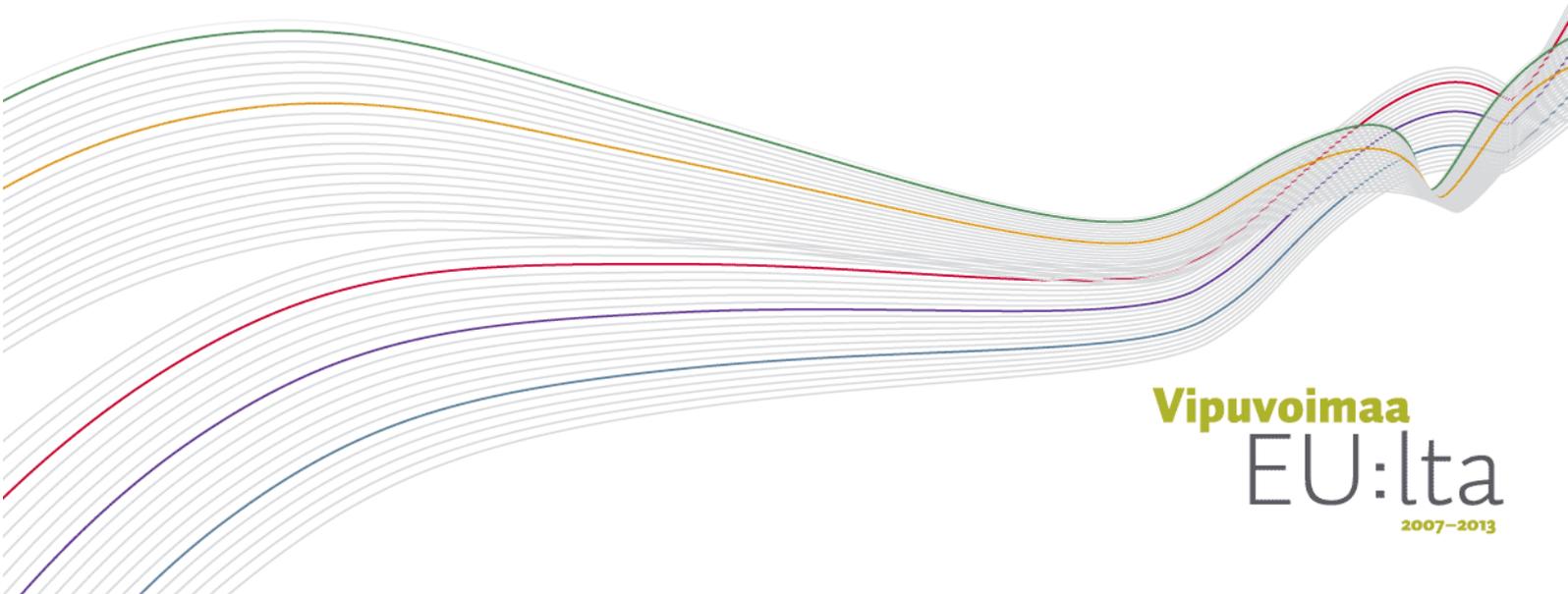




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Environmental themes in the implementation of the Structural Funds Programmes in Finland

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Vipuvoimaa
EU:lta
2007–2013

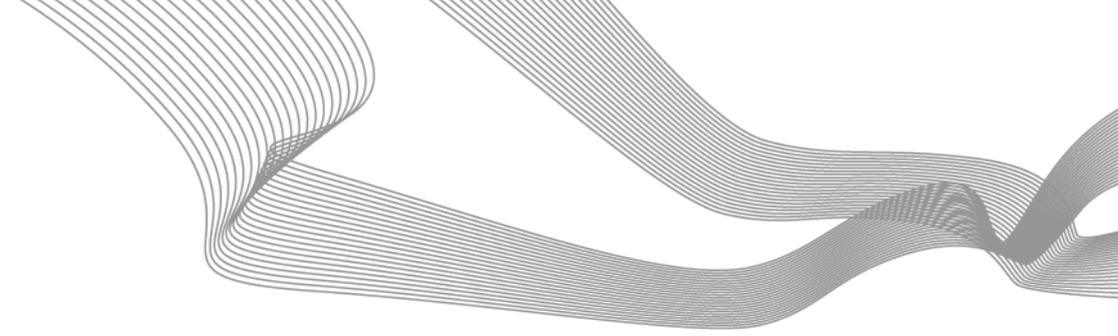
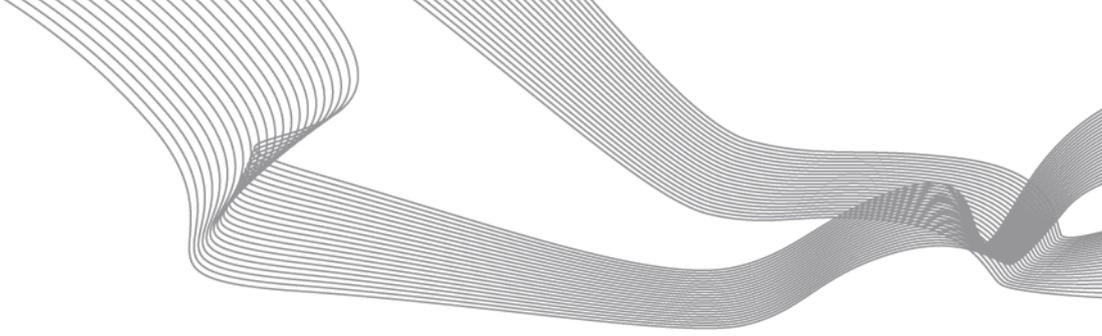


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1. Background and Aims of the Report

Several European Union regional and structural policy programmes will be implemented in Finland in 2007–2013. The key aim of EU Structural Funds programmes is to increase competitiveness and employment within the target region, with the environment and sustainability as cross-cutting principles. In Finland, overall funding for such programmes is approximately six billion euros.

