



European Union  
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President  
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# Wolfgang Tiefensee

President of Eurocities (1)



**Eurocities is calling for cities to be given a central role in the future of the Structural Funds. What is so important about cities that they**

**need such special treatment?**

This is actually not so much a question as a fact of life. Europe is the most urbanised continent in the world. Its cities and urban regions are home to the majority of citizens, as well as all kinds of economic, social, cultural and leisure activities.

Cities have always acted as centres of change and they have a leading role to play in building the future of Europe. While many political developments are driven by global trends, from the economy to the environment, it is often up to the local level to deliver new policies and make them work on the ground. So when Europe is aiming to achieve economic growth, job creation, sustainable development and competitiveness, it is at the local level that these goals must be realised.

I am convinced that Europe will only achieve the ambitious goals of the Lisbon strategy if cities and regions

are given a central role. Ad hoc consultation on specific issues is not enough. We need a permanent and systematic dialogue so that cities and regions are fully involved in both the design and implementation of European policies. This is necessary for effective policy-making across a wide range of issues, including services of general interest, environmental legislation, employment and social inclusion, as well as regional and cohesion policies. If we want to make Europe the most competitive economy in the world whilst at the same time ensuring a cohesive society, we need strong cities that can adapt to social and economic changes.

**What do you see as the role of the European Union? Should Europe be investing more in physical infrastructure in urban areas?**

Yes, definitely. The accessibility of our cities, in terms of transport links, is obviously crucial for Europe's economic competitiveness. As is the availability of business sites and offices which are both appropriate and affordable. If we can't provide companies with what they need, then they will go and find it somewhere else.

But equally important is the economic and social infrastructure in our cities.

Cohesion policies have traditionally focused resources on urban districts suffering from the highest levels of poverty and unemployment. The regeneration of deprived districts is a major priority, when you consider that inequalities within an urban region are often much greater than those between regions or between countries.

But while we should never ignore the most pressing social problems, we must also tackle the causes of these problems, and try to ensure long-term economic prosperity. This is something we learned from our experiences with the URBAN programme. What we need now is a complementary approach that focuses on economic opportunities and employment potential, allowing the major cities to strengthen their capacity as regional motors of the European economy.

**It seems unlikely that the EU institutions will be given any specific competences for urban policy in the new Treaty ...**

I find it a bit strange that cities are not mentioned anywhere in the existing European Treaties, which are all named after cities — Rome, Maastricht, Amsterdam. However, this does not mean that there is no scope for common action. When the overall

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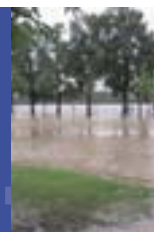
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harmonious development of the Union is one of the key objectives, this clearly includes cities.

For me the real question is whether cities and regions should have a say in policies and programmes that affect their functioning. With the Commission we are making positive progress towards setting up a systematic dialogue, which will hopefully involve the other institutions as well. We have also been working on the development of multi-partite agreements between local, regional and national public authorities together with the European Commission.

It all comes down to the question of 'where does the principle of subsidiarity stop?' Does it stop at the level of national government, or does it also include regional and local governments? This question also came up at the Committee of Regions Conference on the future of EU cohesion policy, which we hosted in Leipzig (¹) in May of this year. Although the main focus was on the Structural Funds, we could not ignore the wider issue of how cities and regions can contribute to European governance. Together with the regions we agreed that tackling urban issues is in our common interest, and that cities should be closely involved in regional programmes. So it is not a question of the cities versus the regions. Only by working together will we be able to realise our common goals.

**How will you persuade national governments in the Member States that the EU should be actively supporting urban development, in the ways you have described?**

Up until now, the main task of EU cohesion policy has been to level out the negative effects of the internal market by helping regions that were less developed or were facing major

restructuring challenges. But now it seems that the debate is no longer focusing on political objectives but more on finances. Some national politicians in particular are saying that in the enlarged EU all the money must go to the poorest Member States — and that from now on regional policy will be a task for national governments. In Eurocities we are strongly opposed to such a re-nationalisation of regional policy because we are afraid that it would undermine the whole European project. To achieve our common goals we need a European policy. The current figure of 0.45 % of GDP for cohesion policies is therefore an absolute minimum. Anything less would seriously weaken the Lisbon strategy, and harm the competitiveness and cohesion of the European economy.

This is our message to the European institutions, and also to our own national governments. The success of our attempts will depend on the strength of our lobbying efforts. Commissioner Barnier is very committed to developing a serious cohesion policy in which cities can play a central role. We are also getting positive support from Members of the European Parliament. Many MEPs visit our cities on a regular basis and these contacts will increase up until the elections in June 2004. There is a growing awareness of the need to develop the links between the European Union and the cities and regions. This will help us to achieve our common goal of bringing Europe closer to its citizens.

(¹) Wolfgang Tiefensee is also Mayor of Leipzig (Germany).

