

# Leverage for Eastern Finland from the EU

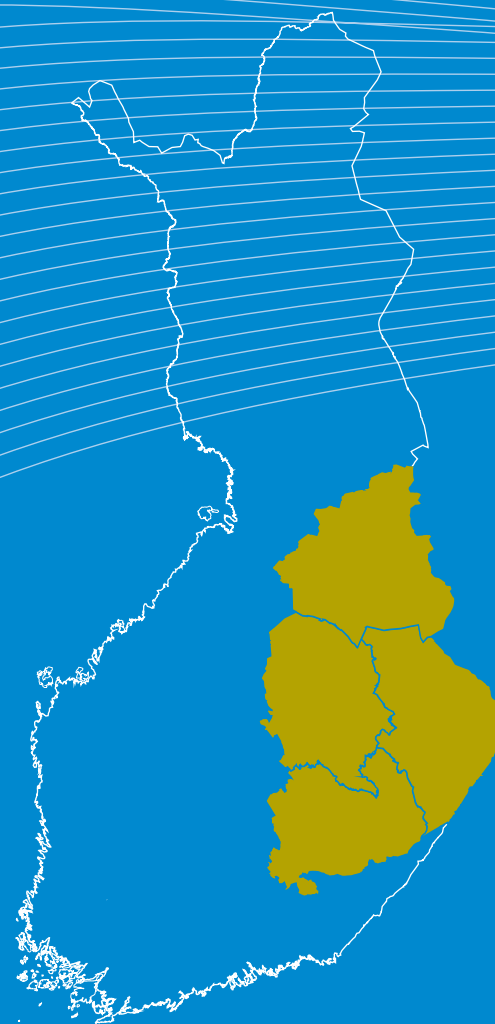
Structural Fund period 2007–2013



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# The European Union plays a role in the development of the Finnish regions

The development of Finland is an issue that concerns all Finns. It is in everyone's interest that the best Finnish development ideas do not remain at the idea level but that they are also realised – either under the Finns' own steam or with the help of others. With support from the European Union (EU), ideas can become a reality.

EU money provides a boost that helps Finnish ideas become practical development projects. The aim is to ensure that Finland is a country with employment, skilled people, a favourable atmosphere for new ideas and successful companies as well as a good environment in which to make a home, to live and to work.



The EU finances projects from the Structural Funds, which are the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The EU's Structural Funds are intended to reduce the disparities arising in the development of the European regions. The assistance from the Funds is used to develop all of Finland: Finnish people, companies and localities.

# Regional competitiveness and employment objective

The strategic priorities in Finland of the programming period 2007–2013 of the European Union’s Structural Funds are the promotion of business, the promotion of innovation and networking and the strengthening of knowledge structures, knowledge, labour, employment and entrepreneurship as well as improving the accessibility of areas and the operating environment. Europe’s regional competitiveness and employment objective is implemented through the programmes of the ERDF and ESF. Financing is allocated separately for each year.

Five regional ERDF programmes are implemented in Finland. Southern Finland, Eastern Finland, Western Finland, Northern Finland and the Åland Islands each implement their own programme.

Mainland Finland’s ESF programme has a national section and four regional sections. Additional information on the activities of the ESF are available in the separate ESF programme brochure and on the Internet at: [www.structuralfunds.fi](http://www.structuralfunds.fi).

Additional information about the Structural Fund programmes is available on the Internet at: [www.structuralfunds.fi](http://www.structuralfunds.fi) and about Eastern Finland in particular at: [rakennerahastot.ita-suomi.fi](http://rakennerahastot.ita-suomi.fi).



# Implementation area of the ERDF operational programme for Eastern Finland

The Eastern Finland programme covers the regions of South Savo, Kainuu, North Karelia and North Savo. The population of the Eastern Finland programme area was 664 000 in 2006.

## Everything about Finnish stones

Did you know that the Finnish bedrock is 3,500 million years old, or that diamonds are produced in Kaavi? Did you also know that Finland is the leading country in the world in the soapstone industry, and that the largest gold nugget in Lapland weighs 397 grams? The Geo Competence Centre located in Juuka can explain all about this.