This report aims to provide information on the number and kinds of environmental projects funded so far. It covers the key Structural Funds programmes: four regional ERDF programmes (programmes of the European Regional Development Fund) and the ESF programme (European Social Fund programme) for mainland Finland.

The report clarifies the following aspects of the environmental projects

- Total number and the share of the overall funding allocated to such projects
- Thematic division of the funding
- Average cost (in euros) and cost in comparison to all projects
- Regional location

In addition, the report will clarify

- The funding sources and their share of funding of environmental projects
- How the environmental projects are implementing the Lisbon competitiveness and employment strategy (projects in accordance with Article 9 of the general provisions pertaining to Structural Funds), and the percentage of funding in question

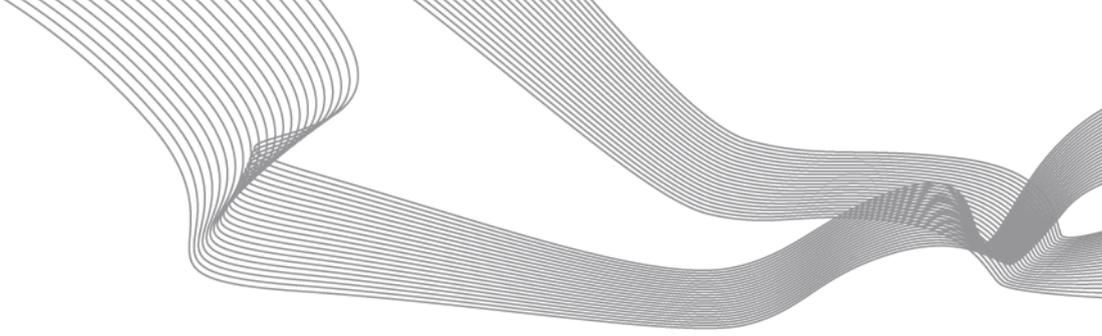
2. Material and Methods

Material

The report was largely based on the public database of funded projects (Structural Funds database, RR-tietopalvelu) located in the EURA2007 system (www.eura2007.fi). Other necessary information (total funding, expenditure categories) was retrieved from the section on authorities in the EURA2007 system. Details of projects funded by business subsidy projects and Tekes (Finnish Funding Agency for Technology and Innovation) were retrieved from the reporting section (Yrtti) of the TUKI2000 system.

The report looked at the 5,696 projects entered in these data systems as of 9 March 2010. Of these, 4,450 were ERDF projects and 1,246 were ESF projects. No consideration was taken of loans granted by Finnvera for ERDF projects.

Compared to other projects, the project abstracts available for the business subsidy projects under priorities 1 and 2 were sparse; the project abstract was either very brief or missing altogether. Thus, for these projects, there was insufficient information for the reliable identification and categorisation of environmental projects.

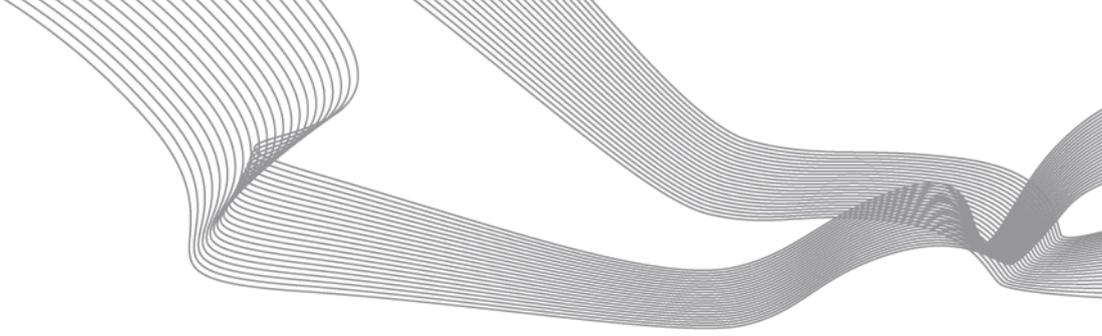


Methods

Environmental projects were identified based on the project name and abstract. In addition, to help identify projects relevant to the environment, the horizontal categorisation (environmentally positive – environmentally neutral) conducted by those preparing the project was used. Environmental projects were classified thematically into the categories described in Table 1 (each project under one category only).

Table 1. Thematic categorisation of projects.