## **Eurocities: Putting cities on the European agenda**

Founded in 1986, Eurocities brings together the local governments of some 120 cities in 31 European countries. The network of major European cities is working to strengthen the role of cities in the EU, especially in relation to policy development and implementation.

The main activities of Eurocities are:

- networking: sharing and improving knowledge, and supporting cooperation between cities;
- lobbying: developing and influencing policy, and engaging in dialogue with the EU institutions;
- campaigning: raising public awareness of key issues through the media and other means.

Through its thematic committees, working groups and sub-networks, Eurocities is working across a wide range of different policy areas which are important for cities. These include: culture and leisure, economic development, the environment, governance, new technologies, public services, social welfare, and urban transport.

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## One year after the establishment of the EUSF Consolidating European solidarity in the face of catastrophe

**In the first year of the Solidarity Fund, more than EUR 800 million in emergency aid was allocated. Building on this experience, the challenge for the future is to better coordinate European solidarity and to put the emphasis on prevention.**

It is now one year since a new European financial instrument was created, following a European Commission proposal prompted by the devastating floods that hit central Europe in August 2002. Its name is the European Union Solidarity Fund, or EUSF. The summer of 2003 — marked by an exceptional heatwave with particularly dramatic consequences for Mediterranean regions which were

ravaged by forest fires and drought — left no doubt about the importance of effectively organising European solidarity in response to major disasters.

In Portugal alone, fires destroyed an area of more than 350 000 hectares, including almost 300 000 hectares of forest (6 % of Portugal's forests) and 25 000 hectares of agricultural land.

Eighteen people were killed and 45 000 more were deprived of their property or source of income. In Portugal, as elsewhere in southern Europe, there is also the long-term human, social, economic and environmental cost, due in particular to the fact that the surface area destroyed each year is much larger than the area that is eventually reforested.



August 2002: Flooding of the Elbe in Dresden (Germany).

## Filling a gap

The EUSF <sup>(1)</sup> regulation states that Member States and accession countries can apply for aid from the fund in the event of a 'major disaster' (determined on the basis of the estimated cost of the damage: more than EUR 3 billion or 0.6 % of gross domestic product). A region can also apply for exceptional aid when a disaster affects the majority of its population and has a serious and lasting effect on its economic stability and living conditions. The EUSF has an annual budget of EUR 1 billion, of which just EUR 75 million can be used for exceptional regional disasters.

It is important to stress that the EUSF was not created with the aim of meeting all the costs of disasters. For example, the EUSF does not compensate for private losses. In addition, long-term action, such as sustainable reconstruction, economic redevelopment and prevention, can also qualify for aid from other sources (see box). The EUSF is rather designed to provide fast, effective and flexible emergency financial aid for actions such as the provision of temporary accommodation or the provisional repair of vital infrastructure. Before the EUSF was set up there was no European fund that could provide support in this field of civil protection, for which competence lies with the individual Member States.

## 2002–03: The milestones of solidarity

To date [15 October 2003, *ed.*], the Solidarity Fund has supported eight actions in seven countries. The first four resulted from the 2002 floods:

- Germany (the *Länder* of Saxony, Saxony-Anhalt, Bavaria, Brandenburg, Mecklenburg–Western Pomerania, Lower Saxony,

Schleswig-Holstein, Thuringia): EUR 444 million;

- Austria (the *Länder* of Styria, Lower Austria, Vorarlberg, Vienna, Upper Austria, Tyrol, Salzburg): EUR 134 million;
- Czech Republic: EUR 129 million;
- France (*Département* of Gard): EUR 21 million.

This aid was used to reimburse the costs of a wide range of activities: the provisional repair of vital transport and communications infrastructure (notably the Prague metro), power and water supply systems, water purification stations, telephone and postal services, social infrastructure, such as hospitals, schools and kindergartens, the reinforcement of river banks, the organisation of emergency services for disaster-stricken populations (food and shelter), protection of cultural heritage, and the cleaning up of affected areas.

The other actions financed by the Solidarity Fund to date benefited the following three countries:

- Spain (Galicia, Asturias, Cantabria, Basque Country), following the 'Prestige' oil spill: EUR 8.6 million;

- Italy: EUR 30.8 million for damage caused by a series of earthquakes (Molise and Pouilles) and EUR 16.8 million for the eruption of Mount Etna (Sicily), giving a total of EUR 47.6 million;

- Portugal: the Commission awarded aid of EUR 48.5 million in response to the unprecedented fires that ravaged the country in the summer of 2003.

In Spain the cost of emergency clean-up operations in the coastal regions hit by the Prestige oil spill were reimbursed. In Italy, the EUSF primarily helped with the provision of temporary accommodation for disaster-hit populations, the carrying out of immediate repairs to damaged public infrastructure, the consolidation of preventive infrastructure, the preservation of cultural heritage, and the carrying out of clean-up operations. The same items of expenditure will be reimbursed in Portugal and will include the most urgent repairs in sectors such as energy, transport, telecommunications, water, health and education.

