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# **IQ-Net Bulletin - Issue 5**

## **March 1999**

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### **Contents**

Niederösterreich hosts the sixth IQ-Net meeting	2
Wish you were here? Tourism regenerating Objective 2 regions	3
Report on DG XVI Gender Mainstreaming Conference, Gelsenkirchen	9
The new Structural Fund regulations – preparing for the new programmes	10
Profile: Objective 2 programming in Lower Austria and Styria	17
What is IQ-Net?	23

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# Niederösterreich hosts the sixth IQ-Net meeting

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The sixth meeting of the *IQ-Net* Objective 2 exchange of experience consortium was held on 24-26 January 1999 in the mountain village of Semmering, in Austria. The conference, which was organised and co-ordinated by EPRC, and hosted by the Land Government of Niederösterreich, brought representatives of participating Objective 2 programmes and of DGXVI of the European Commission together to exchange experience and to plan future collaboration.

The conference focused on three key themes: tourism development through the Structural Funds; the new Structural Fund regulations and progress in preparing for the new programmes; and distinctive aspects of the Niederösterreich and Steiermark Objective 2 programmes and the approach to Structural Fund programming in Austria.

The meetings provided a forum for lively and informative discussions, which were complemented by study visits illustrating the contribution that Objective 2 has made to tourism development and innovation in Niederösterreich. Tourism-related visits were to an improved cable car installation in the ski resort of Semmering, and to a 'Bio-Hotel' in the 'health tourism' market – serving organic, locally-sourced food, using only natural fabrics and materials for its furnishings and fittings, and implementing a strategy minimising environmental impacts. A further visit was made to the firm Huyck in Gloggnitz, a manufacturer of industrial textiles which has become more competitive through investments in new technology. This Bulletin provides more detail on each of the above themes as well as background information on *IQ-Net*. Feedback by post, fax or e-mail is always welcome.

*IQ-Net's* Thematic Papers - research papers prepared by the European Policies Research Centre for *IQ-Net* meetings - are now available to a wider readership. Also available from EPRC are a series of Occasional Papers on Structural Fund subjects prepared by external contributors.

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# Wish you were here? Tourism regenerating Objective 2 regions

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*Tourism is a highly topical subject. The European Commission recently charged a High Level Group on Tourism and Employment to examine the conditions under which this sector could make a greater contribution to growth and stability in European employment. Their report, submitted in October 1998, highlighted the potential economic impact of tourism as well as main constraints to its growth. One of the key areas viewed by the EC as central for future competitiveness is tourism development in less developed areas of the Union. This provides a challenging framework for the promotion of tourism in Objective 2 areas. Tourism is a frequent component of programmes and is pursued in regions with a highly diverse range of underlying characteristics. This article highlights some of the particular features, trends and challenges of tourism support in these regions.*

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## Diversity of tourism support

Tourism was defined by the High Level Group as 'a complex of services and products, provided to meet consumer, business and public sector demand for domestic and foreign travel. It is largely decentralised and woven into the economy due to the mobility and variety of tourists' needs, and because tourism-related products and services are bought before, during and occasionally after the journey'. This definition embodies considerable complexity and a correspondingly wide range of areas which could qualify for tourism support. This is reflected in the diverse way in which the sector is integrated into Objective 2 programmes – usually as a complementary strand in combination with other sectors or activities. Culture and environment are commonly linked to tourism at priority level and the sector also often appears as a sectoral target under wider economic development or infrastructure measures. Within this diversity, overall approaches can be identified.

- At one end of the scale, tourism is used as part of a **holistic approach to improving the overall attractiveness of a region**. This is deemed possible because of the way in which tourism is woven into the economy. This approach views the support as not only benefiting tourism related prospects but also improving living conditions for the local population and providing a basis for wider economic development and investment. The Dutch Objective 2 programmes particularly favour this approach. Another key reason for

taking a more holistic view is the motivation to attract inward investment and support business development. While this is a relatively common link in Objective 2 programmes, some evaluations have expressed caution about its appropriateness.

- The approach at the other end of the scale incorporates more ***targeted thematic development***. This is becoming increasingly common within the Structural Funds, related in part to the limited availability of resources. Targeting of measures can take a broader form, eg. youth- or eco-tourism where a variety of activities could be supported, or can be more specifically focused on a particular type of attraction or activity eg. castles/historic buildings or golf. Business tourism is taking on an increasingly high profile, with objectives ranging from the attraction of conference business to encouraging existing business travellers to spend more time and money in the region. The most obvious drawback to thematic tourism development is the danger of 'putting all your eggs in one basket'. Focusing on a specialised area has dangers if the market shifts or the attraction is only a relatively small part of the overall tourism experience. Rooting thematic foci within a wider development strategy and ensuring that sound analysis has been done on the nature of tourism demand in the region are among the ways of combating this potential danger.

