amount of money available within these programmes, pure infrastructure projects will rather be the exception than the rule.

4. PERSPECTIVES FOR AUSTRIA

4.1 Possible implications

Within Austria it is almost agreed that there will be no participation in the Objective “Convergence”. For each Land a regional ERDF programme will be elaborated covering the whole territory or the province (no microzoning). For Burgenland special conditions will be applicable as it is a so called phasing-in region. For ESF a national programme will be elaborated under the guidance of the Federal Ministry for Labour and Economic Affairs.

Regarding territorial cooperation the continuation of the cross-border cooperation is proposed to the neighbouring Member States. In discussion is the overall financial framework as well as the allocation of means to objectives and sub-categories within territorial co-operation. The allocation of means to Länder as well as the flexibility for regional focus is still an open issue to be clarified within the elaboration of the programming documents. For the transnational a new geography in terms of programming regions might evolve.

For rural areas the LEADER initiative will be continued in the framework of the Common Agricultural Policy. STRAT.AT the Austrian National Strategic Framework for Structural Funds (see next chapter) will provide a the link to priority 3 (=quality of life in rural areas and promotion of diversification of economic activities) of the programme for the development of rural areas 2007-2013 within the EAFRD.

For regional competitiveness the focus of interventions will be on innovative measures with new funding opportunities to be designed (environment, transport, ICT and risk prevention). For cross-border cooperation the large portfolio of eligible activities will be continued.

Open issues are:

- is enterprise related aid outside Burgenland still possible – provision of regional aid in areas outside the objective “Convergence” and phasing in areas?
- should/may they be co-financed by ERDF within the Objective “Competitiveness and employment”?
- how flexible is “innovation” understood – possible scope of interventions?
- what should be focus of trans-national and interregional co-operation – ERDF specific content?

Overall there shall be few changes for project holders for the next Structural Funds period in terms of financial management and reporting in Austria. Nevertheless the requirements on programme implementing authorities in detail as well as the need for an adjustment of internal administrative agreement on shared responsibility between federal and regional level (15a agreement on the basis of the Austrian constitution) are still open.

Within the next months it has to be clarified what dis-/advantages arise from the re-nationalization of eligibility of costs and whether the principle of total costs or public expenditure should be applied as co-financing basis.

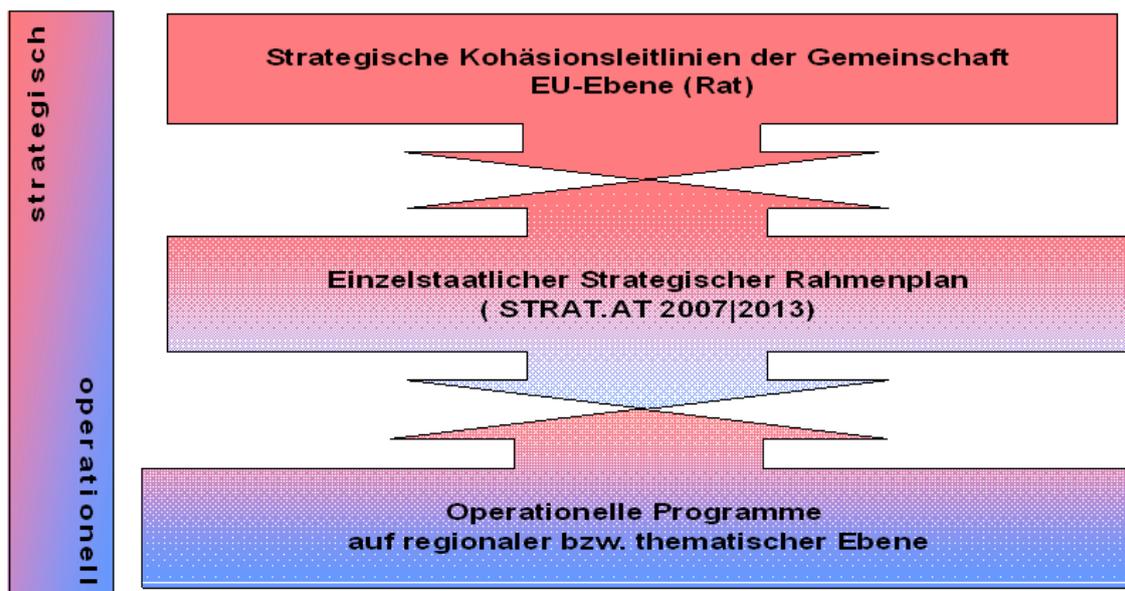
Major strategic questions for successful implementation of the next programming generation are the development of attractive financing instruments for the innovative type of interventions as well as for the environment and risk prevention activities linked to SME which will be a core aim of the Objective “Regional Competitiveness and Employment”.

