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European Union  
Regional policy

# inforegio

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## panorama



## Spotlight on enlargement

A new partnership for cohesion

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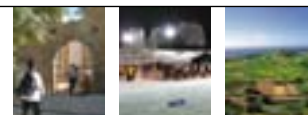
ISPA, Phare, Sapard ... For a number of years now, northern Podlaskie has benefited from Community support. Community programmes are helping to improve infrastructure, the environment, business competitiveness and the quality of life of the inhabitants of this region, which lies on the Union's new eastern border. Through their participation in these programmes, the actors and decision-makers in the region are also getting better acquainted with Community practices and procedures.

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Editor: Thierry Daman, European Commission, Directorate-General for Regional Policy.

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## 'A new look *Inforegio Panorama* for an enlarged Union'

With the accession of 10 new Member States, the European Union is reshaping its cohesion policy. As you can see from this latest edition, *Inforegio Panorama* is also undergoing a new makeover. The new format of the magazine is larger and the presentation is more flexible. But even more importantly, the content is richer and has been restructured to improve reporting on the role of regional actors, to promote the exchange of experience and know-how, and to give impetus to regional networks. In short, the new *Inforegio Panorama* is one which is closer to the ground and better reflects a European policy which seeks above all to be at the service of the regions. One of the most significant new features is a thematic dossier of around 12 pages which will also be available in 19 languages on the Internet.<sup>(1)</sup>

With 1 May 2004 almost upon us, the theme of this first 'new look' *Inforegio Panorama* is the enlargement of the European Union: an event which is both an historic opportunity for Europe and a challenge for cohesion policy. Overnight, economic disparities within the Union will be doubled. But meeting the enormous needs of the accession countries is more than an obligation: at stake is the very future of the Union's economic and social cohesion and the ability to fully benefit from its competitive advantages – essential for growth and employment. At the same time, however, there can be no question of breaking European solidarity with regions in the EU15 which continue to face difficulties. All the regions must become partners for prosperity and competitiveness.

Meeting this challenge is the aim of the proposal for a reform of cohesion policy in the period beyond 2006 which the Commission has just presented – after three years of wide-ranging debate – in the conclusion of its Third report on economic and social cohesion. This is also the aim of its proposal on the financial perspective for the 2007-13 period (EUR 336.3 billion for an EU27). These proposals recognise the fact that European cohesion policy, which has proven its value in the past, will be more important than ever in the future. It will require a sound financial base and an efficient use of resources because it is a policy of wealth *creation* rather than redistribution. Designed to benefit all of Europe's citizens and regions, and tailored to particular circumstances, cohesion policy will of course remain centred on the most disadvantaged.

For officials in the new Member States who, as a result of pre-accession aid, have been able to prepare for the management of the Structural Funds and Cohesion Fund, the time has now come to instigate actual projects, projects that can be implemented in line with the appropriate operational structures and human resources. It is now a question of promoting the best possible take-up of funds and avoiding the retention of funds in Brussels due to an inability to spend it in accordance with the conditions required by European legislation.

My hope is that *Inforegio Panorama*, today more than ever 'the magazine of the actors of regional development', will enable you to realise this potential and, in so doing, contribute to the success of cohesion policy for the benefit of the Union and its citizens as a whole.

**Jacques Barrot**  
European Commissioner responsible  
for regional policy

<sup>(1)</sup> [http://europa.eu.int/comm/regional\\_policy/sources/docgener/panora\\_en.htm](http://europa.eu.int/comm/regional_policy/sources/docgener/panora_en.htm)





Prague (Czech Republic)

In focus

Convergence, competitiveness, cooperation

## A new partnership for cohesion in the enlarged Union

On 18 February 2004, the European Commission adopted the *Third report on economic and social cohesion* (COM(2004) 107), in which it sets out its vision of cohesion policy in an enlarged Union for the 2007–13 period.