## Use of integrated projects

Integrated initiatives bring together a range of individual components and projects under a common heading and provide a strong marketing handle for promotion at regional, national or international level. The examples below illustrate two initiatives, one targeted directly at tourists and the other, a cross-regional cooperation initiative, aimed at tourism industry operators. A notable feature of both examples is the extensive use of IT and new technologies.

### The Finnish Lakeland Initiative

The 'Lakeland' is a new marketing concept being used jointly by four Finnish regions (North and South Savo, North and South Karelia) which have a shared interest in the lakes. The Lakeland branding concept (funded jointly under Objectives 2, 5b and 6) aims to strengthen the regions' new identity as specialists in nature tourism and act as a framework for the development of specific product packages including:

- ❑ *cottages and holiday villages*
- ❑ *activities and adventures*
- ❑ *festivals and culture*
- ❑ *the Lakeland winter and Christmas experience*
- ❑ *conferences and incentives*
- ❑ *boats and cruises*
- ❑ *coach tours*
- ❑ *fly-drive spa holidays and health tours*

The Lakeland concept is targeted at tour operators who then market it to their customers. The branding project is being handled by professional tourist organisations, and will include investments in products, marketing and infrastructure, computer reservations systems and improvements in quality. Feedback from trade organisations who are selling the Lakeland product to potential tourists will help to hone its delivery. Eventually, the initiative is planned to cover the whole Finnish lake district.

The main rationale behind the concept has been the recognition that single tourism projects are often ineffective and that co-ordinated infrastructure, travel and cultural initiatives produce greater economic effects.

## **The Alpentour Cycle Path in Styria, Austria**

Alpentour is an initiative based on an integrated approach to regional and tourism development. The central focus of the project is a mountain biking path covering 350 kilometres and passing through several administrative districts including the Objective 2 area. Based around the cycle path is the promotion of areas along the route, including walking and sightseeing options from given points. The wider aim is to stimulate population stability and employment through the use of local people as guides, and economic diversification through initiatives such as encouragement for farmers to use farmhouses and other premises along the route for tourism purposes.

One of the most innovative aspects of the project, which combines tourism marketing with new technology, is Alpentour's dedicated Internet site. This provides information on the route comprising a number of elements:

- ❑ *special offers for cyclists planning to undertake the journey*
- ❑ *a map of the route*
- ❑ *accommodation and restaurant lists for the main points along the route*
- ❑ *tips for mountain biking*
- ❑ *an overview of the Alpentour, including altitude maps and information on the areas which lie along the path*
- ❑ *travel information for getting to the route, and*
- ❑ *other mountain biking events.*

One of the most attractive features of the web-site is a 3D model of the route with the possibility to 'fly' over it to get an impression of the overall gradient, appearance etc. A number of future developments are planned including a direct booking function via the internet site, a CD ROM version of the site for marketing purposes and further active encouragement of diversification and quality improvement initiatives along the route.

## Tourism and training

Although training should be an important consideration for the tourism sector, the nature of the jobs (short-term or seasonal and often low-skilled) often does not encourage private firms to invest heavily in staff training and development. Equally, it can be difficult for firms to identify their training needs and know how to have them met. The Mid-Nord Regional Tourism Development Agency in North Jutland has responded to these challenges by creating a training committee as a medium- to long-term step. The committee comprises private sector representatives who contribute to demand analyses which are then used to guide public sector training providers. A further example from Scotland is the Tourism Training Scotland (TTS) initiative. The TTS is a public/private partnership led by the managing director of one of the largest luxury hotels in Scotland. Its overall aim is to engage fully with the education and training sector and improve links at all levels to promote awareness of employment opportunities in the tourism industry.

## Issues for the future

Tourism is likely to remain an integral part of Structural Fund programmes in the next programming round. The integration of rural and urban areas may increase the relevance of the sector in the new Objective 2 programmes – although new challenges will also be presented given the differing approaches and requirements of tourism in these two types of area. In the light both of changing demands for tourism products and constraints to growth in this sector, careful consideration of how tourism can best be promoted within the Structural Fund context is important as strategic planning begins for the next seven years.

The word ‘integration’ perhaps best summarises the future direction of tourism support. Tourism, more than many other economic development activities, relies on the integrated and sustainable development of an area and its people. Networks of businesses providing a range of services including accommodation, food and drink, transport, leisure and cultural activities are required and the effectiveness of developments in one area will be lessened if the other areas are neglected. Tourism development must be sustainable in an economic, environmental and social sense. Integration is an important condition of progress in this sector and is also increasingly the method of support, bringing together individual components under common themes and approaches.

Against this background, four recommendations can be highlighted.

