



EUROPEAN COMMISSION

Brussels, 7 October 2014

Summary of the Partnership Agreement for Finland 2014-2020

Overall information

The PA covers four funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

The PA focuses on the following priorities:

- promoting innovative and competitive business and research environment;
- increasing labour market participation through improved employment, social inclusion and education policies;
- reinforcing sustainable and efficient use of resources for environment friendly growth.

Promoting innovative and competitive business and research environment

Investments will focus on strengthening the innovation activity especially in growth companies and start-ups in chosen smart specialisation fields. Furthermore, competitiveness of enterprises, commercialisation of innovation and research results, internationalisation and diversifying the economic base are focus areas for investments. New forms of collaboration that take advantage of multidisciplinary expertise between businesses, universities, development communities of vocational institutions and the public and third sectors on the basis of regional strengths are supported. As regards the rural areas, the EAFRD will support growing and developing especially micro-enterprises and small businesses in creating better conditions for turning their ideas and opportunities into marketable products and services. Improved business skills, networking, renewal and preparation for change among agricultural businesses and other rural enterprises will promote the competitiveness of rural industries. Rural businesses engagement in horizontal, vertical and international collaboration and capabilities in rapidly exploiting research data are enhanced. Improvements in information exchange and networking at local, regional and international level among rural stakeholders is supported. Experimental innovation activities will help new products, production methods and services development in rural areas. Actions under the EAFRD will also help in creating and disseminating solutions and expertise that increase the competitiveness of enterprises in rural areas. EAFRD will also support small scale broadband investments in sparsely populated rural areas with €12.6 million.

With the support of the EMFF, the competitiveness of the fishing and aquaculture sector has improved through efficient research and development efforts. The development conditions in the sector have been improved through social, administrative and technological innovations.

Increasing labour market participation through improved employment, social inclusion and education policies

Social Fund will focus on reducing unemployment rate and especially the unemployment rate among young people and those with a less favourable labour market position; lengthening working careers and, balancing labour demand and supply and increasing mobility, improving the management of structural changes and improving productivity, quality and well-being of working life. The focus is also put on alleviating gender segregation in work and in education.

Promoting youth employment, prolonging working careers and preventing exclusion are key challenges in Finland. One of the objectives for labour and industry development is to increase labour productivity and thus the competitiveness and general prosperity of businesses and other workplaces. Increased commitment, job motivation and satisfaction and, above all, reduced exclusion from workforce are necessary elements for the stronger productivity.

Investment priorities in education are: ensuring the availability of a skilled workforce, reinforcing the professional knowledge, innovative abilities and creative skills of the workforce, improving services during transitional periods, promoting educational equality, using the needs of employers as the basis for training and education, developing the availability and quality of supplementary training and advisory services and ensuring the provision of entrepreneurial skills.

Social inclusion investments will focus on: mobilising the full employment potential and promoting the well-being, health, the working capacity and functional ability of working-age people who are out of work, reducing poverty and marginalisation and preventing social exclusion, increasing local, community-based activity and participation.

Reinforcing sustainable and efficient use of resources for environment friendly growth

Aid from the ERDF will be particularly targeted on innovation and research on innovative energy technology, including offshore energy production and energy efficiency, smart buildings, wood construction technology, the development of models and processes as well as pilot projects. With regard to the ERDF, new, low-carbon products and services will become available on the market also through the low-carbon strategies of towns and cities. The energy efficiency of SMEs will be improved through new energy-efficient innovations and investments that support sustainable growth. In particular, opportunities for new types of energy services, business activities located in rural areas, and solutions for decentralised energy production will open up.

Shift to low-carbon economy is a high priority for ERDF in Finland: instead of 20% (regulatory requirement) Finland will allocate 25% to this thematic objective.

Actions under the EAFRD will improve the efficiency and awareness of rural areas in relation to energy and resources, by providing assistance to training, the provision of advice and investments targeted at efficient use of raw materials, energy saving and improving energy efficiency, and a simultaneously sustainable and economically viable use of resources spanning the entire production process. The decentralised production of renewable energy

will be supported. Thanks to decentralised energy solutions, greenhouse gas emissions will be reduced and the local and regional security of energy production improve.

The EAFRD support will be used to increase the use of environmentally friendly production methods and the more efficient recycling of nutrients in agriculture, reducing the impact of environmental burden on the soil, surface water, groundwater and air. Environmental compensation measures and organic production are used to promote water protection in agriculture, prevent climate change and improve adaptation to it, improve field fertility and maintain and promote biodiversity in agricultural environments (including maintenance of the Natura 2000 network) and the landscape. The funding allocated for organic production will be increased and as the popularity of organic production increases the use of plant protection products decreases.

Materials efficiency and the sustainable use of natural resources will improve as innovations, development actions and business investment take place in the environmental sector and new forms of entrepreneurship will emerge. Actions are taken to develop cleantech, the sustainable management of natural resources, bio-economy, operating conditions for industries and operating models to reduce environmental burden. New solutions supporting the transition to bio-economy in businesses will improve materials and energy efficiency and create a new, sustainable industrial basis.

Finland has chosen to finance investments under 9 thematic objectives (out of 11) defined in the Regulations (TO7: "promoting sustainable transport and removing bottlenecks in key network infrastructure" and TO11: "enhancing institutional capacity of public authorities..." were not selected). Details on allocations on thematic objectives are presented in Table 1.