Solidarity between the citizens of the European Union, economic and social progress and greater cohesion are among the principle objectives set out in the founding Treaty of the European Communities. The ultimate aim is to *'reduce the gap between the levels of development of the various regions and the lagging behind of the least favoured regions'*. The instruments of solidarity, i.e. the Structural Funds and the Cohesion Fund, absorb approximately one third of the European Union budget (around EUR 36 billion in 2004). These resources finance multi-annual development programmes which are managed jointly by the Member States, the regions and the Commission.

In presenting this third cohesion report, Commissioner Michel Barnier summed up the essence of the Commission's proposal: *'We must reduce disparities so as to accelerate growth. Growth and cohesion are two sides of the same coin. (...) We are on the eve of a historic moment in the development of the European Union: the reunification of the continent. But this will widen the divide between rich and poor. The first objective of the next generation of European aid programmes will be to assist Europe's poorest regions. However, even if the poorest regions are in the new Member States, we must continue to help regions in the EU-15 which continue to lag behind and also many other declining urban or industrial regions or regions facing permanent*

*natural handicaps which are still grappling with serious economic and social problems.'*

Following the budget proposal presented by the Commission on 10 February 2004 in its communication COM(2004) 101 (just over EUR 336 billion for cohesion policy for the 2007–13 period), the *Third report on economic and social cohesion* provides essential information and a new political project for a reformed cohesion policy in an enlarged Union.

The report is presented in four parts.

- > **Cohesion, competitiveness, employment and growth** — The analysis shows that disparities in earnings and employment in the Union have lessened over the past decade, especially since the mid-1990s. Major differences nevertheless remain between the most disadvantaged regions and the rest. A long-term effort will be required to correct this situation.
- > **The impact of Member State policy on cohesion** — Public expenditure in the Member States is an average of 47 % of gross domestic product (GDP). This is much higher than the Union's budget, which is just over 1 % of the European Union's GDP and of which less than one half is allocated to cohesion policy. Therefore it is essentially the Member States which are responsible for providing basic services and supplementing earnings. However, despite the relatively mod-

est resources compared with national public resources, by concentrating on investment in the least developed regions, the EU's cohesion policy is able to play a central role in reducing disparities.

- > **Impact of Community policies** — Community policy in the fields of the environment, internal market, agriculture, competitiveness and State aid can increase the effectiveness of cohesion policy, in particular by taking into account economic, social and territorial conditions, for example. The report shows that this is increasingly the case, citing as examples the growing importance awarded to rural development in the common agricultural policy or the growing importance of the provision of general interest services in networking policy.
- > **Impact and added value of structural policies** — European programmes have contributed directly to promoting regional convergence and employment. During the 2000–06 period, for example, they will increase fixed capital by approximately 3 % in Spain, by up to 9 % in Greece and Portugal, by 7 % in southern Italy and by 4 % in the east German *Länder*. This produces a notable reduction in the disparities in key sectors, such as transport where the coverage of the motorway network in the poorest Member States of the EU-15 is slightly superior to that for the rest of the Union.

## Convergence, competitiveness, cooperation

The Commission proposes a new structure for the EU's cohesion policy, based around the following three priorities.

- > **Convergence: supporting growth and job creation in the least developed Member States and regions** — This objective will primarily concern regions whose per capita GDP is below 75 % of the Community average. In addition, however, to offset the 'statistical effect' linked to enlargement, temporary support is proposed for regions whose per capita GDP would have been less than 75 % of the Community average calculated for the EU-15. The modernisation and diversification of the economic structure, the development and modernisation of basic infrastructure, environmental protection, more efficient administration, better quality labour market institutions and education and training systems, and the optimal use of human resources will be the principal areas of co-financing for national and regional programmes. Also, Member States with a GDP which is below 90 % of the Community average will be eligible for assistance under the Cohesion Fund, which will help finance programmes in the field of transport and the environment.
- > **Regional competitiveness and employment: anticipating and encouraging change** — Cohesion policy outside the least favoured Member States and regions will have a dual objective. Firstly, through regional programmes, cohesion policy will help the regions and regional authorities to anticipate and promote economic change in industrial, urban and rural areas by strengthening their competitiveness and attractiveness, taking into

account existing economic, social and territorial disparities. Secondly, through national programmes, cohesion policy will help individuals to prepare for and adapt to economic change, in accordance with the priorities of European employment, by supporting policies aimed at full employment, a better quality and more productive labour force, and social inclusion.