- **Definition and targeting** is particularly important within a limited development framework such as the Structural Funds. These programmes offer the potential for innovative approaches and new ideas and sound

definition at the outset can help effectively to target and implement the available resources.

- ***Integration into the wider economic development framework and compatibility with wider tourism strategies.*** The High Level Group commented that an important part of improving the tourism market is to improve the overall business environment. Their recommendations include the development of more effective consultation and co-operation between representatives of the tourist industry and key national and regional decision-makers on activities likely to affect tourism development. The Structural Fund framework is one method of achieving this and positive experiences in consultation and partnership can embed themselves as standard practice. Two examples of where integration has taken place, one directly within the Structural Fund framework and one on a wider regional basis, are provided below.

### **Strategic Planning Exercises for Tourism Nordrhein Westfalen (NRW) and Industrial South Wales**

The Land Ministry of Economy, Technology and Transport in NRW has formulated, through a specially created Tourism Commission, a Tourism Masterplan for the whole Land. The objective of this was to create a strategy with associated projects and organisational structures which could best encourage tourism in the Ruhr area – known better for its heavy industrial tradition than potential tourist attractions. A detailed supply and demand analysis was undertaken and three key building blocks were identified which drew on regional strengths and the interests of the key target markets. These were the industrial heritage, culture and entertainment.

The Masterplan includes a list of projects already in development and provides the strategic context for the tourism measures within the Objective 2 programme. An integrated approach was taken to linking and marketing individual initiatives, including museums created from former steel and coal works. This also involved physically connecting projects through transport infrastructure. A further interesting component of the NRW initiative is the creation of a new tourism organisation designed to combat the current fragmented approach to marketing and development. Importantly, the organisation incorporates both private and public sector interests.

Although with a number of similarities to the NRW initiative, the Industrial South Wales tourism scoping study was a strategic planning exercise undertaken directly within the framework of the Objective 2 programme. The study was undertaken by an external consultancy firm and comprised a thorough demand analysis which was used to propose appropriate development routes for the tourism measures of the programme. Two product themes were identified - culture and environment - and relevant flagship and supporting projects proposed. To ensure that the projects which were selected met the likely tourist demand, conditions were applied to each type of project relating to size, location, accessibility etc.

- ***Tourism in Objective 2 strategies - utilisation of best practice:*** the role of tourism within the Structural Fund framework is under-researched and, despite its common inclusion in programmes, little clear guidance or support appears to be available to help structure and best exploit tourism related development options. Tourism has less 'kudos' than other fields of intervention such as RTDI, new firm formation or company networking, despite its potential to contribute to regional economic development. Notwithstanding the lower overall profile of tourism and the lack of theoretical guidance, at a practical level there is evidence of a considerable amount of innovative and strategic thinking at programme level. This provides a wealth of experience and ideas, and the wider dissemination of such good practice raises the profile of tourism and contributes to the strategic planning process in this area.
- ***Use of appropriate monitoring indicators:*** the identification of effective monitoring indicators is particularly difficult in tourism and the move towards integrated projects is not likely to simplify this. Clear definition of goals, supported by strong underlying socio-economic analysis, can help to establish the aims of the tourism-related support and therefore the areas in which evaluation indicators should be sought. Tourism interventions have job-creating effects, but the nature of investments, often associated with significant multiplier effects, makes accurate measurement problematic. Greater differentiation of indicators would also add to the understanding of the effects of tourism eg. type of jobs (short-term, skill level etc.). The monitoring and evaluation difficulties are greatest in specific types of tourism project eg. destination marketing or image branding – although such actions might be very important in regions where the tourism image is less immediately apparent. It is important to try and identify appropriate indicators for such projects, perhaps moving more towards a greater use of qualitative methods, benchmarking etc. Methodologies for the evaluation of tourism do exist, and it may be useful where there are significant tourism priorities to draw more widely on experience from outside the Structural Funds. This could provide starting points to derive overall tourism indicators or methodologies for cases where, for example, specific large-scale events are being supported.

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# Mainstreaming equal opportunities into Structural Fund programmes: current achievements and good practice

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A two-day conference on the "Promotion of Equal Opportunities for Men and Women under Community Structural Fund Programmes in Germany, France and the United Kingdom" was organised by the European Commission on 21-22 January 1999 at the Gelsenkirchen Wissenschaftspark, Nordrhein Westfalen. The seminar, which involved 120 participants from three countries, was part of a process of consultation between the Commission and regional-level actors, and provided a forum to disseminate best practice examples of gender mainstreaming which had been identified through a questionnaire survey of current practice. Mary Braithwaite of Engender, Renate Fries of PID and Rona Fitzgerald of EPRC co-ordinated the country questionnaires, providing a report on the current situation and best practice. During the conference, the objective of which was to support effective preparations for the next programming round, workshops were organised around the following themes:

