

How structural funds have worked for others – a Commission Perspective

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Structural actions

2000-2006



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Policy

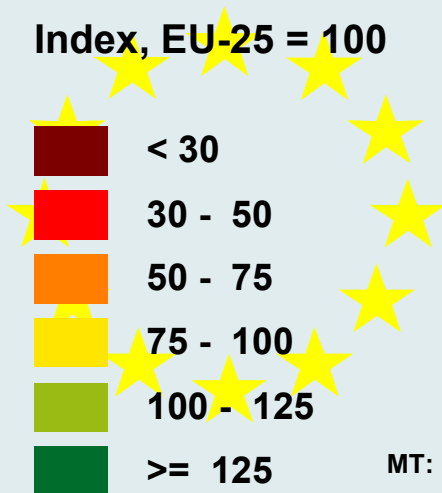
Structure of the presentation

- **Aspects of regional disparities in an enlarged European Union**
- **Examples of projects:**
 - The Geomatics Business Park (Flevoland, The Netherlands)
 - Public transport (Athens, Greece)
- **Some conclusions and recommendations**

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Index, EU-25 = 100

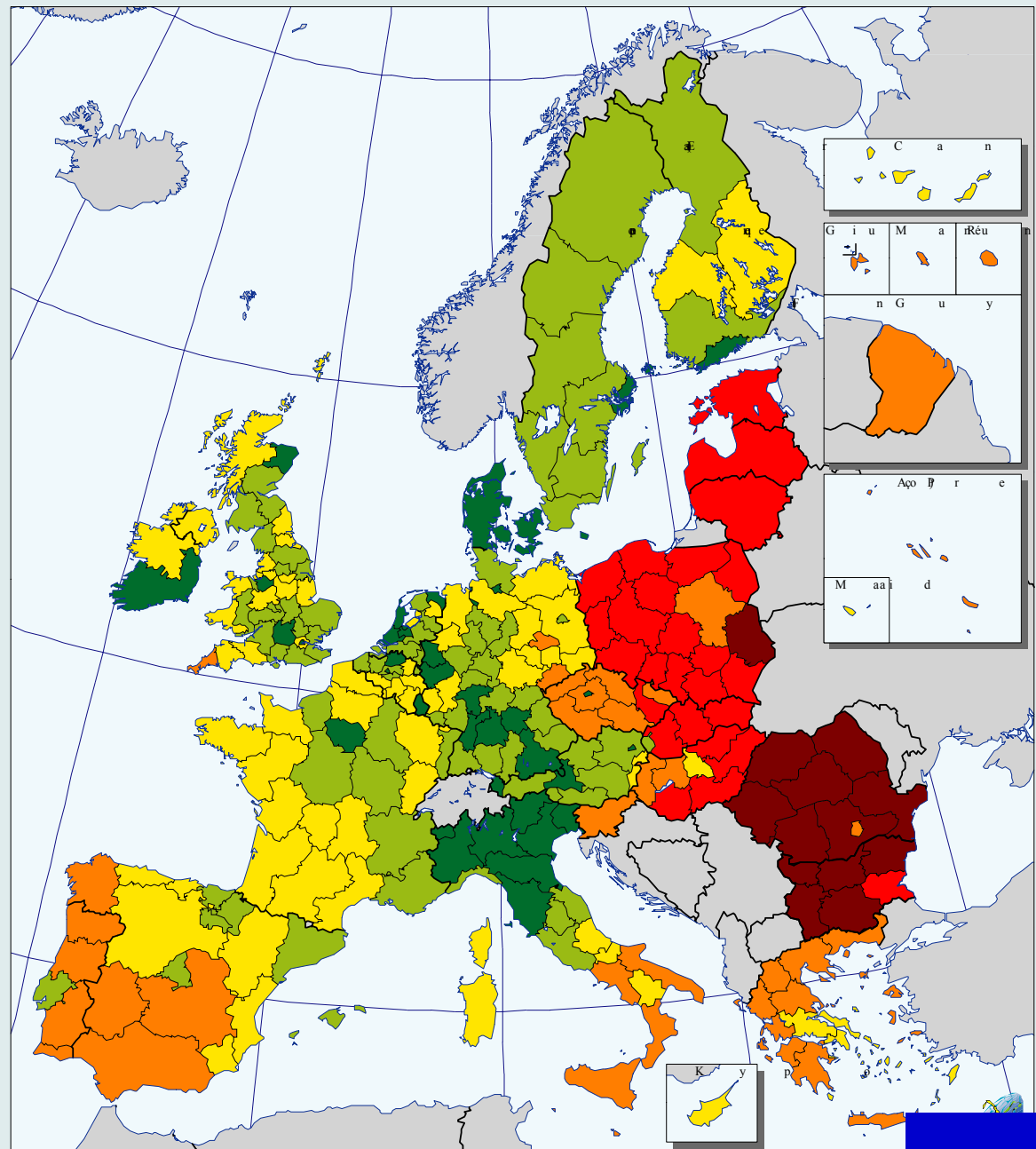


MT: 1999

Source: Eurostat

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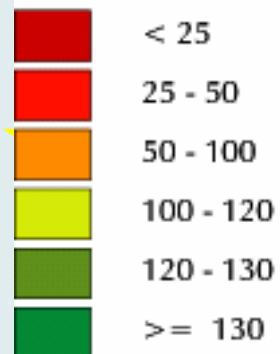
GDP per head by region (PPS), 2000



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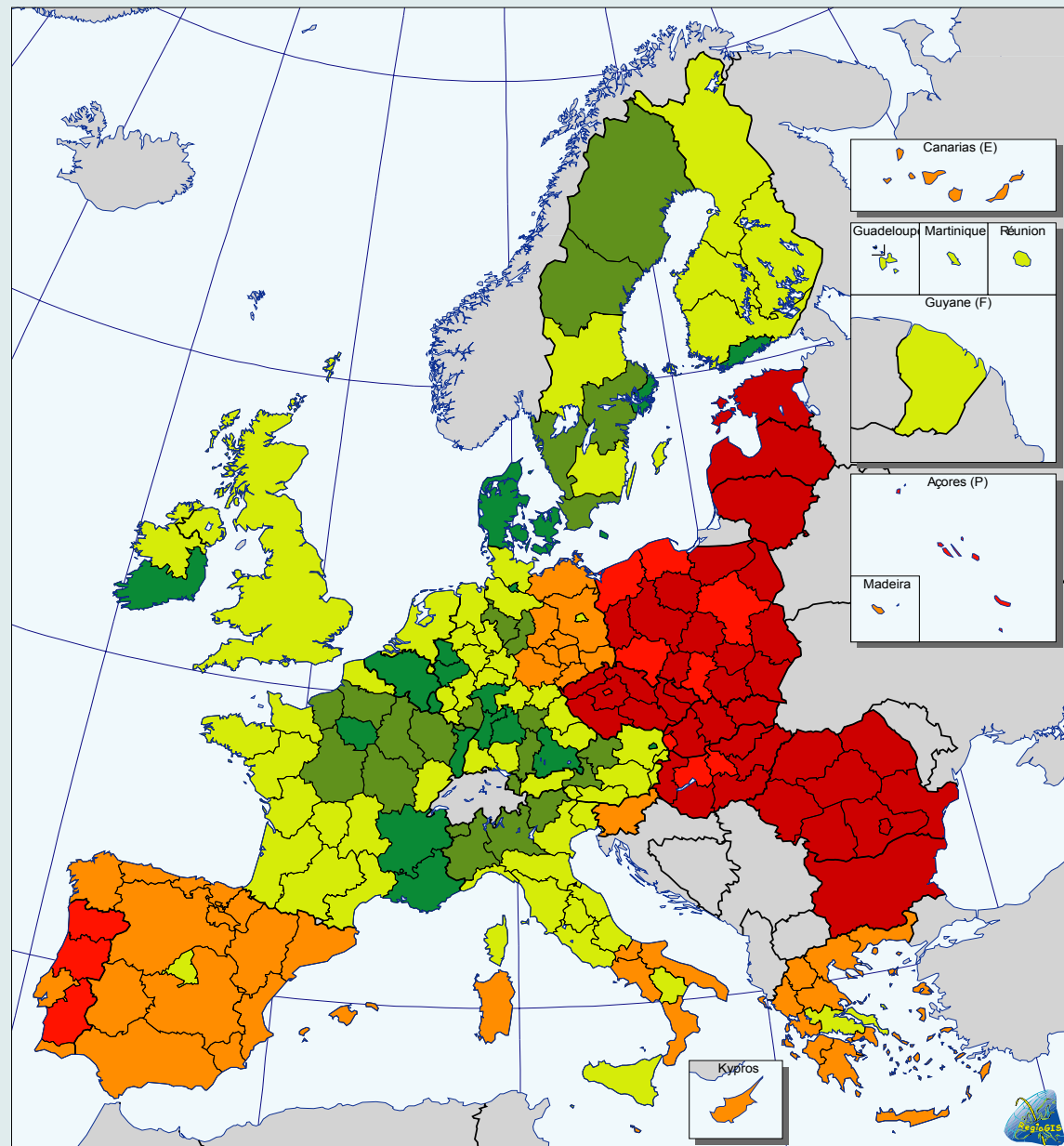
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Index, EU-25 = 100