- > **European territorial cooperation: ensuring harmonious and balanced development throughout the European Union** — Drawing on the experience acquired under the Interreg initiative, the report argues for the continuation of policy to promote harmonious and balanced integration throughout the Union by supporting cross-border and transnational cooperation. Cross-border cooperation will, in principle, concern all regions neighbouring external or internal borders, both land and sea. The key task is to seek common solutions to common problems through cooperation between the competent authorities in these regions. This cooperation will, in particular, focus on fields such as the development of urban, rural and coastal areas, strengthened economic relations and the networking of small and medium-sized enterprises.

Implementation of cohesion policy is underpinned by a number of major principles which are not called into question, namely strategic planning, decentralised management, and continuous monitoring and evaluation. The report does, however, propose some profound changes, in particular the creation of a new dialogue with the Council so as to facilitate the adaptation of policy in line with the Lisbon and Gothenburg objectives. Also, the European institutions will make an annual assessment of progress by setting strategic priorities and assessing the results obtained, in the light of a summary drawn up by the Commission on the basis of the various national reports.

With regard to the financial resources available to cohesion policy for the 2007–13 period, the Commission is proposing the allocation of EUR 336.3 billion, or 0.41 % of the Union's GDP, to cohesion (0.46 % before transfers to the instruments for rural development and fisheries). Present estimates suggest a breakdown of this amount between the various priorities as follows: 78 % for convergence, 18 % for regional competitiveness and employment and 4 % for European territorial cooperation.

