

Summary

CONCLUSIONS ON THE STRUCTURAL FUNDS FINANCIAL ASSISTANCE IN VIEW OF ...

When Austria joined the EU on 1 January 1995, it gained access to the financial assistance schemes of the European Structural Funds. Ever since, substantial amounts of additional funds have been provided by Austrian financial assistance bodies for projects in the areas of regional development, labour market policy, location development, rural and/or tourism development as well as environmental projects. The conclusions that can be drawn are summarized below.

... the key goal of EU regional policy – "regional convergence"

The quantitative pilot study conducted by Wifo yielded some encouraging findings. Since accession to the EU, regions receiving financial assistance have achieved progress in the areas of employment and the labour market. The regions supported are developing much better than regions that do not receive financial assistance, and the gap in employment growth has changed for the better since Austria joined the EU. However, no significant advances were achieved in the area of productivity output in the assisted regions.

The qualitative observations enable the conclusion to be drawn that the conditions for development in the regions have been improved by the creation of regional intermediary facilities and a number of decentralized activation structures. These have covered the institutional deficits at the regional level. The possibilities of targeted multilevel governance and the capability of regions to catch up with national and international developments and gain access to programmes have been improved.

... the efficiency of the administrative structures

The structural fund regime was successfully integrated into Austria's administrative structures quickly and efficiently. As regards the administration, the use of funds and error avoidance of the programmes, Austria is very well positioned in Europe. This was achieved by fully integrating the administration of the funds into the existing financial aid landscape – unlike the situation in many other member states.

The adoption of the structural fund regime supported the optimization and professionalization of the

administrative system in the concerned policy fields (improved coordination, clearing of the aid jungle in the areas of regional and economic assistance) and created impulses for structured and systematic learning (evaluation, monitoring). In this context, special mention must be made of the intense evaluation efforts within the ESF and the wider application to national labour market policy and assistance schemes.

... "implementable" policy in regional policy

Widespread opinion prevails that EU regional assistance has resulted in a much stronger focus on an Austrian policy for "regions". Austria's regional policy has been improved as regards profile, attention, and transparency. The funding from the Structural Funds through the ERDF has shifted the focus to economic and innovation policy. This change was embedded in the "second pillar" of measures, which were qualitatively of less significance, but enabled comprehensive locational development and traditional approaches to endogenous regional development. The territorial cooperation programmes contributed enormously to broadening the concept of Austrian regional policy beyond national borders and encouraged a conceptually wider geographical outlook and mode of action, therefore enlarging the framework of reference for regional policy. Due to the given overall conditions and a policy that tended to take a bottom-up and consensual approach, the main intervention programmes in the first two periods were hardly characterized by major innovations in design or administration. The demarcation of smaller regions, the pressure to exhaust the funds and the administrative framework resulted – from a quantitative standpoint – in a programming focus on modernization, enlargement and technology investments in individual enterprises.

... labour market policy

In the area of Austrian labour market policy – unlike the situation in the mainstream regional policy programmes – the ESF initiated some major policy innovations (for example, preventive labour market policy, qualification and consulting schemes addressing enterprises more directly, increased focus on persons removed from the labour market etc.), and new actors were integrated into labour market policy.

The more focused approach created an independent profile for the ESF programmes that help to reveal the added value of European Union membership. Complementary ESF measures in regional policy programmes, and in a later phase, the Territorial Employment Pact (TEP), made it possible to locally establish and regionally network labour market policies.

... rural development and agricultural policy

Overall, rural development policy enjoyed a higher priority in Austria based on compensation payments and environmental assistance schemes than spending on market development. The new orientation of EU agricultural policy of moving away from market development and more towards rural development was anticipated by Austria in its focus on national agricultural policy. It was especially in the first period that a comprehensive approach became to promote the diversification of rural regions. Austria's extensive experience in endogenous regional policy for rural areas served as the starting point. The implementation therefore supplemented the ERDF measures. The application of these innovative impulses to a broad range of rural regions in Austria created a strong impulse to boost regional development. The highly ambitious goals of the innovative actions concentrated mainly in the Community Initiative LEADER. The room for innovative measures was – and still is – hardly used in the main intervention programmes.

... the framework conditions in Austria for financial assistance from the Structural Funds

There is no doubt that by adopting the regime of the Structural Funds some urgently needed positive impulses for regional policy occurred as regards the structuring of processes, policy cycles, and a higher degree of transparency. At the same time, experience has shown that the Structural Fund regime – heightened by EU competition law – has resulted in complex, detailed regulations and related control mechanisms. In this context, the balance between planning, implementation flexibility and necessary control has been lost. In Austria this was increased by the integration of a large number of technical assistance authorities and the related high expenses of integrating the Structural Fund regime. The high expenses cause the system to limit the room for the discussion of content and strategy, and the topics discussed relate predominantly to administrative issues. This is resulting in an increasingly negative sentiment opposite to EU funds and in growing risk aversion within the financial assistance schemes. This means that financial assistance is being granted mainly to "solid Austrian mainstream" under the programmes for regional policy. Quantitatively this entailed a concentration on economic and technology assistance measures, which were relatively secure in their administration and ensured smooth planning at the individual enterprise level.

Innovation impulses for policy fields tended to come from the smaller programmes under a few Community initiatives, and from pilot and action programmes. These constituted a policy innovation for Austria (for example, territorial cooperation), created room for experiment and encouraged trying out new ideas. As a consequence of the full integration of the Community initiatives into the Objective Programmes, there is a greater risk of promoting the mainstream nature of the Structural Funds.

... experience gained up to now

The experience gained up to now shows the positive impulses for regional and structural policy that have resulted in improved framework conditions for regions and for policy fields relating to regions, and are supportive of the catching-up process in the assisted regions for employment and the labour market. However, at the core, implementation of regional policy programmes has been restricted to the "solid Austrian mainstream". If one wants to boost the innovative and stimulating power of the Structural Funds programmes, a new balance must be found between strategic planning, flexibility and the necessary control mechanisms. What is needed are framework conditions at the EU and national levels that enable a higher risk tolerance and clear implementable strategies.