The Geological Survey of Finland (GTK) received financing from the ERDF to create the Geo Competence Centre, the learning environment for the stone sector located within the

Finnish Stone Centre. The Finnish Stone Centre is a competence cluster which aims to increase awareness of Finnish natural stones, to improve the competitiveness in the sector and to create new businesses. The Geo Competence Centre, for its part, introduces visitors to stone from the history of its creation to modern stone technology, down to recycling waste stone.

The Managing Director of the Finnish Stone Centre, **Ilkka Nykänen**, who was involved in the project, explains that the cooperation with the GTK and other actors was

of primary importance. “Nobody could have established this type of centre on their own,” says Nykänen. “The GTK had the scientific knowledge and we had the vision as to what the public would expect from the centre.” Nykänen explains that the project has been a huge success. To date, 80 000 people have visited the centre that was opened in 2003. The Finnish Stone Centre is also engaged in extensive international cooperation. “It certainly opened up a whole new world for me,” says Nykänen.

# Objectives of the ERDF operational programme for Eastern Finland

According to its vision, the Eastern Finland of the future will be a globally competitive environment for knowledge, business and living and its proximity to Russia will be a strength. The key objective of the programme is to improve the attractiveness of Eastern Finland on the basis of the region's own strengths both nationally and internationally and to reduce the problems arising from the region's remote location and sparse population.

The EU grants co-financing for projects that are implemented in Eastern Finland, through which it is possible to enhance the region's appeal, promote the creation of innovations as well as create additional entrepreneurship and jobs. The ERDF operational programme for Eastern Finland is part of Finland's Structural Funds strategy and its regional competitiveness and employment objective.

Regional competitiveness in Finland requires the regions to recognise the importance of the various elements to their competitiveness and to identify their own strengths and success factors. For the regions to be able to respond to tightening competition and structural changes, the key local elements to competitiveness must be preserved and developed.

The following key objectives have been set for projects that are implemented in the operational programme for Eastern Finland:

- 13 230 new jobs, of which the share of women's jobs is 5 210
- 2 020 new enterprises, of which the share of enterprises run by women is 710
- 800 new jobs in product development

Measurable key indicators have been defined for the ERDF operational programme. The results and effectiveness of the programme are assessed both during and after the programme.



The objective of the projects  
in Eastern Finland is to  
create 13 230 new jobs and  
2 020 new companies.



# Special themes and priority axes of the ERDF operational programme for Eastern Finland

The activities supported in Eastern Finland are divided into four priority axes that are consistent with the priorities of the national Structural Funds strategy. Efforts to achieve the programme's objectives will be made through investment and development projects that promote the implementation of the priority axes. Some of the assistance is allocated to the programme's administration.


## **Priority axis 1: Promotion of business**

The measures of this priority axis are focused directly at enterprises. The aim is to support the opportunities for enterprises to exploit and turn innovations into products as well as to implement new environmental technology. Particular attention is paid to developing SMEs and the promotion of female entrepreneurship.

Projects financed under this priority axis can include, for example, setting up new enterprises, development projects furthering the growth of SMEs, projects promoting female entrepreneurship, networking by SMEs, the development of enterprises in creative sectors, the productisation and commercialisation of innovations, changes of ownership and subsequent development actions, and increasing the eco-efficiency and environmental awareness of enterprises.

Beneficiaries can be:

- new SMEs and SMEs that are starting up
- SMEs with growth potential and actively developing SMEs
- enterprises in the process of transition (generation change, etc.)
- Large enterprises if they are part of projects that focus on the transfer of technology or networking with SMEs



### **Priority axis 2: Promotion of innovation and networking and strengthening of knowledge structures**

Priority axis 2 promotes measures that are concerned with knowledge and innovations by strengthening the structures and knowledge clusters linked to them.

Projects financed from the priority axis can include, for example, support for cooperation and networking of innovation actors and SMEs, the improvement of the availability and efficiency of innovation services, the development of business incubators, the development of special knowledge of areas, the development of activities that support R&D, the development of electronic advisory and customer service systems and the utilisation of applied research.