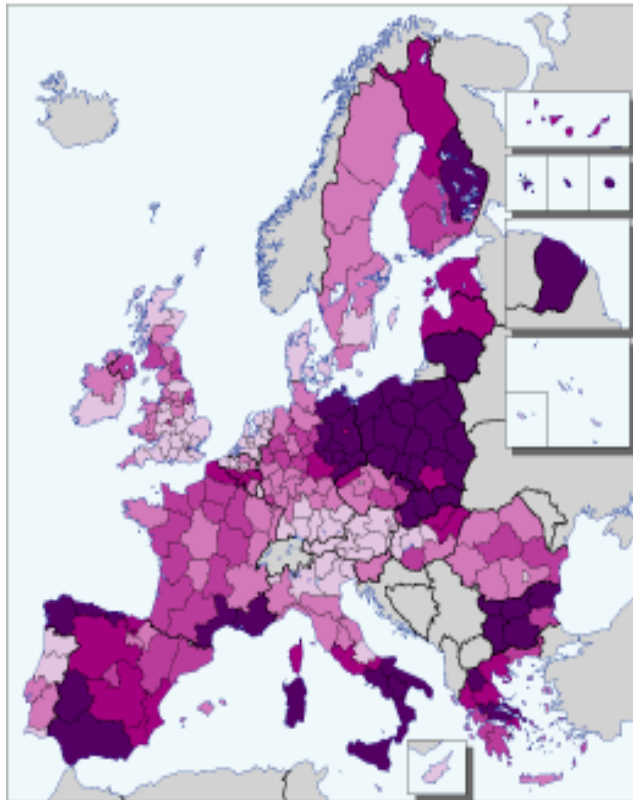


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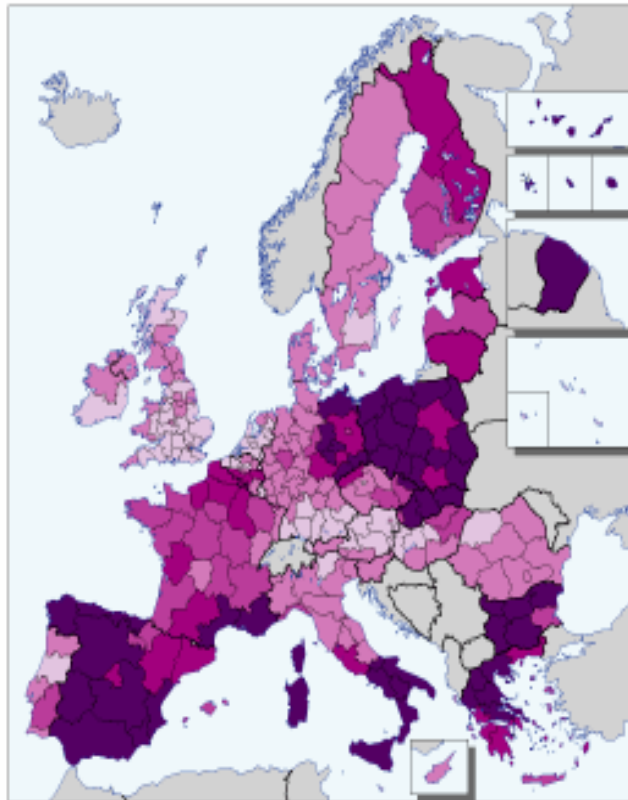
GDP per person employed, 2000