In all, in its first year of existence the EUSF will have provided some



<sup>(1)</sup> Regulation (EC) No 2012/2002 of the Council, OJ L 311 of 11 November 2002.

### Other sources of intervention

In addition to immediate financial aid from the EUSF, there are also a number of other levels at which action can be organised to combat disasters (the list below is not exhaustive):

- The regional development programmes co-financed by the **Structural Funds**. Member States can change programme priorities and budget allocations during implementation. New measures can be adopted to rebuild infrastructure and to support productive investment, training and employment. Portugal, for example, is planning to reallocate EUR 182 million.
- **Rural development** programmes. These include measures to prevent forest fires, replant areas of forestry and restore agricultural potential. These measures can be strengthened.
- The **common agricultural policy**. Various exceptions are possible, such as authorisation to use fallow land to feed animals.
- The European Commission's **Information and Control Centre for Civil Protection**. Since January 2002, this has operated a round-the-clock warning service, activated at the request of a Member State hit by a disaster to facilitate assistance from other Member States (the dispatch of water bombers, for example).
- **State aid**. This can be granted to compensate for material damage as well as any clearly identified indirect effects of a disaster.
- **Geographical information**. This is a key element in risk prevention and management. In the field of forestry for example, the Commission has set up the EFFIS — European forest fire information system — which plays a day-to-day role in supporting forestry services and civil protection in the Member States.

EUR 833 million of aid, on the basis of very prompt decisions. This is not only justified in human terms but also by the fact that in both 2002 and 2003 it was not just one country or region, but the Union as a whole that suffered the consequences of a particularly cruel summer.

### Where to now? Two key words: prevention and coordination

In addition to providing emergency aid, there is also a need to be able to respond to the likely repetition of disasters linked to the negative impacts of human activity on the environment, in particular the accelerating pace of climate change. As Commissioner Michel Barnier stressed, prevention is cheaper than repair, especially as a disaster can reduce to nothing the considerable investment in a region's development. The importance of

prevention must therefore be taken into account in the mid-term review of the Structural Fund programmes for the 2000–06 period.

Post-2006, Michel Barnier has expressed his desire for 'each Structural Fund programme to include a specific budget for the "prevention of natural risks"'. He has also called for a genuine European civil protection force, coordinated at intergovernmental level and existing alongside the EUSF and the existing mechanisms.

In light of the effects of the unusually hot summer of 2003, the European Parliament called on the Member States and the Commission to increase and coordinate their initiatives aimed at supporting effective European solidarity. The Committee of the Regions supported this call and also proposed the creation of a new Community instrument, independent

of the Structural Fund objectives, which would not just provide emergency aid but also long-term measures within a clear and dependable policy and regulatory framework<sup>(2)</sup>. Finally, the draft Treaty proposing a European Constitution also reflects the desire for European solidarity. Its 'solidarity clause' states that the Union shall use 'all instruments at its disposal' to provide assistance to a Member State in the event of a disaster.

<sup>(2)</sup> Committee of the Regions press release: [http://www.cor.eu.int/en/prss/cprss2003/cor\\_03\\_07066.html](http://www.cor.eu.int/en/prss/cprss2003/cor_03_07066.html)



## Seminar 'Competitive regions — Shaping best practice' Turning European support into regional success: Yorkshire and Humber — Best practice in action

A pioneering seminar to promote the exchange of best practice in Objective 1 and Objective 2 programmes took place in Sheffield in the Yorkshire and Humber region on 9 and 10 October 2003.

A total of 150 delegates from across Europe converged on the former steel-making centre to attend the seminar 'Competitive regions — Shaping best practice', which was organised by the South Yorkshire Objective 1 team, in collaboration with the European Commission and the Office of the Deputy Prime Minister of the United Kingdom.

The programme looked at examples of best practice from across Europe. Delegates learned first-hand from Objective 1 and Objective 2 projects in Denmark, Germany, France, Ireland, Finland, Sweden and the United Kingdom. The topics covered included support for SMEs, the information society, research and technological development, and the transfer of innovation to SMEs (see box).

### E-learning

Of course it was no coincidence that a seminar on best practice would be organised by the South Yorkshire Objective 1 team. South Yorkshire, which receives Objective 1 support for the 2000–06 programming period, has channelled funds into some of the most innovative Objective 1 projects in the EU. A good example is the South Yorkshire e-learning project, which is the biggest project of its kind in Europe and involves the largest single investment of Objective 1 funding in South Yorkshire. The project will give South Yorkshire a lead, both nationally and internationally, in the development of e-learning resources and the digital



delivery of education. It is part of an EUR 371 million investment in training and skills development and is the first time that Objective 1 funding has been used to promote e-learning.