- ❑ Establishing policy and objectives on equal opportunities in Structural Fund programmes
- ❑ Integrating equal opportunities into programme management and partnerships
- ❑ Ensuring that general and specific measures contribute to improved equality for women and men

The consultation process helped to identify the information and guidelines that regions need in order to move forward from positive action programmes, typically funded under the ESF, to gender mainstreaming – supported by various funds, crucially the ERDF. Following the event, Mary Braithwaite prepared a synthesis report for the Commission, incorporating further information from the seminar. One of the key messages to emerge from the exercise is that a systematic approach to integrating equal opportunities into Structural Fund programmes is vital. Mainstreaming requires a pro-active strategy with intervention at each stage of the management and implementation process.

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# The new Structural Fund regulations – preparing for the new programmes

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*Following publication of the draft Structural Fund regulations in March 1998, many of the key strategic decisions, relating to budgetary allocations or spatial coverage, were postponed pending the outcome of the German elections. Since then, the budgetary debate has resumed, highlighting the continued polarisation of views between 'net payers' and the cohesion countries over the future size and scope of the Community budget. The Vienna European Council on 11 and 12 December 1998 made little progress in reconciling differences and its conclusions made clear that considerable further work would be necessary to reach agreement. In order to achieve the final adoption of the Agenda 2000 package before the European Parliament elections in June 1999, political agreement has to be reached by the Council meeting in Brussels on 24-25 March 1999, under the German Presidency. This means that the negotiations of Structural Fund reform have now entered their final phase.*

*In the meantime, in the absence of political agreement on the 'big issues' in Agenda 2000, Member State authorities and Commission services have been concentrating on progressing the technical aspects of reform. The Commission's detailed proposals for area designation have enabled technical work on the indicators and criteria to continue, with assessments of potential national and regional impacts. In addition, substantial progress has already been made by the Structural Actions Working Group in Brussels during the UK and Austrian Presidencies, on the Articles in the draft regulations relating to administration. Commission services have also prepared draft versions of their strategic priorities for the 2000-2006 period.*

*As the final phase of the reform approaches, regions and localities have extended their activities from lobbying the Commission for eligibility to internal debates about the allocation of Structural Fund eligible areas. In addition, since the latter part of 1998, implementation issues and management arrangements have begun to receive attention as regions consider the programming requirements of the new regulations. This article summarises some of the preparations programming authorities and their partnerships have been making, highlighting particular examples of regional practice.*

## Preparations at programme level

Over the past year, the preparations required for the next programming period have increasingly preoccupied Objective 2 programming authorities and their partnerships. Several important issues can be highlighted.

First, awareness of the programming implications of the regulations is very variable among Objective 2 areas, impeding the ability of some to begin their preparations. While there is no certainty at this stage about eligibility or the final shape and content of the regulations, some programmes are being briefed more constantly and fully than others by their Member State authorities and EC desk officers. In some cases, programmes have received conflicting messages from national government administrations and Commission services, further fuelling uncertainty. Although the broad outlines of the information requirements in the regulations are evident, there has been considerable uncertainty about:

- ❑ the balance of information needed for the regional development plan and programme supplement, and the anticipated 'fit' of the two components as an integrated concept;
- ❑ the guidance on horizontal priorities; and
- ❑ the interpretation of the quantification and ex ante appraisal provisions.

Objective 2 areas are concerned that these matters should be clarified speedily and in detail – to allow programme preparations to begin, and, over the coming year, to avoid unexpected requests for information and associated delays in approving the new programmes.

## Structures

In addition to issuing guidance, some Member States have established structures to serve the common information needs of the regional level. In Denmark, the regional policy office of the Danish Agency for Trade and Industry (DATI) has established four internal working groups to undertake developmental work and provide clarification, including one examining administrative questions, and another programming issues. The latter include questions relating to direct subsidies to individual firms (SMEs and others) and 'soft' forms of support (collective 'framework measures' and knowledge projects).

Second, notwithstanding the uncertainties, most Objective 2 areas have begun active planning for the new generation of programmes – although in some cases this in reality entails 'preparing to prepare'. In some areas, regional analyses have begun, updating the SWOT or the regional profile. In others, working

groups have been convened to begin determining strategic priorities. More so than in previous programming periods, Objective 2 areas are investing in evaluation to guide the strategic direction and programming arrangements of the new SPDs. Several have launched thematic studies on specific strategic or organisational issues and most are either undertaking combined evaluations (comprising pre ex post evaluations of the 1994-96 period and interim evaluations of the 1997-99 programmes) or drawing on the lessons of previous evaluations.