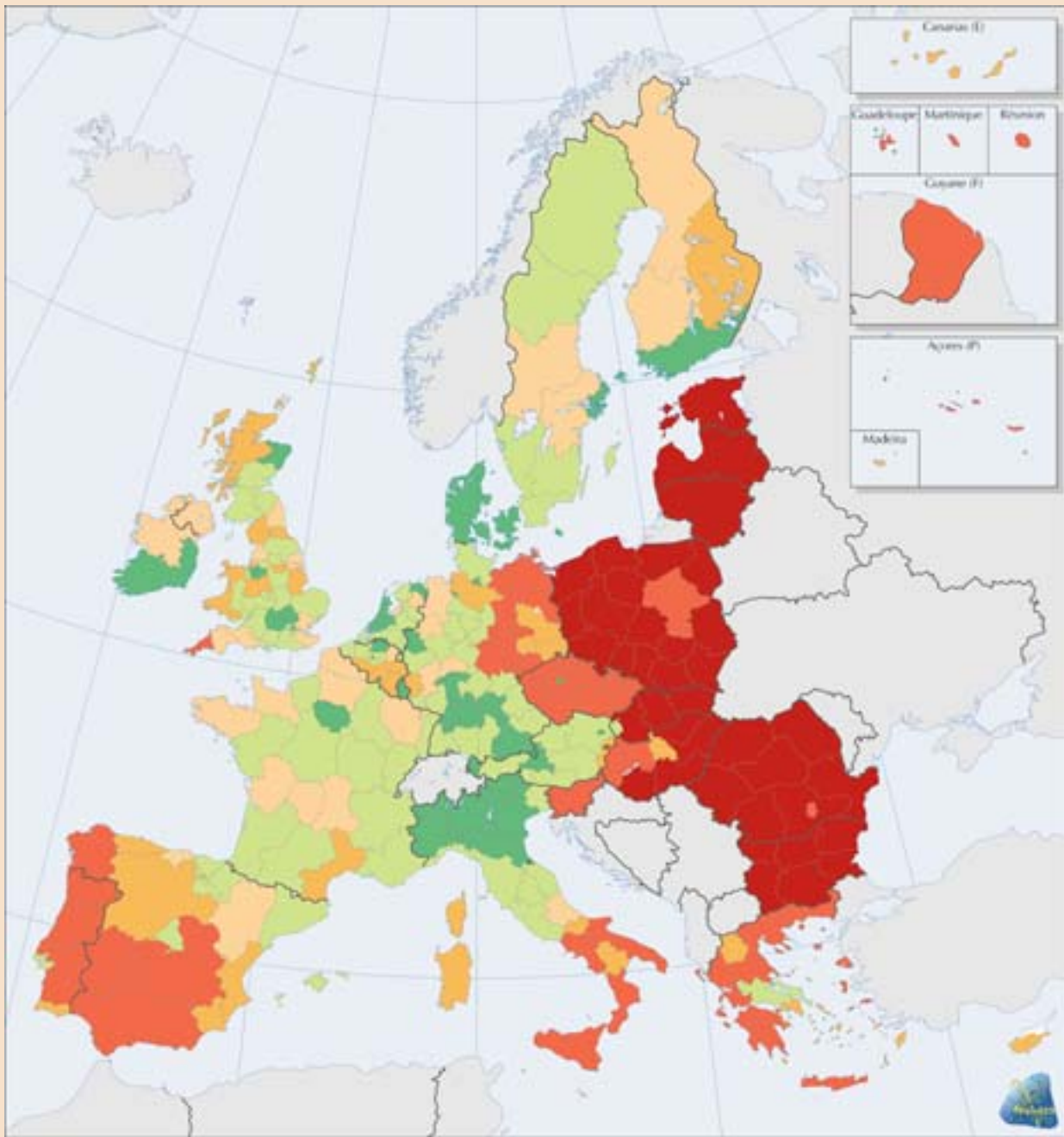
The reform presented by the Commission forms the basis of its forthcoming proposals on the new regulation of the Structural Funds and heralds the major debate at the Council of Ministers and European Parliament. In this context, the forum on economic and social cohesion which the Commission is organising on 10 and 11 May is of particular importance. This will enable all the players concerned to participate in the debate on the future of cohesion policy in an enlarged Union and thereby contribute to the forging of a new partnership for cohesion.

**To find out more, visit the following address:**

[http://europa.eu.int/comm/regional\\_policy/sources/docoffic/official/reports/cohesion3/cohesion3\\_en.htm](http://europa.eu.int/comm/regional_policy/sources/docoffic/official/reports/cohesion3/cohesion3_en.htm)

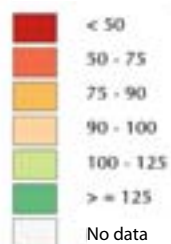
# The enlarged European Union

## Important regional disparities



## Gross domestic product per head, 2001

Index EU-25 (PPS) = 100



FR (DOM): 2000  
Source: Eurostat

0 100 200 km

© EuroGeographics Association for the administrative boundaries



## Enlargement and EU cohesion policy

# Reshaping the Union

by John Bachtler <sup>(1)</sup>



*Urban regeneration project financed by Phare in Augustów (Poland)*

**Enlargement is leading to a fundamental reshaping of the governance, funding and policy objectives of the Union. John Bachtler examines the challenges of enlargement for EU cohesion policy.**

After more than a decade of reform and negotiation, the EU is approaching the economic and political milestone of enlargement to take in 10 new Member States — the Czech Republic, Estonia, Cyprus, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia — on 1 May 2004. Looking forward, Romania and Bulgaria are working towards an accession date of 2007, Turkey is waiting for negotiations to start, and other potential candidate countries — Croatia, Macedonia, Bosnia and Herzegovina, Serbia and Montenegro — have applied or are intending to apply for membership as soon as possible.

Against the historic backdrop of enlargement, the European Union is engaged in a critical period of debate and deci-

sion-making on its future governance, funding and policy objectives.