Prior to receiving support from the EU Structural Funds, South Yorkshire had been in long-term decline. In comparison to the EU average, GDP fell every year from 1979–95, following the collapse of the regions' traditional coal, steel and engineering industries. The effects of economic deterioration were visible, with a decreasing population, high unemployment, and low educational aspiration and attainment.

To address some of the problems linked to educational achievement, South Yorkshire has directed EUR 36

million to the 'Pathways to success' scheme. This programme aims to raise education standards and provide local employers with a better qualified workforce. It is designed to benefit pupils between the ages of 13 and 16, from the most gifted to those in danger of leaving school with no qualifications.

### Winner all right!

David Hunt from Barnsley is one of the scheme's beneficiaries. Two years ago, he was on the verge of being thrown out of the education system. He didn't want to work and rarely turned up for lessons. Convinced that the world was against him, he couldn't see how going to school in Barnsley



could help him to achieve his dream — to become a professional jockey.

In 2001, his school put him onto an alternative curriculum, which was already benefiting from the support of 'Pathways to success'. Staff there developed a programme to broaden his education through initiatives taking place outside the school gates. This included a three-day week placement at the Riding for the Disabled Centre in Barnsley. The experience helped David to gain confidence and for the first time in his life he was doing something he enjoyed — working with horses. It was the beginning of his re-engagement with the education system. When David left school he passed five State exams and had a vocational qualification in stable management. Several weeks of work experience at stables in Doncaster, one of the UK's leading flat-racing centres, led to his being taken on as an apprentice jockey by top racing trainer Derek Haydn-Jones.

David's teacher, Rob Porter said, 'What happened to David is a tribute to everyone who has worked so hard with him and proof that "Pathways to success" can have a huge affect on young people's lives'.

While Objective 1 support is focused on the South Yorkshire area, other parts of the Yorkshire and Humber region also receive support from the EU Structural Funds. One beneficiary is the Longhill-Link-Up Trust, a church-based community development organisation based in Hull, East Yorkshire. The Trust has developed from a small voluntary group into an organisation that now employs nine

full-time staff. It provides IT facilities in its cybercafé and almost 2 500 young people have benefited from its youth work in 2002. The Trust has recently been successful in accessing European regional development funding for a large redevelopment of the project's premises and for the development of community enterprises.

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**Yorkshire and Humber**

The Yorkshire and Humber region has a population of five million people. The majority live in the industrial and urban centres of South and West Yorkshire and the Humber. It is a region of great contrasts, with some of the UK's most beautiful countryside, especially in North Yorkshire. About EUR 1 714 million in structural funding is available for Yorkshire and Humber between 2000–06.

**Transferring best practice**

**Guided by the strategic goal of the Lisbon and Gothenburg European Councils (the EU should 'become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social inclusion'), the workshops at the 'Competitive regions — Shaping best practice' seminar (Sheffield, 9–10 October 2003) focused on 12 successful Objective 1 and Objective 2 projects, representing three different themes.**

**Theme: 'Support to SMEs'**

**Campus Arvika** (Sweden)

**Micro-enterprise measure** (Ireland)

**Merseyside Special Investment Fund** (UK)

**Finnvera soft loan schemes for SMEs** (Finland)

**Theme: 'R & D and innovation transfer to SMEs/clustering'**

**Bionord**, biotechnology centre (Germany)

**GTI**, biotechnology cluster (UK)

**Eislab** (Sweden)

**Novi**, science park (Denmark)

**Zukunftswettbewerb Ruhrgebiet** project (Germany)

**Theme: 'E-learning/e-commerce/e-governance/e-administration'**

**South Yorkshire e-learning project** (UK)

**IS Oulu**, e-governance (Finland)

**Presage**, e-administration of Structural Funds (France)

**'efREporter'**, electronic databank for management of Structural Funds (Germany)



# Discovering an accession country

## Hungary All aboard!

The Hungarian economy has experienced strong growth since 1995, putting Hungary in a very good position to integrate fully into the European Union. The Hungarians are well aware of this and, in a referendum on 13 April 2003, 83.8 % of them voted in favour of EU membership.

Bordered by Austria, Slovakia, Romania, Serbia, Croatia and Slovenia, Hungary is one of central Europe's oldest States. This low-lying, landlocked country consists of three large natural regions. To the south of the mountainous backbone, which stretches for 400 kilometres and rises to 1 015 metres at Mount Keknes, the River Danube divides the country into two plains. To the west is Transdanubia, flanked by the Mecsek Mountains and the foothills of the Austrian Alps. To the east is the gently undulating low-lying plain known as the Alföld or Great Hungarian Plain. Hungary has a relatively dry continental climate due to the absence of a maritime influence.