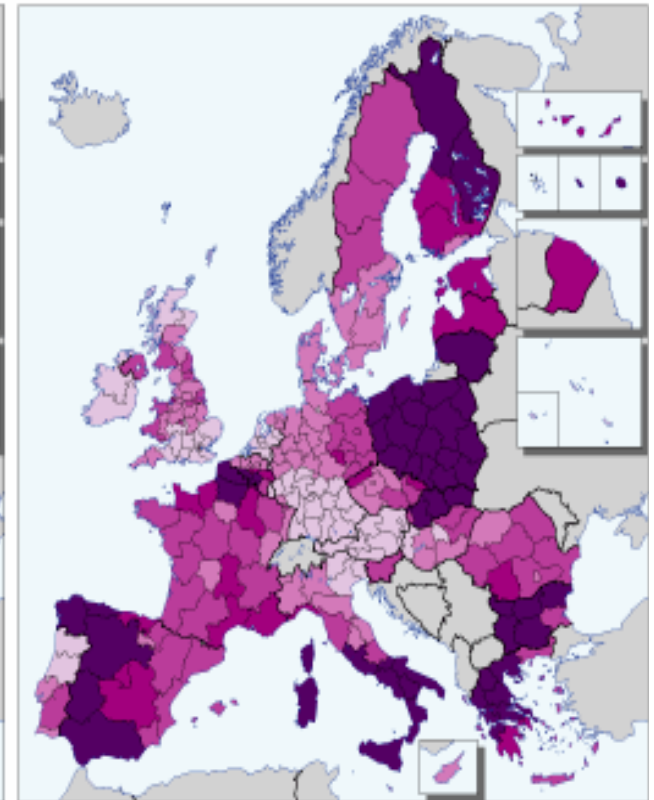
Map 4: Unemployment, 2001



Total unemployment rate

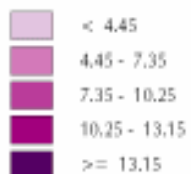


Female unemployment rate



Youth unemployment rate

% of labour force



EU-27 = 8,8
Standard deviation = 5,84

Sources: Eurostat and NSI

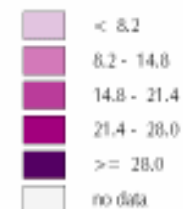
% of female labour force



EU-27 = 9,9
Standard deviation = 7,1

Sources: Eurostat and NSI

% of youth labour force, 15- 24



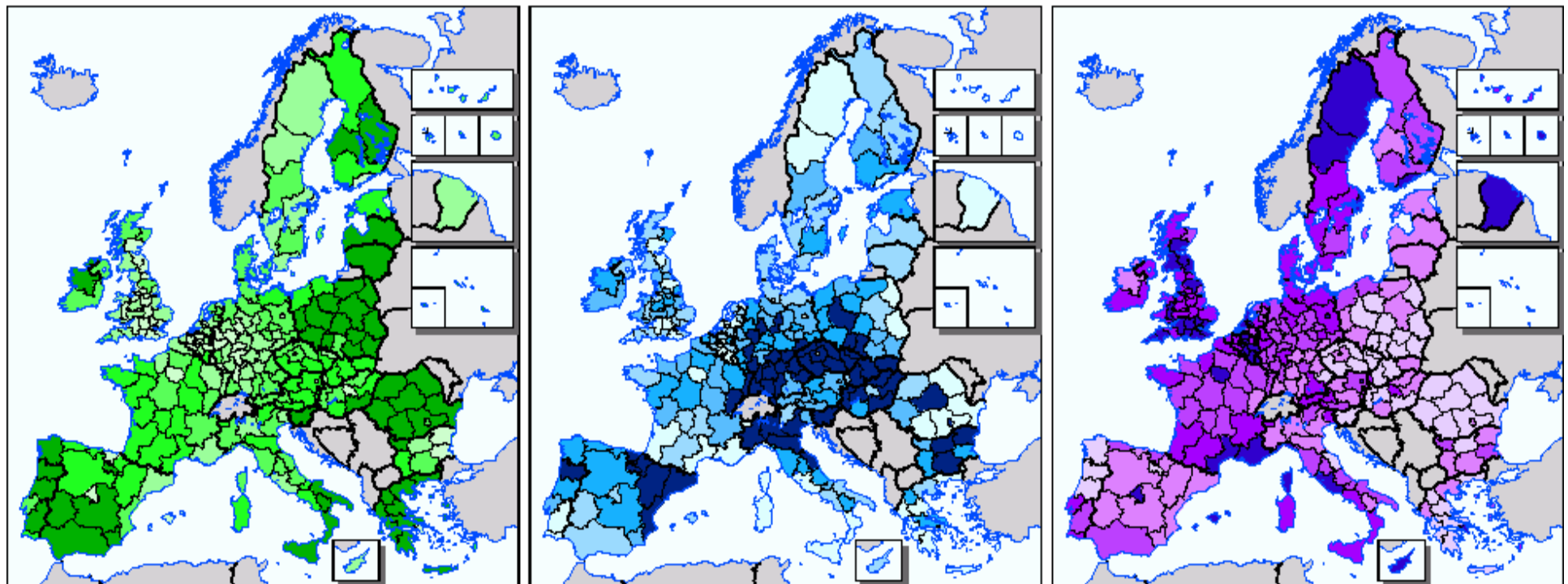
EU-27 = 18,0
Standard deviation = 13,1

Sources: Eurostat and NSI

0 250 1250 km

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Map 6: Employment by sector, 2001