Main categories	Specification 1
Climate change	Implementation of renewable energy Improvement of energy efficiency Research Technology companies and consultation Control and adaptation
Water	Water supply and sewerage Remediation and protection of water bodies Research Technology companies and consultation
Waste and recycling	Waste management Promotion of waste recovery Recycling business Research Technology companies and consultation
Built environment	Restoration of cultural environments Enhancing the urban image Development of recreational areas Other
Other	Biodiversity Landscape Risk prevention Environmental awareness and education Other environmental research Other technology companies and consultation Other



Environmental projects

In this report, the following were considered to be environmental components:

- The environmental sector in the traditional sense (environmental and nature protection, waste management, protection and use of water resources, management of the built environment, etc.)
- With respect to nature tourism, development projects related to recreational areas and other recreational possibilities
- Production and communication of information pertaining to the environment
- With respect to the energy industry and forestry, projects related to the introduction of renewable energy, technology and know-how
- Subsidies for companies conducting environmental business (e.g. technology manufacturers, expert services, recycling businesses, etc.)
- Implementation of companies' environmental management systems
- Research projects carried out in universities and research institutions and focusing on an environmental theme (related to the management of environmental issues)

The following were therefore defined as lying outside the report (unless a specific environmental connection was identified):

- Exploitation of natural resources, including acquisition and refinement of raw material (e.g. mining industry, wood products industry)
- Infrastructure (e.g. transport projects, projects supporting the construction of new areas)
- Projects in the following sectors: tourism, foodstuff, IT, security and biotechnology

3. Results – ERDF Programmes

3.1. Number of environmental projects and their share of funding

A total of 554 environmental projects were identified from the group of projects (N=4,450). The funding for these projects amounts to EUR 226.5 million. This corresponds to approximately 13 per cent of their total funding (EUR 1,762 million at the beginning of March 2010). When calculating the overall funding, account was taken of the public and private funding reserved for each project. In other words, these sums are not representative of completed projects, since most of the projects were still underway at the time of the review.

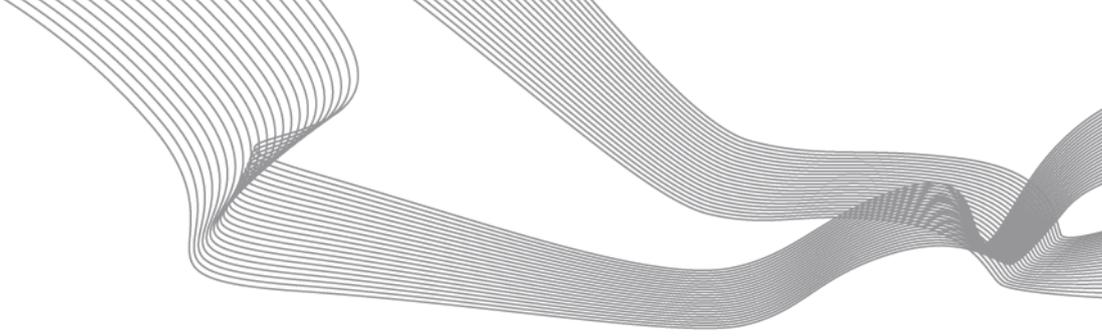


Table 2. Number of environmental projects, funding and share of funding

	No. of projects	EUR million	Share of funding (public + private)
Northern Finland	167	70.5	12.3%
Eastern Finland	136	52.1	8.7%
Western Finland	147	40.9	13.1%
Southern Finland	104	63.1	22.4%
Total	554	226.5	12.9%

Table 2 shows the number of environmental projects and the funding of these projects. Projects can be compared most effectively based on their share of funding. With respect to environmental projects, the share of funding was clearly highest in Southern Finland programme (22.4%) and lowest in Eastern Finland programme (8.7%).

3.2. Number of environmental projects and their share of funding by priorities

Table 3 below shows how environmental projects (N=554) and their total funding (EUR 226.5 million) is divided by priorities. Measured both in terms of the number of items (253) and funding (40%), priority 3 has the most environmental projects. The total number of projects in priority 3 is 446, and its funding amounting to EUR 241 million.

In most cases, the projects in priority 3 are traditional “environmental sector projects” such as those related to water supply and sewerage and water bodies, the restoration of the built heritage and other remediation and development projects related to the state of the environment. In this report, projects related to transport infrastructure were not classified as having an environmental component.

Furthermore, numerous projects with an environmental component were identified under priority 1. For the most part, these projects support companies in the environmental cluster. As mentioned above, the details available on business subsidy projects were sparse compared to other projects. The figures for priority 1 cannot therefore be considered comparable to those given for other priorities. It is likely that this group (N=3,034) includes more projects with environmental components and that these projects' share of the funding for the priority (EUR 1,038 million) is greater than that presented here.

Most of the projects in priority 2 constitute various research (academic and other), development, training and networking projects. According to the results of this report, 12 per cent of the priority project (N=780) funding (EUR 391 million) is aimed at projects whose key goal is to promote environmental know-how in one way or another (Table 3).

Priorities 4 and 5, relating to metropolitan areas and the programming level (NUTS-2 level) of Southern and Western Finland, included a total of 134 projects (EUR 47 million) underway at the time of the review, of which 20, representing 43 per cent of the funding, were categorised as having an environmental component. These priorities in Southern Finland in particular account for a fairly large amount of environmental project funding (18 projects and approximately EUR 20 million). Technical support projects (EUR 43 million, 134 projects) were not deemed to include projects with an environmental component.