### Budapest and the 'Hungarian desert'?

Two thirds of Hungary's 10 million inhabitants live in towns and cities, the largest of which is Budapest (population 2 000 000), the country's capital city and economic and cultural centre. Such is the dominance of this metropolis that, as was long the case in France for Paris and the regions, people often speak of 'Budapest and the Hungarian desert'. Today, despite efforts at decentralisation, the Hungarian capital still employs more than a quarter of the country's industrial workforce, generates a quarter of all retail turnover, boasts one third of the country's doctors and hospital beds, and is home to most of its research institutes.

Hungary nevertheless has a number of medium-sized towns: Debrecen

(population 214 000), the commercial centre for an important agricultural region; Miskolc (population 194 000), home to the country's iron and steel industries; Szeged (population 176 000), a distribution centre for the agricultural produce of the Great Hungarian Plain and also a centre for the chemical industry; and Pécs (population 170 000), a centre for light industry. Rural areas make up 67 % of the Hungarian territory.

### Sustainable economic growth

The social and economic transition that followed the fall of Communism was less traumatic in Hungary than elsewhere. After a serious recession, the Hungarian economy started to recover as early as 1994. The macroeconomic adjustment programme implemented from 1995 laid the foundations for a sustained growth in GDP, of between 4 and 5 % a year between 1995 and 2002. Inflation, which was running at 10 % until the middle of 2001, fell

progressively to 4.7 % on an annual basis in August 2003. The unemployment rate is one of the lowest in the accession countries, standing at 5.8 % in 2003.

However, a sustained effort is still required on two fronts. Firstly, while the very high external debt has been reduced, it is still more than 50 % of GDP. Secondly, the budget deficit was 6 % of GDP in 2002 and, although the situation should improve in 2003, it is not likely to fall below 5 % of GDP.

In parallel with the macroeconomic adjustment, the process of privatisation is also very advanced. Hungary has one of the highest levels of direct foreign investment of any central European country and this has greatly facilitated the process of modernising production structures and improving competitiveness. Export-oriented sectors, including the agri-food sector, have been largely responsible for the economic recovery.





The 'Bastion of the Fishermen' in Budapest.

Eighty per cent of Hungarian exports are to the European Union. Machines and transport equipment, agricultural products, chemical products, equipment, textiles, iron and steel, and also wine are the leading export products. The principal imports are machines and transport equipment, crude oil, chemical products and minerals. The services sector represents 63 % of GDP and employs 48 % of the working population. The tourism sector in particular has undergone a major transformation. By 1993 Hungary was attracting 33 million foreign visitors a year. The World Tourism Organisation (WTO) estimates that the figure remains more or less the same today. In 2001 Hungary was the 12th most popular destination for international tourism.

### Regional development: an adapted policy framework

By adopting the Act on Regional Development and Physical Planning (ARDPP) in 1996, Hungary became the first central European country to acquire a legal framework with clear similarities to the European Union's regional policy. This act introduced Comitatus councils for regional development, which would operate alongside the municipalities. In 1998, seven statistical regions were created and these became recipients of European funds. These regions are headed by regional development councils in which the State continues to play a significant role.

Hungary and Poland were the first countries to receive aid under Phare for the 1990–99 period. Hungary

received EUR 1 030 billion and a further EUR 96 million between 2000 and 2002. Hungary also receives ISPA (transport and environment) and Sapard (rural development) pre-accession aid. In 2002 for example, ISPA aid amounted to EUR 93.9 million and Sapard aid to EUR 39.8 million. Between 2004 and 2006, Hungary will receive almost EUR 2 000 million under Objective 1 of the Structural Funds and more than EUR 1 123 million from the Cohesion Fund. Hungary will also receive almost EUR 100 million from the Interreg III (EUR 68.67 million) and EQUAL (30.29 million) Community initiatives.

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#### Surface area

93 030 km<sup>2</sup>

#### Population

10 164 000 inhabitants

Density: 109 inhabitants/km<sup>2</sup>  
(EU-15: 118 inhabitants/km<sup>2</sup>)

#### Economy and employment

Per capita GDP index at PPP (2002):  
57 (EU-15: 100)

Unemployment rate (2002):  
5.8 % (EU-15: 7.6 %)



## Questions to Mr Endre Juhász, Hungarian Minister for European Affairs

**Looking back at the last 12 years or so, it would appear that Hungary has been very successful both in converting to the market economy and in its preparations for joining the European Union. How do you explain your country's effectiveness in 'catching the train'?**

According to the latest Eurostat report, in 2002 Hungary stood at 57 % of the EU average in terms of per capita GDP in purchasing power parity. This figure was only 46 % in 1995. This 11 percentage point increase is an outstanding achievement in terms of catching up with the current EU Member States and is the best performance of any of the acceding or candidate countries. Only Slovenia, which has improved its position by 10 percentage points, is comparable. It must also be remembered that the position of some candidate countries has even worsened during the same period. Therefore, we can say that Hungary is well on the road to closing the gap.