Chosen expected results

Finland's Partnership Agreement determines the European added value of the ESI Funds in Finland providing direct contribution to the achievement of objectives of "Europe 2020" strategy and implementation of country specific recommendations. In general the investment strategy of ESI funds is developed to ensure concentration of resources and critical mass of investments in order to achieve desired changes in Finland considering defined needs with special focus on the issues that help to increase the vitality of the Regions and the competitiveness of the economy in long term. ESI Funds will assist Finland in achieving national targets of EU2020 and its flagship initiatives:

- R&I expenditure in relation to GDP is to increase from 3.73% (2011) to 4.0% (2020).
- Funds will contribute to diversifying the economic base of Finnish regions via smart specialisation.
- Internationalisation and competitiveness of SMEs is strengthened.
- In relation to energy objectives, ESI Funds will provide a significant contribution to increase the share of use of renewable energy from 33% (2011) to 38% (2020).
- The Funds will contribute to an increased employment rate (target 78%) and reduced poverty and exclusion (by 150 thousand inhabitants).

Budget

In 2014-2020 Finland is allocated around €1.47 billion for Cohesion Policy (ERDF and ESF) including €61.3 million for the territorial cooperation. Additional €2.38 billion will be devoted to development of the agricultural sector and rural areas from the EAFRD. The allocation for EMFF amounts to €74.4 million. Details on the allocation are given in a table below.

Concentration of funds on limited number of priorities is one of the main principles of the reformed cohesion policy. Finland concentrates the ERDF investments very strongly: 100% of the allocation is targeted at research and innovation (TO1), competitiveness of enterprises (TO3) and shift to low-carbon economy (TO4), including 24.2% for low-carbon economy. Thematic concentration is very strong and clearly above the minimum requirements.

The share of the ESF in the allocation of ESI Funds amounts to 39.5% or €15.4 million meets the requirement of minimum share (39.5%).

The whole territory of Finland belongs to the more developed regions category.

Finland has received a specific allocation of €305.3 million on the basis of Northern Sparsely Populated Areas. This allocation is used in Eastern and Northern Finland.

5% of the ERDF allocation will be invested in sustainable urban development actions implemented through Integrated Territorial Investment mainly in six biggest cities of Finland. In Mainland Finland RDP 5.3% of the EAFRD allocation will be used for Community-Led Local Development, and in Åland Islands RDP 5.5%.

More than 48.8% of the total allocation will make a contribution to climate change mitigation and adaptation measures.

Programme architecture

Cohesion policy delivery will be simplified through a reduction of the number of operational programmes from seven in the previous period to two in the 2014-20 period; There will be two multifund operational programmes (OPs), co-financed by ERDF and ESF (OP mainland Finland and OP Åland Islands).

Moreover there are two Rural Development Programmes financed by EAFRD (mainland Finland RDP and Åland Islands RDP) and one Maritime and Fisheries Fund programme financed by EMFF.

Details on allocations are presented in Table 2.

Table 1. Financial allocations thematic objectives (except territorial cooperation)

Thematic objectives	ERDF	ESF	EAFRD	EMFF	Totals
1. Strengthening research, technological development and innovation	316 627 362		81 480 000		398 107 362
2. Enhancing accessibility to and use and quality of information and communication technologies			12 600 000		12 600 000
3. Improving the competitiveness of small and medium-sized enterprises, the agricultural sector and the fisheries and aquaculture sector	258 074 617		358 114 105	28 429 523	645 718 245
4. Supporting the shift towards a low-carbon economy in all sectors	190 793 147		27 636 000	1 000 000	218 729 147
5. Promoting climate change adaptation, risk prevention and management			7 577 822		7 577 822
6. Preserving and protecting the environment and promoting resource efficiency			1 573 477 161	37 963 645	1 611 440 806
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures					0
8. Promoting sustainable and quality employment and supporting labour mobility		234 474 603	107 940 000	5 000 000	347 014 603
9. Promoting social inclusion, combating poverty and any discrimination		99 955 334	148 068 600		248 023 934
10. Investing in education, training and vocational training for skills and lifelong learning		165 346 736	33 640 150		198 986 886
11. Enhancing institutional capacity of public authorities and stakeholders and efficient public administration					0
Technical assistance	23 604 330	15 580 466	29 874 500	2 000 000	71 059 296
Totals	789 099 456	515 357 139	2 380 408 338	74 393 168	3 759 258 101

Table 2. Allocation to programmes

Operational programme	Thematic objectives covered	ESI Fund	Allocation (EUR)
OP mainland Finland	TO 1, 3, 4, 8, 9, 10	ERDF, ESF	1 299 461 095
OP Åland Islands	TO 1, 3, 8, 9, 10	ERDF, ESF	4 995 500
Rural Development Programme, mainland Finland	TO 1, 2, 3, 4, 5, 6, 8, 9, 10	EAFRD	2 359 699 339
Rural Development Programme, Åland Islands	TO 1, 2, 3, 4, 5, 6, 8, 9, 10	EAFRD	20 709 000
Maritime and Fisheries Programme	TO 3, 4, 6, 8	EMFF	74 393 168