Agriculture

Industry

Services

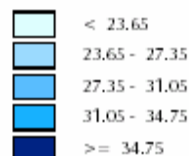
% total employment



EU-27 = 7.6
Standard deviation = 11.3

Sources: Eurostat and NSI

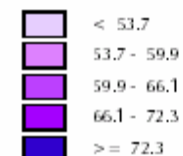
% total employment



EU-27 = 29.3
Standard deviation = 7.4 7.42

Sources: Eurostat and NSI

% total employment



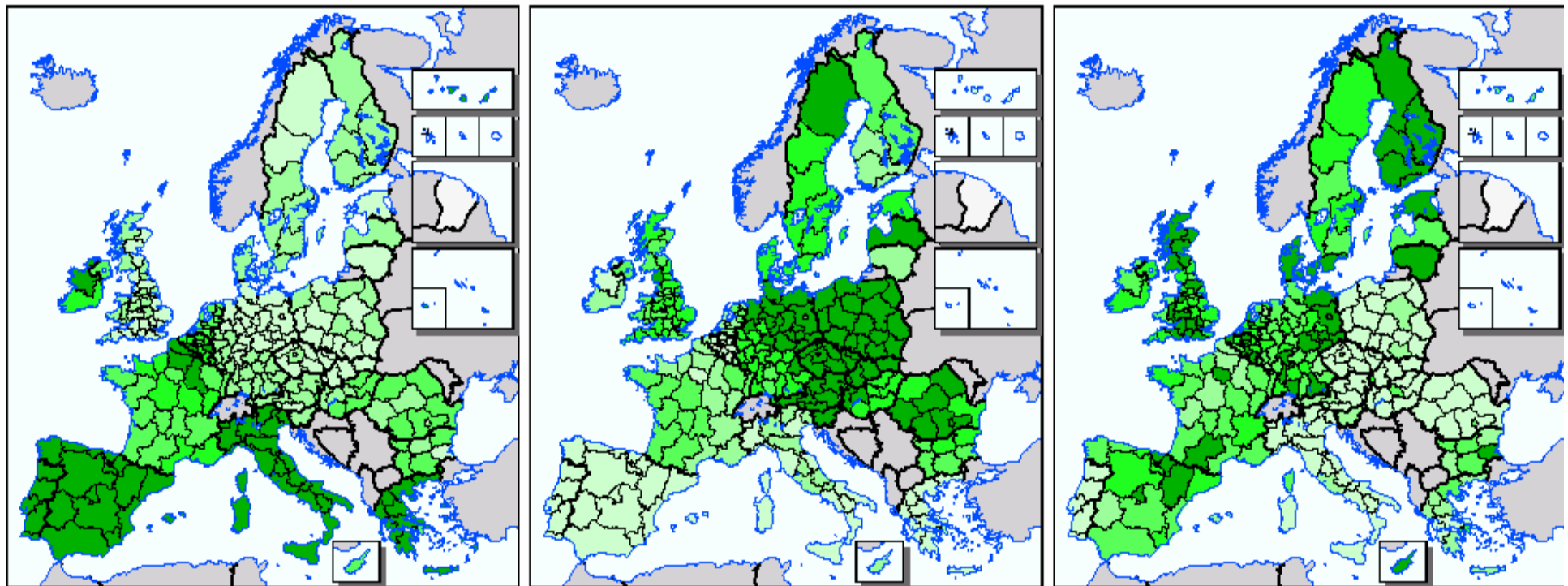
EU-27 = 63.1
Standard deviation = 12.5 12.5

Sources: Eurostat and NSI

0 250 1250 km

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Map 5: Educational level, 2001

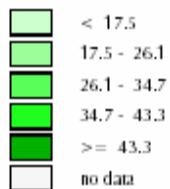


Low

Medium

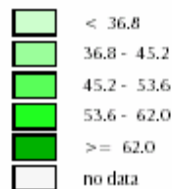
High

% of total population aged 25- 59



average = 30.4
Standard deviation = 17.3
D (Rheinland-Pfalz): NUTS1
Source: Eurostat (LFS)