What are the reasons for this result? There are many elements contributing to it, but the key factor is genuine reform: privatisation, industrial restructuring, attracting foreign capital, and liberalisation of foreign trade. These were strategic programmes which were not only well planned but were actually implemented in practice. In this country we applied no shock therapy, instead we gradually but steadily carried out our plans.

Political stability has also contributed to the peaceful and orderly transition. Elections were held in 1990, 1994, 1998 and 2002. Although on every occasion a new kind of majority — made up of parties belonging to the previous opposition — emerged as the victor, stable governments were formed, governments that always completed their four-year term. We have never had early elections and in general political alternance has been working well.

The transition to a market economy has been successful but painful. In the early years, from 1990–93, GDP was declining. In 1991 alone it fell about 12 %. It is obvious that we have paid a high social

price and the sacrifices of the population have been significant. But we are happy that most of this is now behind us.

Steadfastness has characterised our policy concerning European integration. The objective to join the European Communities was defined by the government in 1990 following the first free elections. This objective has been shared and actively pursued by all consecutive Hungarian governments. We were among the first countries, together with Poland and Czechoslovakia, to negotiate and conclude the Association Agreement in 1991. Hungary was also the first country to submit the application for membership to the European Union in 1994. The accession negotiations were long and difficult but it has never occurred to any Hungarian government or influential political party to change course.

**Travelling through Hungary, one might form the impression that economic prosperity has reached the Danube, or a little further east, but has still not reached most of the eastern regions. Is this the case?**

This impression is more or less true, but it must be explained in more detail. Economic prosperity has really reached the capital city of Budapest and its population of 1.7 million inhabitants. Here per capita GDP is already above the EU average, at 107.9 %. Therefore the real difference is actually between Budapest and the other regions. It is also true that the difference is tangible between regions in the western part of the country and those to the east of the Danube. In the western part of the country, called Transdanubia, the per capita GDP in terms of the EU average is about 10 to 12 % higher. This can be attributed largely to foreign investment, which is attracted by the higher quality transport infrastructure in the western part of the country.

**What is being done to improve cohesion and reduce regional disparities?**

Reducing regional disparities is a priority for the Hungarian government. New

investment is needed and jobs must be created. Good transport infrastructure is a pre-condition for this. While we have a motorway linking Budapest and Vienna, important sections of motorway going east, south and to the south-west are still missing. We would like to accelerate the construction of motorways, and the national budget allocates substantial funds to this priority. Modernisation of the railways is also on the agenda. The availability of an educated workforce is also a necessary condition for new investment and therefore we are also trying to implement more focused vocational training programmes. The mobility of the Hungarian workforce must be improved. Today Hungarian workers are not really willing to move in order to find a new job. A change in mentality is required.

While we are expecting benefits from the EU Structural Funds and the Cohesion Fund, the national territorial development policy is also receiving greater resources in the national budgets, such as in the 2004 budget.

**In terms of regional policy, what can the EU and its Member States offer your country?**

The structural and cohesion policy of the European Union will be an important tool in helping us to reduce regional disparities. In our national development plan, which serves as a basis for the establishment of the Community support framework, many priorities have been defined that are intended to improve territorial and social cohesion in Hungary. One operational programme is specifically devoted to regional development. The institutional developments required for receiving and effectively utilising the funds are under way and we are hopeful that there will be no obstacle to taking full advantage of all available financial resources. We also hope that a strong and well-funded Community structural and cohesion policy will remain in place even after 2006.

*Interview conducted on 2 October 2003.*



# Discovering a region

## Sicily

# A peripheral area with unbalanced development

Development on the largest island in the Mediterranean is unbalanced, with a densely populated coastal strip with important economic centres alongside and a depopulated interior suffering from increased isolation.



Part of the port of Trapani.

Sicily is the largest of the Mediterranean islands, with a surface area of 25 706 km<sup>2</sup>. The island is densely populated (198 per km<sup>2</sup>) and most of the inhabitants are concentrated in a number of large towns on the north and east coast, most notably Palermo (population 750 000), Catania (population 360 000) and Messina (population 260 000). In contrast, the interior of the island is suffering from an ageing population and out-migration of young people.

The island's productive fabric remains very fragile. Industrial employment is low compared with jobs in the agricultural and construction sectors, and unemployment is over 20 % — rising to over 30 % for women and over 50 % for young people aged under 25 — with peaks in the province of Enna and the cities of Catania, Palermo and Messina. A negative growth in GDP has been recorded on three occasions since 1992 and growth has generally remained below the national average. However, trends in GDP and unemployment were relatively positive for 2001 and 2002.

But Sicily's biggest handicap stems from its outlying geographical location. Insularity is a physical obstacle to social, economic and commercial links between this 'south of southern Italy' and mainland regions. Sicily exports just over 6 % of its production, compared with a national average of close to 20 %.