### **Thematic studies informing future programme options**

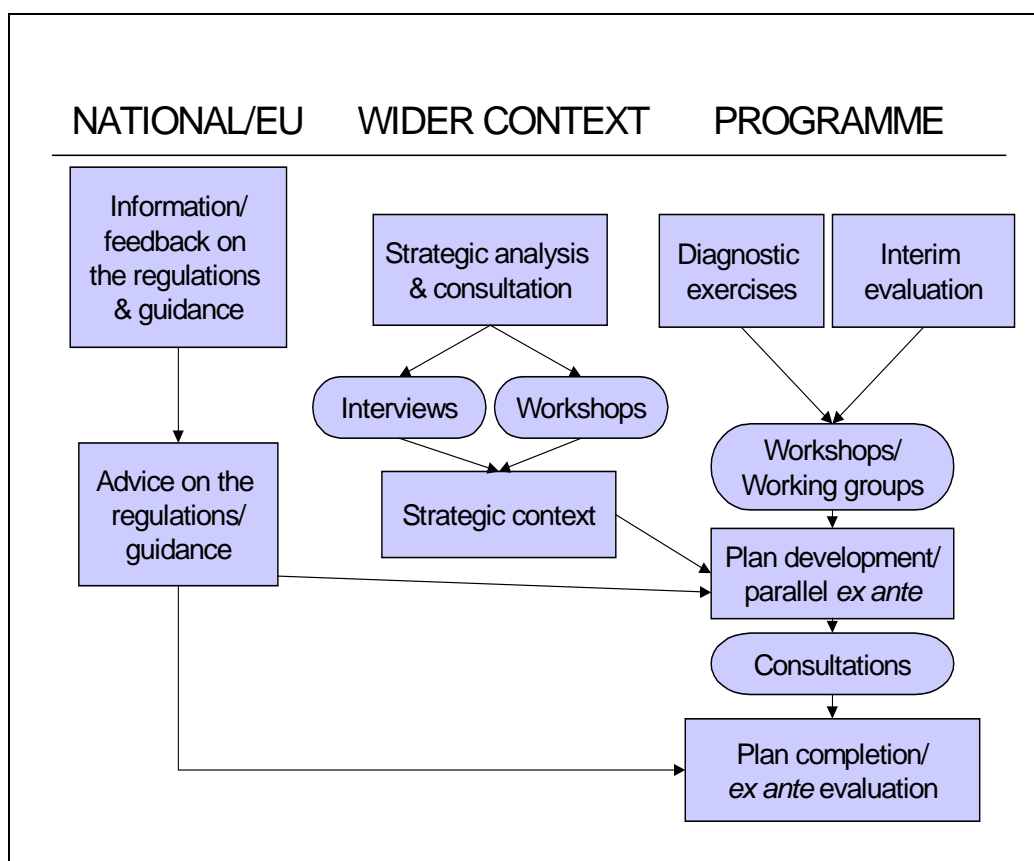
In Niederösterreich a range of inputs are being or have been prepared, notably: a tourism concept; the Regional Innovation Strategy and related follow-on work; and external studies on the impact of EU enlargement on Niederösterreich firms. In Fyrstad, a SWOT analysis has been commissioned to kick-start the future planning process. Completed in August 1998, the study identified current trends in the regional economy and their underlying causes.

Studies have also been initiated at EC-level to support programme development more generally, including a cross-national study into knowledge projects, in which Nordjylland is participating, a DG XVI pilot programme on integrating sustainable development principles into Structural Fund programming (involving Aquitaine and Nordrhein Westfalen) and a study on gender mainstreaming in the French, German and UK programmes (see feature on page 5 of this Bulletin).

Selected studies are also being undertaken at Member State level. Thematic studies include a French Ministry of Employment initiative examining how the ESF has supported RTDI development under Objective 2, and a Swedish evaluation by NUTEK into networking among businesses supported by Objective 2 programmes.

Plans for the process of programme development show that methods will be different to previous rounds in many cases. Recurrent themes are ensuring wider consultation than in past rounds and seeking more tangible and active partner involvement. In Aquitaine, rather than setting out policies in advance, an open-ended process is underway in which strong partnership involvement will be used to derive new or improved policy orientations. The partners are helping to drive this trend, as they have become more closely involved, more committed, and realise the significance of programme preparation for integrating their own priorities. Likewise in South Karelia, work to develop strategies on business, rural and cross-border themes is being undertaken in partnership, through a series of parallel meetings and seminars. The best of the ideas generated by different initiatives will be extracted and assembled into a draft programme.

Dimensions of the programme development processes which have been initiated:



Third, while enhancements are being prepared, it appears likely that there will be a strong degree of continuity in the strategies which emerge for Objective 2 programmes – especially in the older Member States. For the ‘new’ Member States, the current phase represents the first opportunity for a reflective approach to establishing programme priorities, with a redefinition of strategic focus being considered in several cases. Most regions appear confident about continuing to promote the Commission’s horizontal priorities. Despite some concerns about policy overload, many have been developing increasingly mature approaches to the environment, equal opportunities, RTDI and job creation, and intend to build productively on past experience.

