The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe’s regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of €347 billion for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable all regions to compete effectively in the internal market.

However, as the challenges facing Europe’s regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

**IMPACT AND RESULTS OF COHESION POLICY IN FINLAND**

Cohesion Policy investment channelled through the Structural Funds has supported a wide variety of projects in Finland. All are designed to benefit the regional or local economy through, for example, improving transport and communication networks; supporting the business environment; creating employment; promoting cultural diversity; improving the environment; and restoring tourism amenities.

Some examples of achievements from 2000 to 2006 include:

- **Business environment**
  - Structural Funds support in southern Finland helped create more than 14,600 new jobs and maintain over 13,700 jobs.

- **Transport and telecommunications**
  - Nearly 2,850 new companies were created by the end of 2007 with EU funding support.
  - Increased business services and promotion of industry clusters, direct investment grants and more access to training helped encourage business start-ups.

A SNAPSHOT OF ACHIEVEMENTS

- 14,600 new jobs and nearly 2,850 new companies created with the help of EU support
- Promoting growth in businesses
- Improved transport connections
**Environment and energy**: funding was mainly directed at projects to improve water and sewerage systems; develop waste management systems; improve water quality (in rivers and lakes and around sea coasts) and develop nature reserves and leisure routes.

**Education and training**: funding helped to support projects aimed at raising skills, establishing knowledge-intensive networks and developing technological capacity.

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**EUROPEAN INVESTMENT IN FINLAND – 2007–13**

For 2007–13, Finland has been allocated €1.7 billion in total Cohesion Policy funding under the Regional Competitiveness and Employment Objective and €120 million under the European Territorial Cooperation Objective.

Finland has five regional programmes funded by the European Regional Development Fund (ERDF), and two thematic programmes financed by the European Social Fund (ESF).

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**FUNDINGS FOR FINLAND IN BILLION € 2007–13**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Fund</th>
<th>EU</th>
<th>National Public</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Competitiveness and Employment</td>
<td>ERDF</td>
<td>1.1</td>
<td>1.1</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>ESF</td>
<td>0.6</td>
<td>0.8</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Total Regional Competitiveness and Employment</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>1.6</strong></td>
</tr>
<tr>
<td>Total European Territorial Cooperation*</td>
<td>ERDF</td>
<td>0.1</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>1.7</strong></td>
<td><strong>1.9</strong></td>
<td><strong>3.6</strong></td>
</tr>
</tbody>
</table>

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**DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS**

The relaunch of the Union’s Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union’s agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called ‘Lisbon objectives’.

Finland has made a particularly strong commitment to target funding efforts on Lisbon-related activities designed to create new businesses and jobs, increase productivity and competitiveness, enhance research and innovation and develop regional economies.

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**MAIN PRIORITIES OF COHESION POLICY IN FINLAND, 2007–13**

Finland plans to invest a large part of its allocated resources into promoting activities related to Research & Development (R&D) and innovation, dedicating funding of over €960 million to this area.

There will be €345 million to nurture entrepreneurship and create new companies, especially small and medium-sized enterprises (SMEs).

The adaptability of enterprises, especially SMEs, will benefit from some €443 million. The aim is to improve the ability of organisations to anticipate and respond to structural change arising from globalisation, technological development and the aging workforce.

A sum of €380 million will be invested in measures aimed at raising participation levels of adults in education and training and developing employment services.

Some €448 million will be targeted at measures directed at alleviating long-term unemployment and reducing the levels of young people dropping out of education.

There will be €144 million allocated to the development of the Information Society, including nearly €30 million for experimental projects designed to find solutions or methods for welfare services.

Nearly €36 million will be invested in improving transport infrastructure and accessibility, with a particular focus on some key projects in sparsely-populated and peripheral areas in order to improve operating conditions for businesses.

Improving the environment, promoting sustainable growth and combating climate change also rank highly, with planned Cohesion Policy investment amounting to €156 million.