Beneficiaries can be, for example:

- organisations that provide services to enterprises
- training, research and development organisations
- municipalities, joint municipal authorities and associations

### **Priority axis 3: Improvement of the accessibility of areas and the operating environment**

Priority axis 3 aims to improve the accessibility of Eastern Finland and the region's attractiveness as an environment for living and working. The measures that are supported will strengthen the region's attractiveness, prevent environmental risks and damage and improve the accessibility of the regions.

Projects financed under this priority axis can include, for example, the development of competitive operating environments, plans to improve the accessibility of transport and services, the utilisation of environmental technology and the management of environmental risks. In addition, planning projects to promote the protection of water bodies and the development of eco-efficiency, the introduction of new technology required by the regional balance, the development of the conditions for nature and cultural tourism, the preservation and renovation of cultural heritage sites, and increasing the interaction between urban and rural areas are included in this priority axis.

Beneficiaries can be:

- municipalities and joint municipal authorities
- development organisations
- cooperatives, foundations and associations

# Financing of the ERDF operational programme for Eastern Finland

The total public financing of the ERDF programme for Eastern Finland is EUR 731 million. Of this amount, the EU's contribution is EUR 366 million and national financing from the State and the municipalities totals EUR 365 million. In addition, it is expected that around EUR 787 million in financing will be received from private enterprises and other organisations.

Type of activity	ERDF funding	National public funding	Private funding	Total
1: Promotion of business activity	156.3	156.4	744.8	1,057.4 M €
2: Promotion of innovation activity and networking and strengthening of skill structures	131.3	131.3	40.7	303.3 M €
3: Improvement of the accessibility of regions and of the operating environment	63.4	63.4	2.2	129.0 M €
Technical support	14.6	14.6		29.2 M €
<b>Total*</b>	<b>365.6</b>	<b>365.6</b>	<b>787.7</b>	<b>1,518.9 M €</b>

\*) Due to rounding errors, the totals are not exact.



## Making processes in the paper and pulp industry more effective

Wetend Technologies Ltd is an international company whose customers operate in the paper and pulp industry. Wetend, which operates worldwide through its agents and representatives, has its headquarters and R&D operations in Savonlinna.

Wetend's development work has resulted in the creation of products for mixing and treating additives used in the paper and pulp industry. With the help of the company's solutions, processes and operations of the customers are made more effective and the quality of produced paper improves.

"Our product development relies heavily on the knowledge of the Lappeenranta University of Technology. As a result of our cooperation, the university has set up the FiberLaboratory research unit in Savonlinna," says **Jouni Matula**, Wetend's Managing Director. Wetend is a great example of a continuously developing competence cluster that is succeeding around the world as a result of its strong network.

Wetend has received ERDF assistance for the development and internationalisation of its operations from the T&E Centre, and Tekes has supported the product development.



The total financing of  
the ERDF programme for  
Eastern Finland is estimated  
to be over EUR 1.5 billion.



# Applying for EU assistance

## Who can apply?

Enterprises, educational institutions, research institutes, municipalities, subregions and other incorporated societies or their combinations can apply for additional financing for their projects from the European Union's Structural Funds.

## What are the other requirements?

EU granted financing is co-financing – in other words a boost for development measures. The requirement for receiving EU assistance is that the development project has other public or private providers of finance in addition to the EU. Development projects must have, almost without exception, financing from the region's municipalities. Only enterprise-specific projects are not required to have municipal funding.

## Who grants the money and makes the decision?

Financing under the programme is granted in the regions by the Employment and Economic Development Centres (T&E centres), State Provincial Offices, Regional Councils and the Regional Environment Centres and Road Districts, who notify about the application procedures and periods for financing on their own Internet pages and in the media. As part of the preparations for the financing decisions and coordination of the actions, development project applications are processed either in the Regional Management Committee or the secretariat of the Regional Management Committee.

Decisions on the allocation of ERDF programme financing for the various financing authorities and the focus of the activities to be financed are taken in the Regional Management Committee, which operates in every region. The Regional Management Committee coordinates the implementation of development actions of EU programmes as well as national programmes. Several actors in the region take part in the work of the Regional Management Committee: the Regional Council and its

member municipalities, the State's authorities and organisations, and the key social and economic partners.