Some strategic reorientation will arise as a result of external developments, eg where parallel reviews of national regional development policies and strategies are in progress.

## **Parallel regional development initiatives**

Structural Fund programme preparation is, in some cases, running in parallel with the preparation of other economic development programmes, leading to the potential for synergies between different development instruments, and to much more intensive, extensive and participatory strategy development processes than might otherwise have emerged.

In France, strong coherence will be sought between new Contrats de Plan État Région and future Structural Fund programmes. The intensive debates already underway to shape the content of the Contrats should provide a head-start in strategic planning for Objective 2 programmes, once eligibility maps have been agreed.

In Ångermanlandskusten, 'regional growth agreements' are being prepared which will integrate the actions of various regional actors in economic development. The government anticipates that initiatives highlighted in these agreements will be co-financed by the Structural Funds where appropriate. The same is true in Denmark for the Nordjylland County Council regional development programme, which is currently being developed by a wide partnership.

Fourth, effective programme management and efficient project delivery will be the key challenges for programme managers, secretariats and partnerships in the coming programming period. The new regulations place great emphasis on systemic improvements to programme management arrangements in terms of management information systems and the indicators they encompass. In almost every case, managing a wider partnership will also create new demands.

Views vary as to the management implications of merging Objectives 2 and 5b. Whereas for some, the merger heralds a simplified approach to economic development (given the proximity and interrelationships between many current 2 and 5b areas), for others it may be more problematic, involving a meeting of different 'programming cultures'.

## **Ensuring balanced delivery of the new Objective 2 programmes**

In the UK, there seems to be agreement at national and regional level that the 5b programmes will have the most difficulty adapting to the new Objective 2. These programmes have been subject to less modernisation and professionalisation than Objective 2, partnership is less developed, and there is a smaller and less active business community, fewer rural agencies and less experience of networking. The opposite view is held in France, where the Objective 5b programmes are in some cases considered to be better equipped for the new Objective 2. In Aquitaine, 5b areas have longer experience of Structural Fund programming, have been more efficient in mobilising partners, have stronger local 'ownership' and have more experience of tailoring policies to localities.

The key future challenges for many regions are regarded as operational: how to make integrated strategies work, how to manage the involvement of more partners, how to implement soft measures effectively and ensure sufficient uptake and how to communicate programme priorities and requirements down to project implementers. In most countries, continued processes of simplification and rationalisation of programming arrangements are underway, leading to fewer measures, greater sectoral focus, better co-ordination in managing and delivering programmes and increased partner involvement (especially of local actors). Across the EU, Objective 2 programmes have progressively been developing integrated strategies, focusing more on softer measures and building in criteria to promote sustainable development and ensure equal opportunities. These trends have complicated the process of project delivery, requiring more intensive work with end-beneficiaries to ensure awareness and understanding of programme aims, priorities and award criteria and to bring forward the best quality projects. Under some 'soft' measures in the RTDI and business development fields, it has sometimes been difficult to generate sufficient applications, at least in the early stages of a programme. In the new programming period, this trend will intensify – with additional pressure from the new financial management regulations to commit funds timeously.

### **Concentration**

In a number of regions, concentration is being sought in the projects invited during future programming periods – with larger, or more clearly inter-connected projects, seeking explicit synergies. In Finland, programmes will be shaped to accommodate fewer, but larger, co-operative projects in the next round – including multi-regional projects. In turn, a lead project approach has been proposed in Nordrhein Westfalen, which should allow greater focus if it goes ahead. This will concentrate resources into large, integrated project ideas (comprising multiple potential projects). It will also lead to a concentration in terms of sectors.

While work continues to prepare for new programming, the message from discussions with national and regional authorities in several Member States is that regions should plan for a delayed start to the new programmes. On the one hand, political agreement on the Agenda 2000 package has a long way to go; the March 1999 deadline to complete negotiations is regarded as extremely ambitious. On the other hand, even if this deadline is met, expectations of preparing, negotiating and approving programmes within nine months are unrealistic. During the negotiations, Member States are pressing for the balance of time allocated to Member States (for plan preparation) and the Commission (for programme approval) to be realigned to give more time for regions to prepare their plans. This will compress further the limited time for Commission assessment and approval of plans; even with decisions taken at a strategic

priority level, a meaningful assessment of programme objectives, indicators and targets is likely to take more time than will be available during 1999.