Sicily nevertheless has some major assets, not least its human capital in the form of a generally very young population. The island also boasts a remarkable natural and cultural

heritage — with significant untapped potential. Recently, there has also been an increase in local development, due to greater efforts by local people to launch autonomous initiatives.

The Structural Funds are now helping Sicily to use its natural resources (water, energy, etc.) to address its lagging development in strategic sectors, whilst also meeting the objectives of environmental sustainability in all productive sectors. With a global budget of EUR 9 415 million, including EUR 3 858 million from the Structural Funds, the 'Sicilia' regional operational programme is focusing on six main areas of development: harnessing natural resources; highlighting cultural resources; developing human resources; supporting local productive systems; exploiting the role of towns in their territorial context; and service networks.

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### Surface area

25 706 km<sup>2</sup>

### Population

5 100 000 inhabitants

Density: 198 inhabitants/km<sup>2</sup> (EU-15: 118 inhabitants/km<sup>2</sup>)

### Economy and employment

Per capita GDP index at PPP (2000): 75 (EU-15: 100)

Unemployment rate (2001): 20.8 % (EU-15: 7.6 %)

### Structural Funds (2000–06)

Objective 1		(million EUR)
EU	Other public funds	Total
3 857.946	3 272.918	9 415.495

# A 'Communication partnership' to optimise the impact of regional aid

In order to benefit fully from the opportunities afforded by the Structural Funds, the Sicilian authorities set up a *Partenariato della comunicazione*, a network of social and economic bodies, both private and public, from all over the island.

In January 2001, Sicily's Regional Planning Department organised a number of meetings with the island's economic and social actors with the aim of developing a mechanism to promote the opportunities offered by the 'Sicilia 2000-06' regional operational programme (ROP). This resulted in the creation in March 2002 of a *Partenariato della comunicazione* (communication partnership), a network of motivated socioeconomic actors from all over the island. Coordinated by the Regional Planning Department's Communication Unit, the network aims to circulate information and documentation on the ROP, announce calls for projects, and encourage the exchange of experiences and good practice.

## Gateway to the Structural Funds

The communication partnership's first tangible action was the development of a website. At [www.euroinfosicilia.it](http://www.euroinfosicilia.it), the Sicilian operational programme's official site, partners type in a password to access a genuine 'gateway to the Structural Funds', with detailed and relevant information on funding opportunities, case studies, and proposals from public and private sources. There is a frequently asked questions section and a forum where visitors can express their opinions, exchange experiences, and put questions to the authorities and other network members. It is also possible to view new calls for projects and regulations, and scheduled calls for proposals over the coming six months, and to find the contact details of other network partners and regional civil

servants responsible for the various programme measures.

Network partners can also communicate via page 4 of the *OpPORTunità* newsletter, which is published monthly with a circulation of 60 000. From the end of 2003, a monthly television and radio programme will also broadcast news on the regional operational programme, with particular emphasis on the activities of the project partners. Finally, network partners can request an information meeting in their zone if they are interested in a call for projects relating to their sector or territory.

In return for these benefits, network members themselves are expected to communicate information on the ROP and to set up local contact points for project partners and potential programme beneficiaries. These contact points usually take the form of 'desks' within the partner bodies or companies. These desks are staffed by personnel that are specially trained by the Sicily region. Therefore, they reflect the originality of the Sicilian *Partenariato della comunicazione*, namely the desire to maximise the dissemination of information by using the project partners as information relays between the management authority on the one hand and potential beneficiaries of regional aid on the other. In this way the network functions as a valuable tool in encouraging and realising new projects.

## An information culture

In October 2003, some 180 partners signed the communication agreement officially establishing network membership. The network would



therefore now seem to have acquired the necessary critical mass and to be fully operational. Yet it was not all plain sailing and the project managers had to show considerable perseverance and powers of persuasion to win internal acceptance for such an initiative. In Italy, the administration lacks what could be called a 'communication culture' and tends to be resistant to new procedures and technologies. The communication partnership is therefore not only helping to promote the decentralised dissemination of information but also to modernise Sicily's administrative structures. As a result of this the various regional administrations now tend to cooperate more and forge closer links with the final beneficiaries of European funds.



Savo (Finland)

## Take-off points for women entrepreneurs

Based on emulation and individual support, the 'Naisyrittäjän Lähtöruutu' project ('Women entrepreneur take-off point') aims to encourage as many women as possible to establish and successfully grow their own business.



Students being introduced to marketing during the 'Dream Enterprise' course, which was held in August 2003.

The figures speak for themselves: women make up 48.6 % of Finland's working population but just 30 % of entrepreneurs are women.

In addition, the sectors where women tend to be employed still make relatively little use of new technologies. Yet advanced communications technology could enable women to choose sectors of activity with the highest added value, and which are therefore better paid and have greater commercial potential.