% of total population aged 25- 59



average = 49.4
Standard deviation = 16.9
D (Rheinland-Pfalz): NUTS1
Source: Eurostat (LFS)

% of total population aged 25- 59



average = 20.2
Standard deviation = 8.62
D (Rheinland-Pfalz): NUTS1
Source: Eurostat (LFS)

0 250 1250 km

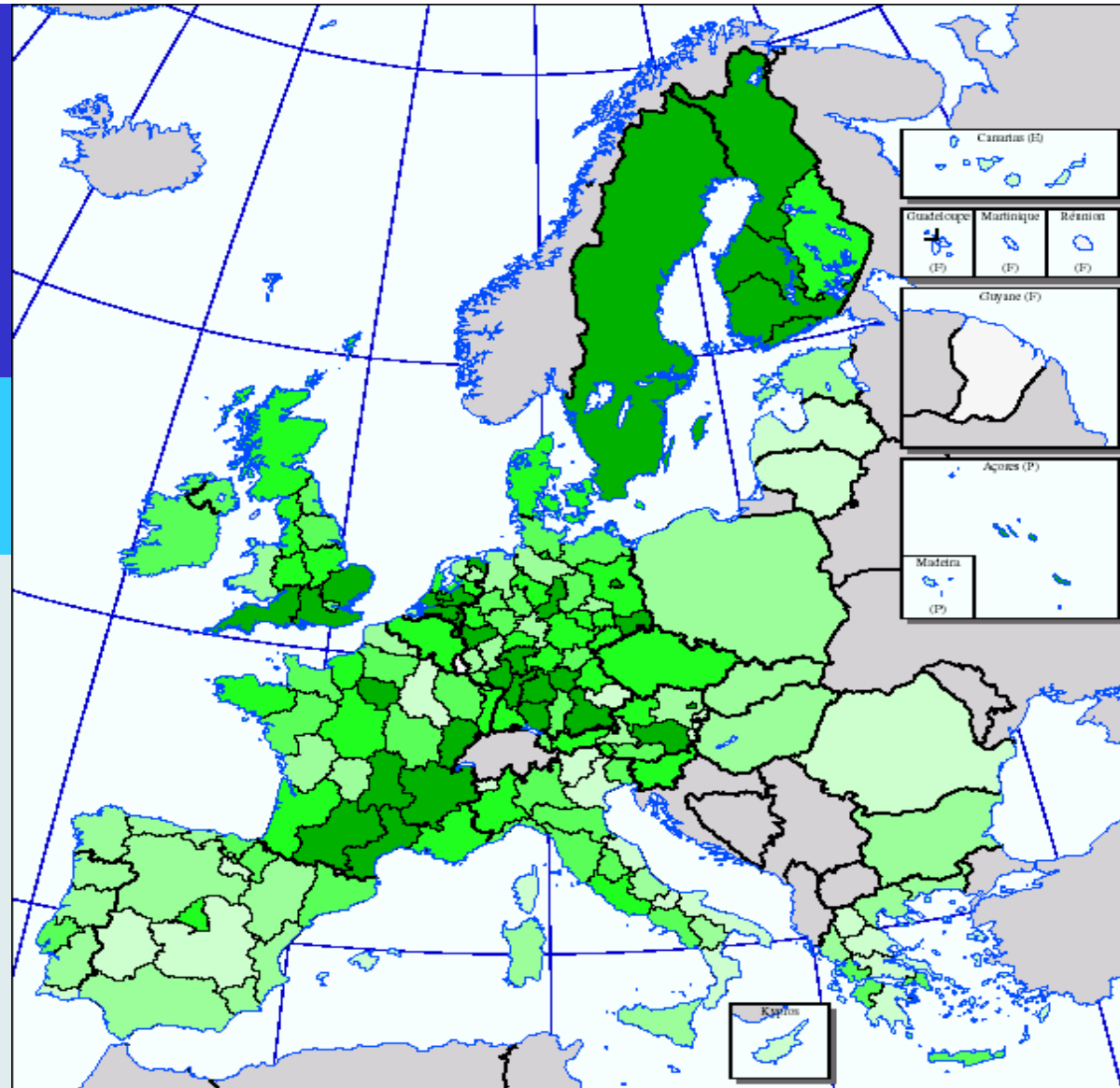
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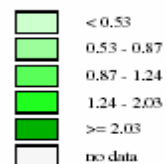