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JOHN BACHTLER AND SANDRA TAYLOR

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# Profile: Objective 2 programming in Lower Austria and Styria

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*Austria has four Objective 2 programmes which cover 8.2 percent of the national population and account for 15 percent of the total EU Structural Fund allocation for 1995-99. This article spotlights two of these programmes, Lower Austria and Styria (Steiermark), reviewing their strategic direction and outlining common structures through which they are implemented.*

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## **The Lower Austrian Objective 2 area**

The Lower Austrian Objective 2 area is located within the NUTS III area of Lower Austria South (Niederösterreich Süd) and does not form a functional region but rather comprises an almost circular area, the centre of which is designated under Objective 5b. The Lower Austrian Objective 2 area shows many of the classic characteristics of an industrial zone in decline. The effects of structural problems include contractions in employment in the primary and secondary sectors, a rapid increase in unemployment (rising in the Objective 2 area by 131 percent between 1981-91) and expanding commuting levels.

The importance of Wiener Neustadt as a source of economic growth for the region as a whole is recognised within the Objective 2 programme. This relates to its more positive economic indicators and its potential for the siting or expansion of higher level and more technology-oriented activities. The geographical location of Wiener Neustadt is also a potential strength, as it lies only 54 km south of Vienna.

## **The Lower Austrian 1995-99 Objective 2 programme**

The 1995-99 Lower Austrian programme is the second largest of the Austrian Objective 2 programmes and will receive 22.4 MECU from the Structural Funds as part of total public expenditure of 56 MECU. The programme has a two-fold overall development objective:

- ❑ to initiate a reversal of the current regional economic development trends in Lower Austria South by increasing both the dynamism of the regional economy and its adaptability to changing global conditions; and,
- ❑ to achieve a functional re-orientation of the regional economy towards more technology and know-how intensive production processes and a broader economic infrastructure base.

The SPD lists four overarching goals (Oberziele) through which these objectives are to be met:

- ❑ strengthening the competitiveness of local companies eg. through increased technological competencies;
- ❑ stimulating endogenous potential in new firm creation;
- ❑ selectively attracting company re-locations of strategic importance; and,
- ❑ expanding and raising the quality of the economic infrastructure, particularly around the Wiener Neustadt area.

The programme has no priorities, but instead identifies seven measures:

## **Lower Austrian Measures**

### **ERDF measures:**

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|------------|--|
| Measure 1: | Support for Restructuring and Modernisation                              |
| Measure 2: | Renewal and Revitalisation of Traditional Tourism Areas                  |
| Measure 3: | Economic, Innovation, Ecological Company and Entrepreneurial Consultancy |
| Measure 4: | Economic Infrastructure and Services, Alternative Energy                 |

### **ESF measures:**

- |            |  |
|------------|--|
| Measure 5: | Increasing Flexibility of Employment in Industry, Commerce and Services; Fachhochschule training |
| Measure 6: | Innovative Qualification Measures in Tourism   |
| Measure 7: | Qualification Measures for Women in the Problem Areas  |

## The Styrian Objective 2 region

The Styrian Objective 2 area is by far the largest in Austria, accounting for 4.5 percent of the Austrian population. The area has a long industrial tradition based on natural resources but factors such as industrial decline and the restructuring of nationalised industries have led to economic crisis and job losses. Between 1981 and 1991, employment in the productive sector declined by over 23 percent in the Objective 2 area and even more in certain sub-regions. Unemployment in 1995 had risen to 9.6 percent - markedly higher than the Styrian and Austrian averages.

The regional economy is overly dependent on a small number of large firms, particularly in the iron and steel industries, and SMEs occupy a relatively weak position. Styria was the only Austrian Land to suffer population decline between 1981 and 1991 and this trend was particularly marked in the Objective 2 area, resulting in an ageing population structure.

In most cases, there are significant differences in the population coverage between EU and national aid maps, differences which exceed 8-10 percent for some countries. For most countries the coverage of national aid areas would fall, with the notable exceptions of Belgium and Finland.

## The Styrian 1995-99 Objective 2 programme

The Styrian Objective 2 programme, as the largest in Austria, will receive 58 MECU from the Structural Funds as part of total public expenditure of 182 MECU. The overall strategic aim of the programme is to *“contribute to the modernisation and diversification of the regional economic structure, improve the environmental conditions and create long-term jobs and improved quality of living of the regional population”*.