Table 3. Priorities and share of funding of environmental projects (the number of projects in parentheses)

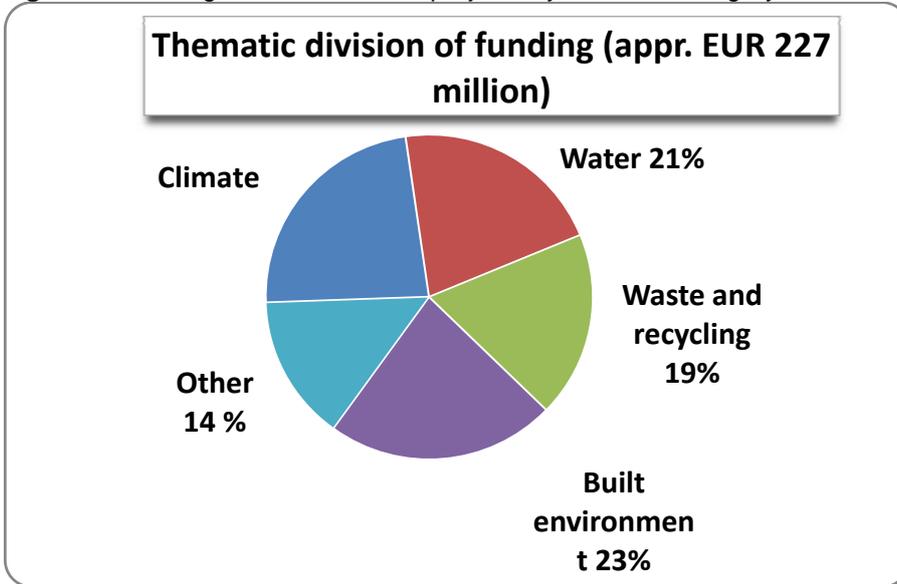
	Priority 1: Promoting business operations	Priority 2: Innovation and competence	Priority 3: Communi- cations and the quality of the environment	Priority 4/5: Metropolitan areas and programming level (NUTS- 2 level)
Northern Finland	4% (45)	11% (35)	42% (87)	
Eastern Finland	3% (37)	8% (35)	33% (64)	
Western Finland	9% (60)	14% (29)	45% (56)	24% (2)
Southern Finland	11% (26)	29% (14)	46% (46)	43% (18)
Total	6% (168) ¹	12% (113)	40% (253)	42 % (20)

¹The figures for priority 1 are not comparable, due to insufficient details being available for the classification of most priority 1 projects.

3.3. Thematic division of environmental projects

Most (86%) overall funding (appr. EUR 227 million) of environmental projects is divided fairly evenly between the four most common thematic categories. Figures 2–6 describe the division of funding by thematic category.

Figure 1. Funding of environmental projects by thematic category



Naturally, should the business subsidy projects be reviewed in more detail, the results may change. At a minimum, the share of funding under “Other” may grow, since it includes the implementation of environmental management systems and use of environmental technology by companies. Contrary to the expectations of, and assessments by, other experts, only a few such projects were identified in this report.