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**THE ESSENTIALS 2007–13**

- Over €960 million for R&D and innovation
- €448 million to tackle long-term unemployment and encourage the young to stay in education
- €443 million to help businesses, particularly SMEs, adapt to structural challenges such as an ageing workforce and globalisation
- €380 million to promote adult training and develop employment services
BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region’s capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessed European investment.

The European Territorial Cooperation Objective is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

With a budget of €120 million allocated under this Objective (this figure includes the transfer of €40 million to the cross-border ‘European Neighbourhood and Partnership Instrument – ENPI’ programmes on the eastern borders of Finland with Russia), Finland participates in nine territorial cooperation programmes:

- three cross-border cooperation programmes with other EU Member States and Norway: ‘North’ between Finland, Sweden and Norway; ‘Botnia-Atlantica’ between Finland, Sweden and Norway; and ‘Central Baltic’ between Estonia, Finland, Latvia and Sweden;
- two transnational cooperation programmes which cover larger areas of cooperation – ‘Baltic Sea’ and ‘Northern Periphery’;
- all four interregional cooperation programmes (total budget for all the 27 EU Member States: €443 million)²:
  - INTERACT II, URBACT II, ESPON and INTERREG IVC.

² INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

All countries bordering the Baltic Sea need to work together to protect it.

Finland

€1.7 billion for 2007–13

Boosting growth, jobs and competitiveness
Regional Policy on the ground

‘STORMWATER’: IN SEARCH OF BETTER STORMWATER MANAGEMENT

Against a background of climate change predicted to increase annual precipitation by 15–20% in northern latitudes, the management of urban floods and pollution problems requires new solutions to urban drainage. ‘Stormwater’ is the term given to the surface run-off generated from roofs and paved areas during rain storms and snowmelts. The main aim of the ‘Stormwater’ project is to mitigate the challenges of excessive urban surface run-off. Working closely with local industries, it also aims to develop commercial potential and seek solutions to these problems.

The project explores the seasonal quantity and quality of urban run-off and the capacity of the soil to reduce its pollutant concentrations. It also looks for new, sustainable water management solutions for Finnish urban areas and tests them in specific pilot areas.

Project participants are: the Department of Ecological and Environmental Sciences, University of Helsinki, Helsinki University of Technology, and Lahti Science and Business Park Ltd. Pilot areas will be provided by Lahti Aqua Ltd, the City of Kouvola, and Hollola Municipality. The companies involved in the project also plan to commercialise the product and service solutions that are developed over the course of the project. The three-year project will be concluded in March 2011.

The European Union made a financial contribution of €770 000, out of a total cost of €1.9 million.

Website: http://www.helsinki.fi/ecology/lseg/research/stormwater.htm

INNOENVI: SEVEN REGIONS UNITE FOR THE ENVIRONMENT

When it comes to the environment the Finns are known for setting the bar high, and their expertise is recognised throughout the EU. However, companies active in this sector, although numerous, are often of modest size. In order to grow, small and medium-sized enterprises need to collaborate systematically with suitable partners both nationally and internationally. This was the aim of the InnoEnvi project in the south of Finland: to create thematic groups (clusters) and sub-groups (mini-clusters) of environmental operatives in order to assist them in finding new business opportunities and increase their potential for export. InnoEnvi’s partners (Green Net Finland, principal partner, Lahti Science and Technology Park Ltd, Häme Polytechnic, Lappeenranta Technical University and Turku Science Park Ltd) are regional organisations with recognised skills in supporting environmental companies.

The aim of the project was to ensure the development of know-how relating to the environment and to create genuine cooperation between companies operating in the same niche, as well as between technological centres and universities etc. From bio-energy to treatment of contaminated soil, from irrigation pipe manufacturing to geo-technology consultancy, the diversity of services on offer has considerably expanded.

InnoEnvi has had a significant snowball effect on the development of environmental businesses throughout the country and even at an international level. The total cost amounted to €1.4 million, with an EU contribution of €700 000.


More information

EU Regional Policy
http://ec.europa.eu/regional_policy/

Cohesion Policy in Finland

National website
http://www.intermin.fi/en

European Social Fund
http://ec.europa.eu/social/