The programme identifies four priorities:

## **Styrian Priorities**

Priority 1:	Support for Investment in Industry and Tourism (particularly SMEs)
Priority 2:	Support for Technology and Innovation Transfer, Consultancy and other Software Activities
Priority 3:	Creation, Improvement and Expansion of Infrastructure
Priority 4:	Development of human resources

## **Management and implementation of the Austrian programmes**

The management and implementation structures of all Austrian Objective 2 programmes are fundamentally the same. The Structural Funds are implemented through existing (pre-accession) organisational structures and incentives. These are highly complex, primarily because the strong tradition of consensus-based decision-making and coalition politics has resulted in the division of many policy areas along political lines, at times leading to duplication or overlapping responsibilities. This means that Austria has a great many aid schemes, with government Ministries, devolved agencies, funds and special banks, at both federal and Land level, all involved in administering their own specific schemes. Each individual aid scheme has its own regulatory guidelines (Richtlinien) which outline the scheme's objectives, eligibility criteria, administrative procedures etc. as well as a dedicated budget. Overall, Austria has one of the highest number of individual aid schemes in Western Europe.

Austrian regional policy is very wide in its definition and approach. It is viewed almost more as the spatial dimension of a range of sectoral policies, with the more specific regional policy component oriented towards dynamic structural change through the stimulation of endogenous regional potential. This policy approach, together with the organisational structures outlined above, have resulted in a large number of organisations and individual aid schemes being incorporated into the SPDs as the way of co-financing Structural Fund monies. The Styrian SPD alone, for example, incorporates 19 funding agencies and 46 aid schemes.

## **National level responsibilities**

In terms of specific Structural Fund responsibilities, the Federal Chancellery acts as the co-ordinating Ministry within Austria, reflecting its co-ordination role in the framework of national policy-making. The Federal Chancellery is responsible for official dialogue with the European Commission. In addition, ÖROK (Austrian Spatial Planning Conference), the co-ordinating body in Austria for regional development issues, also carries responsibilities for the over-arching inner-Austrian co-ordination of the Structural Funds. Financial co-ordination for each Fund is carried out by so-called 'Fund-corresponding Ministries' (fond-korrespondierende Ministerien) - the Federal Chancellery for ERDF, the Federal Ministry of Labour, Health and Social Affairs for ESF and the Federal Ministry of Agriculture and Forestry for the EAGGF. The Labour Market Service, an independent institution established by the Labour Ministry to administer labour market measures, carries out much of the practical implementation of ESF measures through its Länder offices. Overall, a single Structural Fund Monitoring Committee covers all the Objective 2 programmes.

## **Sub-national responsibilities**

The Land governments are responsible for the management of the individual Structural Funds programmes. In Lower Austria and Styria, this role has been taken on in the current programming period by the economic development department of each government, with the support of internal co-ordination groups.

At sub-Land level, 'regional management offices' have been put in place, building on similar existing structures. Their remit varies to some degree but includes information transfer, lobbying functions, the support of co-ordination and consensus-building within the region and the provision of initial consultancy for regional firms accessing funding. The Länder AMS have also established separate structures for regional-level ESF implementation, often incorporating measures within Objectives 2, 3 and 4.

## **Project selection**

As outlined above, the Austrian Objective 2 programmes are implemented through existing organisations and aid schemes at federal and Land level. The application procedures for individual firms are exactly the same as before, but their award might now be EU co-financed. There are no central project selection committees or structures related specifically to the Structural Funds - pre-existing

selection criteria for each aid scheme, as outlined in the Richtlinien, continue to be used by the funding agencies for project assessment. In a few cases, additional quality criteria are used for those projects which will receive EU co-financing as part of their award, but this is not universal practice.

Clearly this system may impede adherence to the strategic direction of the SPD as well as creating a considerable administrative burden. A concerted effort towards simplification is evident in the preparations for the next programming period. This includes a push to define a clearer strategic framework for action and to include a much smaller number of individual aid schemes, only selecting those which are most associated with the specified strategic aims.

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# What is IQ-Net?

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IQ-Net is a network whose aim is 'Improving the Quality of Objective 2 Programmes through Exchange of Experience'. It involves a structured programme of debate and applied research through a network of Objective 2 areas in Austria (Niederösterreich, Steiermark), Denmark (Nordjylland), Finland (Päijät-Häme, South Karelia), France (Aquitaine, Rhône-Alpes), Germany (Nordrhein-Westfalen, Saarland), Sweden (Ångermanlandskusten, Fyrstad) and the United Kingdom (Industrial South Wales, West of Scotland). Launched at the start of 1996, and managed by the European Policies Research Centre at the University of Strathclyde in Glasgow, the network exchanges experience on programme development, management and evaluation, bringing together ideas from across the EU and sharing information on 'good practice'. Part-funded by the European Commission (DG XVI), the network meets twice a year, the first four meetings having been held in Glasgow and Cardiff (UK), Gelsenkirchen (Germany) and Fyrstad (Sweden). The next meeting is planned for Bordeaux (Aquitaine) in May 1998.

Published twice a year, the IQ-Net Bulletin provides topical information for programme managers, partners, policy-makers and researchers on international experiences of implementing EU structural policies in industrial areas undergoing reconversion.

## Further information about IQ-Net

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