In May 2003, the Convention on the Future of Europe formally submitted a wide range of proposals for EU policy-making, the division of powers, the functioning of European institutions, and voting systems, with the aim of achieving greater efficiency and accountability.

With respect to funding, the European Commission has published its communication on the financial perspective for the post-2006 period. Although the scope for radical budgetary changes is constrained by the Brussels European Council decision for a relatively protracted reform of the CAP, the EC is proposing ways in which the EU budget might be reshaped to meet the growth and competitiveness objectives of the Lisbon Agenda. Other factors influencing the budgetary debate include the future support to be allocated to external borders and a common foreign and security policy.

<sup>(1)</sup> Director, European Policies Research Centre, University of Strathclyde, Glasgow, United Kingdom (<http://www.eprc.strath.ac.uk>).

### Three questions to **Péter Balázs**, Member of the European Commission



**Beyond the differences between national contexts, in what way has the pre-accession phase already contributed to reducing the gap with the EU-15 in your opinion?**

In environment and transport, where new Member States lag behind, important projects have already received European support. Quality of infrastructure has improved, and national administrations have learnt about how cohesion policy works. They are now in a good position to benefit fully from regional aid.

**What is, for you, the greatest challenge for the implementation of the cohesion policy in the new Member States during the period 2004–06?**

Good management, finding high-quality projects and setting up partnerships are all significant challenges. The period 2004–06 is short. It requires swift action, also because of the decommitment rule 'n+2'.

**What do you think of the Commission's proposals regarding financial perspectives and also the reform of the cohesion policy after 2006?**

The proposals respond to the increase in disparities after enlargement: they concentrate money on less-developed regions and allocate sufficient resources outside of the convergence priority. In addition to this 'twin-track' approach, I fully share the goal of putting cohesion policy at the service of the Lisbon strategy. Cohesion policy is essential for making the European economy more competitive.

an EU-25. While some new Member States have a GDP per head approaching or exceeding the level of the poorer EU-15 countries (Cyprus, Malta, Slovenia, the Czech Republic), most have per capita GDP of less than 60 % of the EU-25 average; in the case of Latvia, the figure falls to 37 % <sup>(2)</sup>.

Clearly, the new Member States have made significant economic progress in recent years. With the exception of the Czech Republic, all of the accession countries experienced real GDP growth well in excess of the EU-15 average over the 1997–2001 period. Annual average growth figures ranged from 3.3 % in Slovakia to 6.1 % in Latvia. The growth projections for 2003–06 are in a similar range (3.0 to 6.3 %), notwithstanding predictions of more difficult economic conditions and a growing divergence between the very strong performance of the Baltic States and the other accession countries.

Nevertheless, while the conclusion of accession negotiations represents a major achievement for the new Member States, the transition process is not yet over <sup>(3)</sup>. Some new

## Challenges of enlargement

The headline figures on the implications of EU enlargement for cohesion are well known. Enlargement will involve a 20 % increase in population but only a 5 % increase in GDP, leading to a fall of more than 12 % in average GDP per head in

### HUNGARY

**Surface area:** 93 030 km<sup>2</sup>

**Population:** 10 142 000 inhabitants

**Per capita GDP index (2002):**

53 (EU-15 = 100)



#### Structural Funds strategy (2004–06):

The Community support framework for Hungary (EUR 1 995 million) is aimed at competitiveness in the productive sector, employment and human resources, improvement of transport infrastructure and environmental protection, and local development.



Hungary: training programme for young Roma

<sup>(2)</sup> Eurostat data, GDP/head (PPS), 2001. For Bulgaria and Romania, the GDP per head figures are 29 and 27 % respectively.

<sup>(3)</sup> *Transition report 2003: Integration and regional cooperation*, European Bank For Reconstruction and Development, London.