What is true for Finland as a whole is even more so for the Savo region, in the centre-east of the country. Unemployment here is very high and the socio-professional opportunities for women are further limited by the region's relative isolation. Savo suffers from negative migration, which has a

bigger impact on women than men due to insufficient economic diversity. The proportion of women entrepreneurs in Savo is also lower than for the rest of Finland, hence the idea for the Structural Funds initiative to implement a comprehensive support system for women entrepreneurs.

Previous measures, such as the 'Weera' ('Employment now') and 'Savotar/Enrec' (under the European Recite II programme), have demonstrated the limits of traditional measures for combating unemployment in outlying regions and revealed the specific problems facing women entrepreneurs.

Following on from these, but under the eastern Finland Objective 1 programme, the 'Naisyrittäjän

Lähtöruutu' project aims to find better solutions by financing both infrastructure and training for women.

### Resources and synergies

Firstly, the project made it possible to set up resource centres for women entrepreneurs seeking to improve their skills, and for unemployed women and students planning to become self-employed.

In addition to providing computers, photocopiers, telecopiers and other equipment, these centres offer advice, as well as support for the production of printed products (promotional brochures, business cards, etc.) and electronic products (websites).

Training courses are also run, some based on home study. These provide women entrepreneurs and, in some cases, their employees (male and female) with the opportunity to develop their skills and knowledge at their own convenience. The use of modern information technology makes it possible to improve computing skills while also creating links, and even partnerships, between the participants and between participants and educational establishments.

These resource centres are usually based in polyvalent structures, which also house other activities (community, socio-health, etc.). This helps to stimulate and give direction to the creation of new companies in local sectors of opportunity: companies linked to health and well-being are recent examples.



## Individual support

Above all, however, the resource centres act as a first port of call for women entrepreneurs. After an identification of needs, each participant is individually assessed. On this basis they are then issued with a training coupon enabling them to follow a specific training path and to benefit from counselling and tutoring. An orientation counsellor helps them to select the bodies which offer these services. The fields most often selected include: enterprise creation, leadership, marketing and sales techniques, networking, product development, and quality management.

Field trips throughout the country enable women entrepreneurs from Savo to exchange their experiences with women in similar positions in other Finnish regions. The 'take-off point' also gives them the opportunity to attend trade fairs.

Seminars or meetings in small groups are also held in line with the needs and

desires of the participants. Stress management workshops are also sometimes organised.

The project has a total budget of EUR 734 170 for the period from April 2002 to December 2004. By the autumn of 2003, 75 women entrepreneurs had taken part in the project, 268 counselling sessions on company management had been given, and 350 people had benefited from the various services available.

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Seminars and conferences enrich the programme.

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# Online



## <http://www.leaderplus.se/sv/index.asp>

The national Leader+ networks are providing input into a joint database designed to facilitate cooperation between 'local action groups' benefiting from the Community initiative for rural development. A search engine with key words in 11 languages facilitates the identification of partners. Another very useful tool, outside of the Leader+ framework, is the 'Marketplace for transnational cooperation', which can be accessed from the websites of the national Leader+ networks. The joint database is hosted by the Swedish network.

## <http://www.arcmanche.com/suite.html>

For the promoters of this site, its launch in 2000 was a very positive development in terms of promoting the Arc Manche as a framework for cooperation. The Arc Manche is a network of a dozen French regions and local communities in Britain that are seeking to strengthen links across the Channel by cooperating on subjects of common interest, in particular in the framework of the Interreg III B north-western Europe programme. This very attractive bilingual (French and English) site is very comprehensive and includes a presentation of the partner regions as well as projects, maps, search engines and much more. A practical gateway to discovering more about regional development on the coasts of the world's busiest sea.



## <http://www.espaces-transfrontaliers.org>

Set up by DATAR (*Délégation à l'Aménagement du Territoire et à l'Action Régionale, France*) in 1997, the cross-border operational mission is an interministerial structure specialising in setting up cross-border European projects. Its website is designed as a resource base for all participants in cross-border cooperation. It contains a wealth of information, including presentations of regions and projects, legal bases, documentary and cartographic resources, databases on the Interreg funds (maps, single programming documents and their summaries), links, and, importantly, methodological sections which will be of great interest to all promoters of European cross-border projects. It is regrettable, however, that the site is only available in French.

## <http://www.circom-regional.org>

Established in 1973 and supported by the European institutions, Circom (International Cooperative for Research and Action in Communication) is a network of more than 376 regional television stations from 38 countries. Its aims are to promote cooperation between regional television stations, to provide a forum for the exchange of ideas and experience for audiovisual organisations and regional media, and to contribute to the safeguarding of the culture and identities of Europe's regions. Circom makes coproductions and stimulates the exchange of programmes: theme programmes, news magazines, cross-border newspapers, documentaries, and youth, cultural and music programmes. The network awards an annual Circom prize for the best regional programmes on Europe.



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Information on European Union regional aid  
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