Figure 2. Division of funding for projects related to climate change

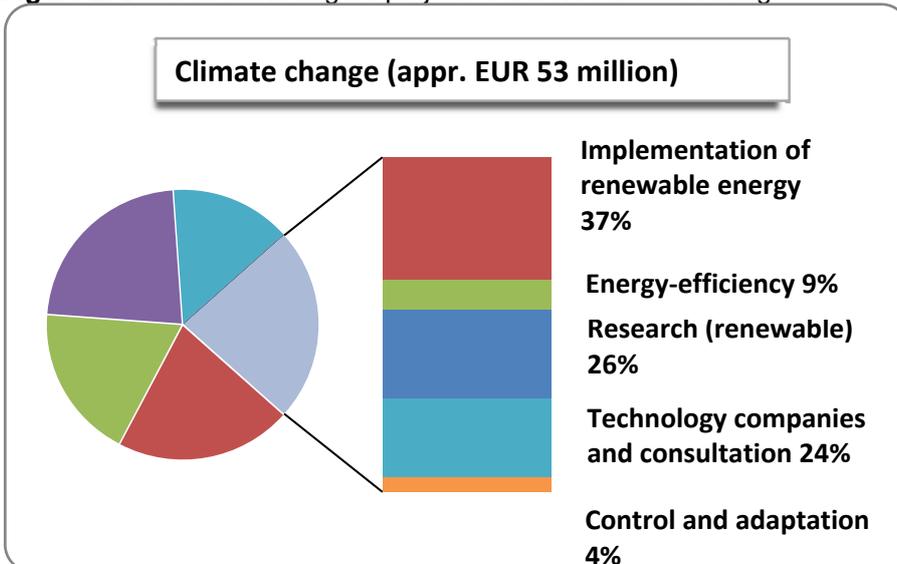


Figure 3. Division of funding for projects related to water resources

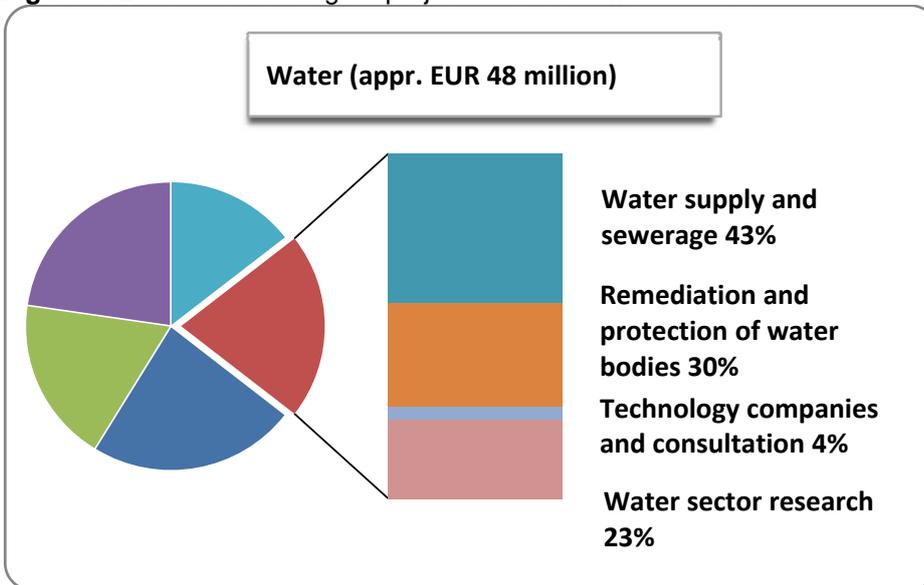


Figure 4. Division of funding for projects related to waste and recycling

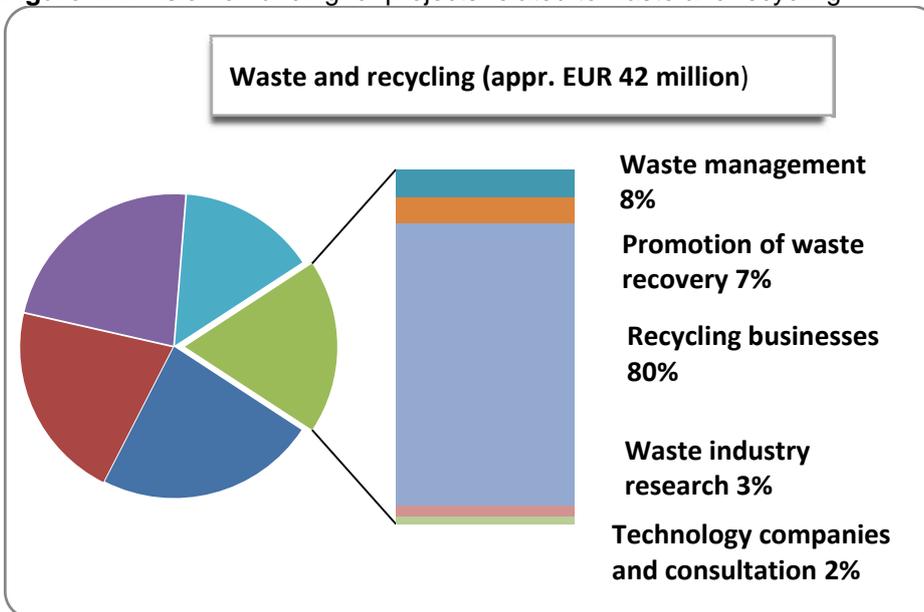


Figure 5. Division of funding for projects related to the built environment

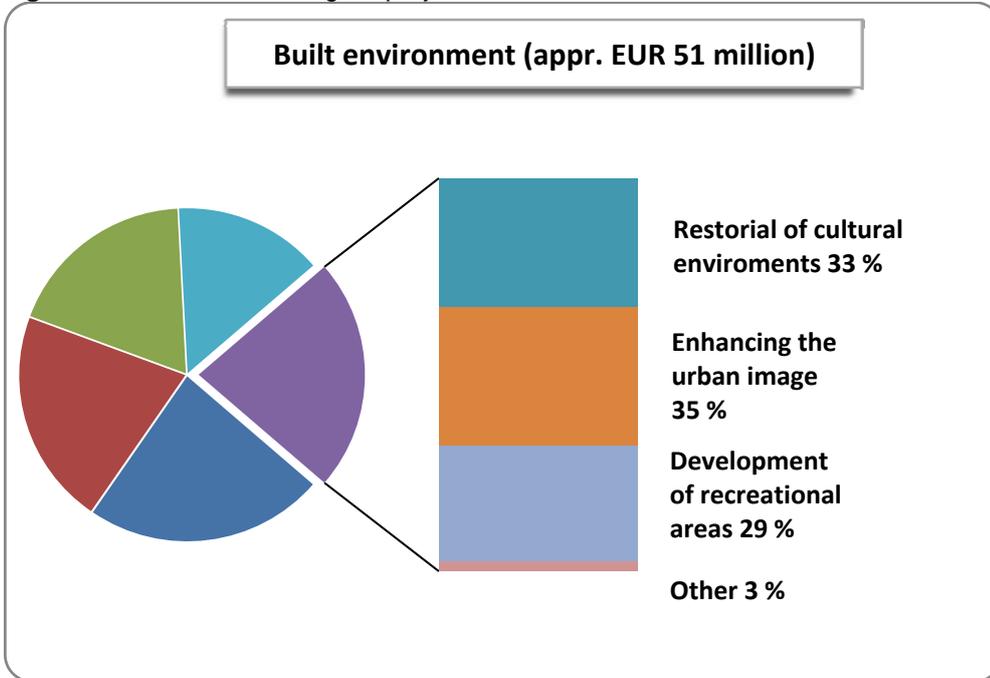