4.2 Process of programming

Chart below presents an overview on the intended three programming phases for Structural Funds programmes in the Period 2007-2013 in Austria. The upper two elements “Strategic cohesion guidelines of the Commission” and „National Strategic Framework“ together form according to the draft regulations the so called „Strategic Cohesion concept“ which is the basis for subsequent drafting of single Operational Programmes.

Chart 1

Programming phases for 2007-2013 in Austria



In Austria „National Strategic Framework“ is called the „Strategieplan Österreich“ (abbreviation STRAT.AT 2007-2013) and is currently elaborated under the guidance of the Austrian Conference on Spatial Planning (ÖROK) assisted by the ÖIR (Austrian Institute for Regional Studies and Spatial Planning). The process is lead by the sub-committee regional economy where all competent authorities in terms of conception and implementation of regional policy on federal and regional level are represented. The association of towns and municipalities as well as the chamber of commerce and labour are invited.

In addition co-operation was established with the on-going sub-committee of the ÖROK for topics related to spatial development, as well as with representatives of NGOs for topics related to equal opportunities and environment.

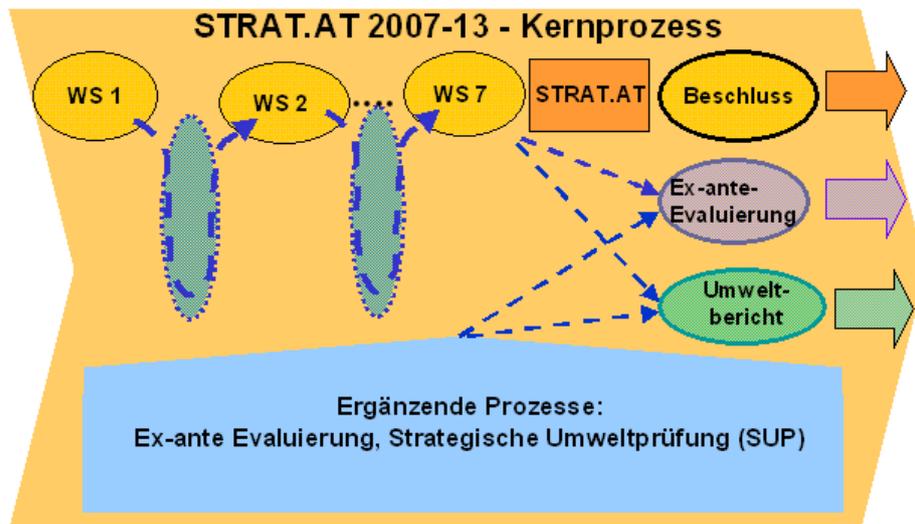
The adoption of the STRAT.AT is scheduled for October 2005 by the ÖROK-Suppleant commission (Stellvertreterkommission). Subsequently and before submission to the European Commission the political decision is planned.

STRAT.AT provides the framework for the Objective „regional competitiveness and employment“ – as well as depending on the future status of the Burgenland also for the phasing in regions. It will provide the joint basis for the strategy as well as the link to priority 3 (=quality of life in rural areas and promotion of diversification of economic activities) of the programme for the development of rural areas 2007-2013. In addition the Objective “territorial co-operation” will be included in the elaboration.

Particular emphasis was put on the design of the process, as in parallel to STRAT.AT complementary processes on European and national level take place, which influence the work (e.g. the above mentioned Strategic Cohesion Guidelines, the European Employment Strategy, or on national level the Austrian Concept on Spatial Development (ÖREK) 2001, the National Action plan for Employment (NAP), the provisions of the Austrian Strategy for Sustainability, or the existing or currently elaborated regional strategy programmes.

Chart 2

Programming process of STRAT.AT



Entwurf: Schremmer (ÖIR) / Scheer (ÖAR)

As the chart above shows the design of STRAT.AT will be done in a seven workshops in the period of February and October 2005 in an on-going process. Between the workshops feedback loops are foreseen (blue arrows), which could be used for reflection of the programming on federal and regional level as well as the latest developments on EU level. Work was started with the first workshop on 2 February 2005.

Complementary to STRAT.AT an ex-ante evaluation as well as according to regulation 2001/42/EG of 27.6.2001 a strategic environmental assessment will be carried out. The results will continuously be incorporated in the elaboration process.

STRAT.AT will cover possible priorities in terms of content and geographical focus as a general framework for the Operational Programmes. These have to be flexible and consider the specific regional and thematic challenges which have to be faced. In comparison to the current period a big advantage is that on strategic level an Austrian wide discussion could take place.