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Map 9. Research and development expenditure, 1999

Total expenditure, % GDP



L: no data
A: 1998
B, DK, IRL, S, BG, CY, CZ,
EE, HU, LT, LV, PL, RO, SI: National level data
UK: NUTS1

EU15 = 1.93%

Source: Eurostat

0 100 200 km

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Dimensions of regional disparities

- lower productivity levels across sectors
- high unemployment, in particular youth employment, and/or high percentages of commuters
- specialization in economic sectors characterized by low productivity
- underdeveloped and/or degraded infrastructure
- relative lack of high tech activities and RTD
- lower average educational levels

⇒ a complex of interrelated issues, which requires a multifaceted approach

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Example : the Geomatics Business Park (1) (Flevoland, Netherlands)

Concept:

- Business and science park for companies and research institutes operating at the interface of remote sensing, geo-sciences and information technology
- Available expertise of the National Aerospace Laboratory (NLR) and TNO (national laboratory for applied research), long-standing experience in the processing of remote sensing data and technological research.

<http://www.geomaticspark.com>

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Example : the Geomatics Business Park (2)

Main features:

- public-private partnership involving private companies, research institutes, Ministry of Economic Affairs, National Aerospace Laboratory, the province, local authorities;
- clusters of companies targeting the geomatics market and related sectors, supported by airborne and space borne remote sensing data acquisition, processing and distribution, modeling, data model integration and (mobile) ground station operations
- support and facilities for the growth of start-up and expanding knowledge-intensive companies in the geomatics market;
- long-term planning for the co-financing of innovative activities by companies and research institutes established on the site.

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Example : the Geomatics Business Park (3)

EU involvement :

- co-funding of the business park infrastructure and access;
- provision of venture capital, which provide seed and risk capital to start-ups on the site;
- co-funding of common services for small businesses on the site: e.g. joint research projects, joint management and marketing services;
- possibly: co-funding for the establishment, close to site, of a relevant faculty of a higher education institution.

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Example : Development of public transport in Athens (1)

Initial situation:

- poor quality of public transport: degraded rolling stock, limited geographical coverage, slow and unreliable service
- dominated by busses and trolleys, only very few free bus lanes
- sharply declining market share, adding to already very serious congestion problems

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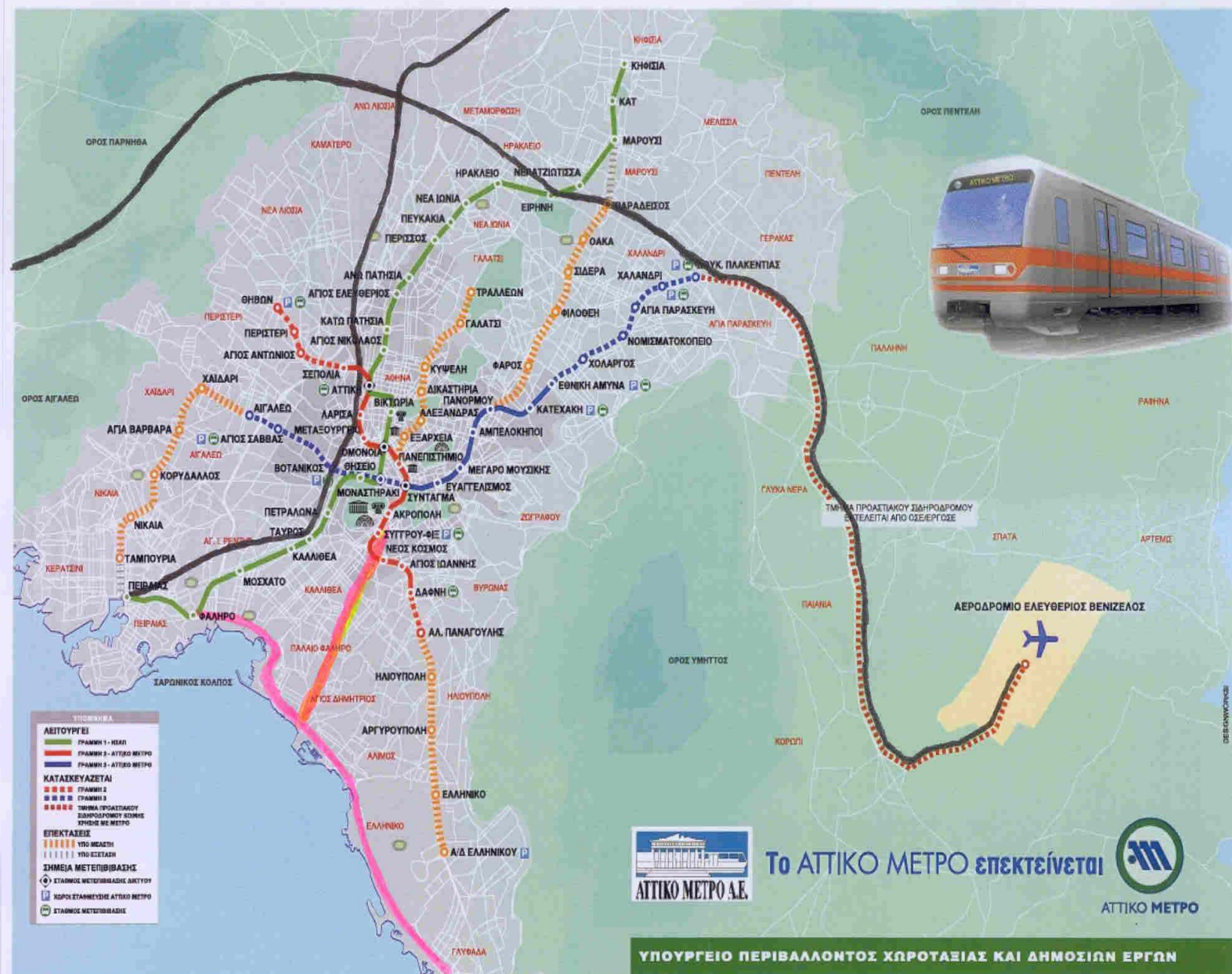