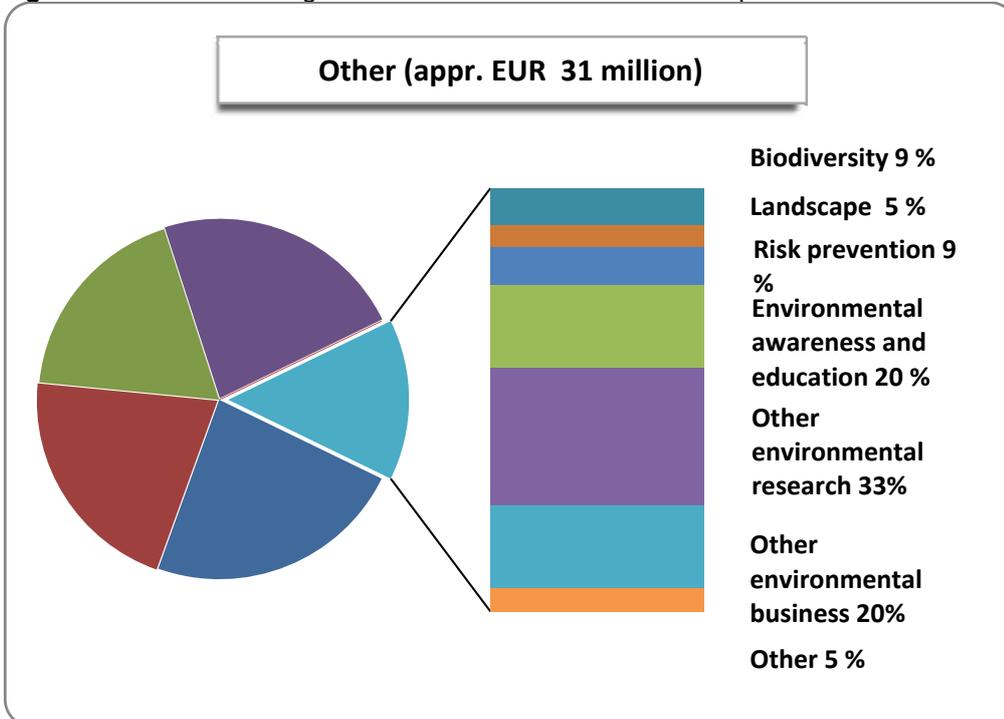


Figure 6. Share of funding related to other environmental components

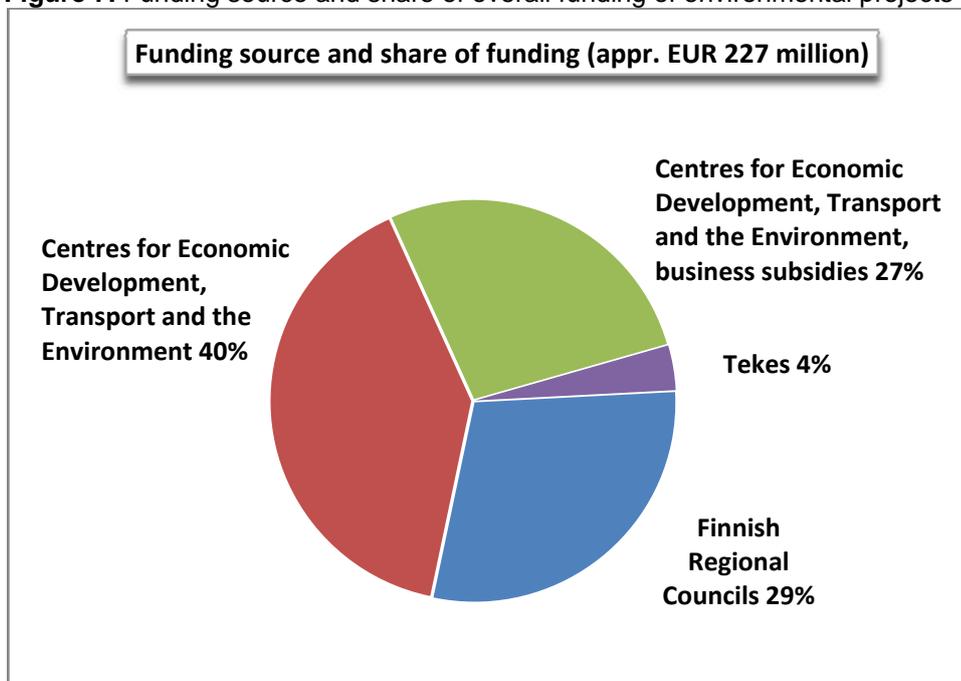


3.4. Average cost of environmental projects

The average cost of environmental projects is approximately EUR 400,000, while the average cost of all funded projects is approximately EUR 390,000. In other words, the cost for environmental projects is roughly the same as for other projects.