The Regional Councils, which operate as regional development authorities, have an important role in the development of the regions. They draw up in cooperation with other actors the long-term regional strategic plans and regional strategic programmes for their area and the annual implementation plans for the regional strategic programmes. These regional strategies and programmes guide the channelling of financing for the various development tools, such as the programmes of the EU's Structural Funds.

Further information is available on the Internet at the following address: [www.structuralfunds.fi](http://www.structuralfunds.fi) and [rakennerahastot.itasuumi.fi](http://rakennerahastot.itasuumi.fi).



# Where else can assistance for development projects be obtained?

The regions in Finland are developed, in addition to financing from the EU's Structural Funds, with assistance from the European Agricultural Fund for Rural Development, the European Fisheries Fund and through various national programmes.

Rural development actions are financed as a general rule through the Rural Development Programme for Mainland Finland, which has been drawn up for the years 2007–2013.

Alongside the EU programmes, the aim of national programmes is to reduce interregional disparities, to improve the living conditions of the population and to promote the balanced development of the regions. These national programmes include, for example, the Regional Centre Programme, the Centre of Expertise Programme, the Rural Policy Programme and the Island Development Programme. National funds from the Finnish Funding Agency for Technology and Innovation, Tekes, are also available.

## Wireless broadband in the South Savo region as a factor in creating opportunities

During 2004–2007, a wireless broadband network covering the region's sparsely populated areas was constructed in South Savo with the assistance of the European Regional Development Fund. By exploiting the opportunities offered by the latest technology in an open-minded way, the first extensive network covering a sparsely populated area was completed in the Juva region in 2005. As a result of the good experiences gained from this project, construction of the network was expanded to cover the entire region.

The project fulfilled all the objectives set for it many times over. On the completion of the wireless broadband in the summer of 2007, 99 per cent of the entire region's households and 98 per cent of households in sparsely populated areas came within the broadband area. The objective of the national broadband strategy for 90 per cent coverage has clearly been exceeded. The region's wireless broadband connections have also received international recognition. The project was rated highly in a competition organised by the European Commission, which sought

Europe's best broadband solution.

The importance of the wireless broadband network is unparalleled in terms of the region's accessibility and competitiveness. It is important with respect to South Savo that with the advent of the wireless age, both leisure residents and permanent residents are within the range of the broadband network. The wireless broadband network serves the needs of one of Finland's most popular areas for holiday cottages especially well and enables remote work to be carried out from leisure homes.



# I have a project idea, what do I need to do to get assistance from the EU's Structural Funds?

If you have an idea for a new project for which you want to apply for assistance from the ERDF or ESF programmes, you can proceed by taking the following steps:

- Get together a group of people who are interested in the idea and who are willing to develop the idea further. Include people who are directly concerned with the development.
- Ensure that your idea has its own organisation and the support of the required cooperation partners. In order to receive assistance from the EU's Structural Funds, you also need other providers of finance, either private or public.
- Read up on the programmes of the Regional Development Fund and Social Fund and the objectives of the priority axes, the strategies and implementation plans of your own area's regional strategic programmes and the application periods and other terms and conditions of the financing.
- Once you have found partners to implement your idea, contact the finance provider to discuss the project. Financiers can also give expert help on starting up the project.
- If your project meets the programmes' objectives and regional priorities, prepare a project plan detailing the objectives of the project, the expected concrete results, target group, area of operation, the practical measures of the project, cooperation partners and division of tasks, cost estimate and financing plan.
- The application for assistance is completed electronically using the EURA2007 system for the majority of projects. Applications for business financing granted by the Employment and Economic Development Centres, research and development financing from Tekes, and loans and guarantees from Finnvera Plc are carried out, however, using their own application forms and procedures. More information on submitting applications can be gained if you contact your public financier.

## Further information

Further information on financing opportunities and help with project preparation is available from the following address [www.structuralfunds.fi](http://www.structuralfunds.fi) and [rakennerahastot.ita-suomi.fi](http://rakennerahastot.ita-suomi.fi). Good practical advice is also available from colleagues or business and professional organisations that have taken part in EU projects.





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