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Example : Development of public transport in Athens (2)

Comprehensive program:

- detailed analysis of current and future traffic flows, potential market share of public transport
- integration of other spatial aspects: development of suburban centers, increasing numbers of commuters to/from locations outside Athens, relocation of businesses to sites outside the city, and relocation of the airport
- choice of type of public transport best suited to local conditions: subway, tram, suburban railway, trolleys, busses;
- retraining of personnel of public transport companies
- improvement of management of public transport companies.



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Example : Development of public transport in Athens (4)

EU involvement:

“hard” infrastructure:

- metro: co-funded by ERDF + EIB loans;
- tram: co-funded by ERDF + EIB loan;
- renewal of existing subway line and busses/trolleys: co-funded by ERDF;
- suburban railway: co-funded by ERDF, one extension CF;

“soft” infrastructure:

- development of an overall business plan for the public transport companies: co-funded by ERDF;
- retraining of personnel: ESF.

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Some conclusions and recommendations (1)

At program level:

- set clear objectives and priorities, and ... apply them when selecting and developing your projects!

- ensure a program “mix” with the highest potential return on the investment

No point in improving e.g. infrastructure if it is already at a reasonable level; “law of diminishing returns”!

- ensure that you have a wide variety of funding instruments at your disposal to allow you to propose tailor-made funding packages.

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Some conclusions and recommendations (2)

At project level:

- **consider the mid to long-term perspectives of the project**

Most of the co-funded investments have extended lifecycles and require extensive preparation (project design, environmental impact assessment).

- **develop comprehensive and integrated projects**

Isolated showroom projects (“cathedrals in the desert”) hardly if ever pay off.

- **private sector involvement, also in traditionally “public” domains such as public transport**

Reduces public funding needs, adds to the focus on financial and economic viability.

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Some conclusions and recommendations (3)

- **build on already present activities**

Look for established companies, RTD institutions, geographical/cultural assets, which can function as the core of a development project or plan.

- **adapt the mix of funding instruments to the particular circumstances of a project**

Traditionally grants & loans; but more market-oriented instruments like provision of risk capital for businesses and concessions for transport are increasingly used.

- **combine different EU funding resources:**

Structural Funds, Cohesion Fund, but also : EIB, EIF, RTD Framework Program.

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Some conclusions and recommendations (4)

- **combine “hard” and “soft” measures**
 - Every “hard” investment needs a suitable organization and business plan for its management and exploitation.
 - Ensure collective provision of some essential services for start-ups and other small businesses, which are often too costly for them on an individual basis.
- **coach your projects and beneficiaries**
 - Early warning if the project would go off-track.
 - Let beneficiaries, in particular start-ups, profit from locally available business management expertise, e.g. via business angels.