3.5. Contribution by various funding sources

Figure 7. Funding source and share of overall funding of environmental projects

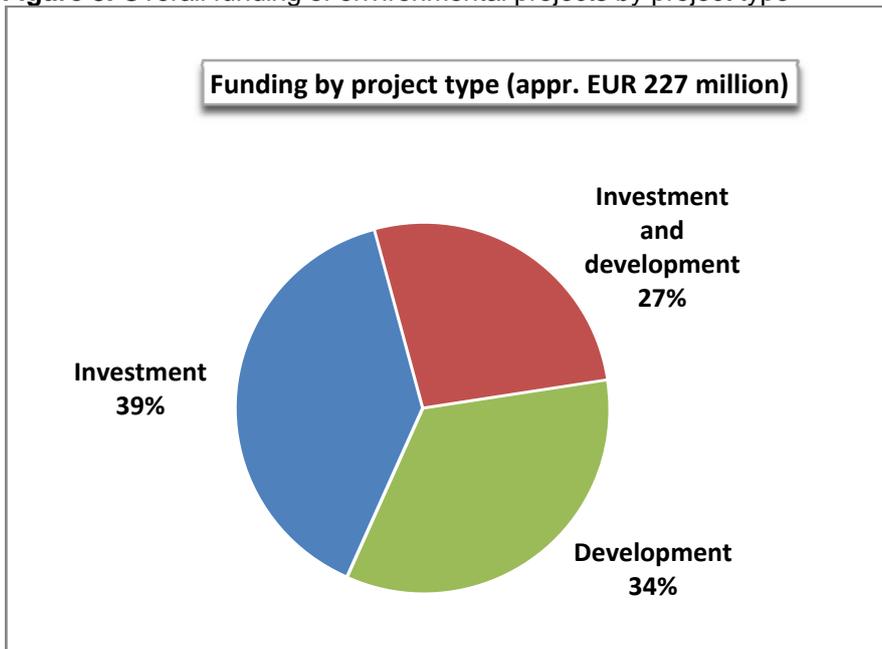


3.6. Promotion of the Lisbon Strategy

Approximately 55 per cent, or EUR 124.2 million, of the funding for environmental projects has been allocated to expenditure categories in accordance with the Lisbon Strategy. The remainder of the funding is allocated to expenditure categories pertaining to environmental protection, tourism and the cultural environment.

3.7. Funding by project type

Figure 8. Overall funding of environmental projects by project type

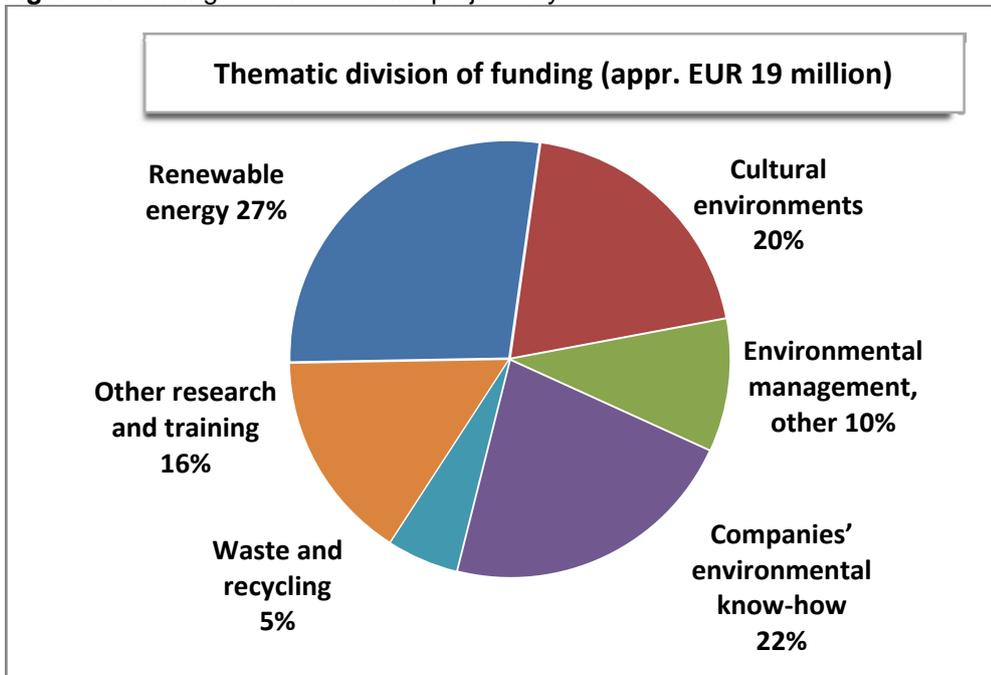


4. ESF Programme

The group of ESF projects (N=1,246) contained only a few environmental projects, 34 in total, whose share of the Fund's overall funding (EUR 870 million) amounted to 2.1 per cent, or about EUR 19 million.

The aim of environmental ESF projects is to enhance the know-how of a range of industries through research, training, networking and promotion of other measures. In addition, these include some environmental quality improvement projects implemented as job creation. Another interesting group included projects related to companies' environmental know-how and responsibility.

Figure 9. Funding of environmental projects by theme



5. Special Themes

Improving energy-efficiency within the housing stock

No projects related to improving the energy-efficiency of the existing housing stock were identified. There were four projects primarily related to construction and energy-efficiency:

- Promotion of low-energy building in the production of blocks of flats, Vaasa University of Applied Sciences
- Development of eco-efficient holiday housing in Southern Savo and the holiday housing fair, Municipality of Mäntyharju
- Development project for a low-energy wall, FINE-TALOT OY
- Log-housing quarter, City of Pudasjärvi/Development Centre Pohjantähti

Restoration of cultural environments

A total of 45 cultural environment restoration projects were identified among the ERDF programmes. All projects were related to the restoration and maintenance of valuable built heritage. Overall funding for these projects amounted to approximately EUR 16.8 million. Such projects have been primarily funded under priority 3, but priorities 1 and 2 also included some projects related to maintaining the built heritage.

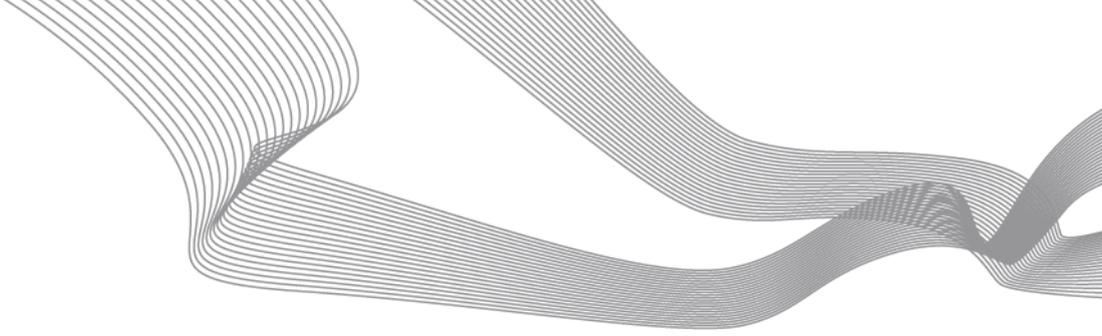


Table 4. Cultural environment restoration projects within ERDF programmes

	No. of projects	EUR million
Northern Finland	13	4.8
Eastern Finland	11	3.7
Western Finland	9	4.0
Southern Finland	12	4.3
Total	45	16.8

ESF programmes included six projects related to managing cultural environments, with their funding totalling EUR 3.7 million.

Management of traditional landscapes and habitats

The ERDF programmes included one project related to the management of traditional landscapes and habitats.:

- Employment opportunities in Lapland through landscape management, Lapland Centre for Economic Development, Transport and the Environment

This project aims to enhance know-how related to traditional landscapes and habitats through training and advisory services. In addition, the project involved the dissemination of information related to the drafting of management plans and alternative contract and financing models. Moreover, theme pages on landscape management were prepared for the authorities' web pages.

Promoting recreation in natural areas

A total of 54 projects related to promoting recreation in natural areas were identified within the group of ERDF projects. Their combined funding amounted to EUR 15.0 million. As Table 5 indicates, most of these projects were in Northern Finland.

Projects deemed as promoting recreation in natural areas included:

- The planning, building and improvement of hiking and outdoor routes
- Development plans for sustainable nature tourism
- The planning, building and improvement of small vessel harbours and routes

Thus, nature tourism companies were not included. In addition, it is possible that the number of projects and the total funding would be higher if all water body remediation projects were included as projects promoting recreational use of these areas. In this report, these were categorised as water body projects.

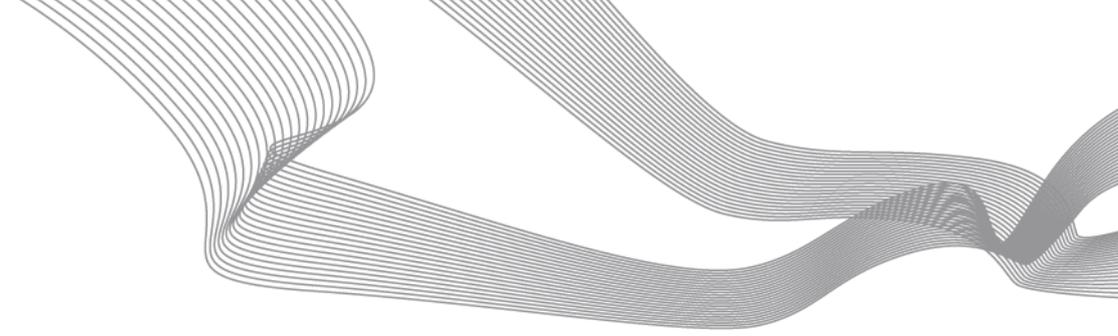


Table 5. Promotion of recreation in natural areas within ERDF programmes

	No. of projects	EUR million
Northern Finland	24	9.5
Eastern Finland	10	1.6
Western Finland	10	1.6
Southern Finland	10	2.4
Total	54	15.0

Water supply and sewerage projects

A total of 29 projects related to water supply and sewerage were identified, with their funding amounting to EUR 20.1 million. Of these, 14 (EUR 16.5 million) were actual infrastructure projects, related to the construction of raw water and sewer piping and the upgrading of sewage treatment plants. Other water supply and sewerage projects were related to planning water supply and sewerage systems, and waste water advisory services.