Member States have still not recovered from the catastrophic collapse in GDP in the early 1990s. Indeed, according to estimates by the European Bank for Reconstruction and Development (EBRD), the real GDP for Latvia, Lithuania and Estonia in 2002 was still below the 1989 level. Despite impressive structural and institutional reforms, there are deficiencies across the central and east European accession countries in the development of financial markets, the restructuring of strategic sectors such as energy, heavy industry and agriculture, the quality of public administration and the business environment. Recent growth has been underpinned by strong private and public consumption, at the expense of high budget deficits. General government deficits range up to 9 % of GDP, and public spending will come under strong pressure as the new Member States prepare for euro entry.

The labour market situation presents further challenges. Across the new Member States, unemployment averages 15 % (although some national rates are in the range 3 to 6 %). Gains in labour productivity have been associated with stagnating or declining employment and the creation of new jobs has been insufficient to compensate for redundancies. The employment rate for the new Member States averages 56 % (52 % in Poland), compared to 64 % in the EU-15. The labour markets of the new Member States have significant structural differences to those of the EU-15, notably a higher proportion of workers in agriculture (11 versus 3 %) and a much smaller proportion of the workforce in services (28 versus 44 %). If the accession countries are to meet the Lisbon employment target of 70 %, it is primarily in services where job creation will need to take place (\*).

Economic growth in the new Member States has been accompanied by a significant widening of regional disparities. In almost every country, the most prosperous regions have grown fastest, closing the development gap with the EU-15, while the poorest regions have experienced a decline in GDP per head relative to the EU average. There are considerable differences among the accession countries in terms of their territorial structures and economic development challenges and opportunities but, in general, four spatial patterns can be observed.

Firstly, growth has been strongest in the capital cities and other major urban areas. These tend to be regions that started from favourable positions prior to transition and were able to achieve rapid restructuring and adaptation to market economic conditions. The cities of Prague, Bratislava, Budapest and Warsaw regions, for example, have seen their GDP per head rise to between 150 and 220 % of their respective national averages.

Secondly, there are west-east regional differences in economic development. While many regions close to the EU-15 border have been able to benefit from investment, tourism and cross-border cooperation, the eastern border regions of



European funds co-financed the Bratislava bypass (Slovakia)

the accession countries have mostly seen little improvement in their socioeconomic position since the start of transition and are characterised by the lowest growth, highest unemployment and least-favourable economic structure.

Thirdly, the experience of transition has often been unfavourable for small towns and rural areas. These have often faced difficulty in adapting to transition, experiencing the significant economic and social costs of restructuring but with limited opportunities for growth.

Lastly, and notwithstanding the considerable job losses already experienced, the delays in restructuring the mining, steel, energy and other heavy industries mean that many old-industrial areas continue to present some of the most serious economic, social, political and environmental challenges to the transformation process.

Over the past decade, the new Member States have, to different degrees, given a higher profile to regional policy issues. Promoted by pre-accession funding under Phare,

(\*) Eurostat data. Havlik, P. (2003), *EU enlargement: growth, competitiveness and some challenges facing the future Member States*, Vienna Institute for International Economic Studies.

ISPA and Sapard, totalling approximately EUR 3 billion per year over the 2000–06 period, the accession States have undertaken reforms of territorial administration to give a greater role to the regions (in the larger countries) and have invested in the institutional infrastructure for regional development. Since the late 1990s, regional policy has been given a legislative basis, and each country has developed a hierarchy of concepts, strategies, plans and programmes for regional development, implemented through a wide range of measures for municipalities and enterprises.

With the availability of substantial funding under EU cohesion policy, the new Member States face important policy choices. On the one hand, they need national regional development policies that support all regions to exploit growth potential, in particular those regions that are the 'motors' of development. On the other hand, they also need structural policies to accelerate adaptation of old-industrial regions and to develop the peripheral, poorest and structurally backward regions, especially those on the eastern borders of the accession countries. In addressing these issues, the policy agenda for future Structural and Cohesion Funds includes: the development of the infrastructural base, where



Training for entrepreneurs in Slovakia

the current stock is overloaded; the promotion of greater labour mobility and training in technological, management and entrepreneurial skills; environmental investment to deal with the legacy of the past and to meet the requirements of EU directives; investment in R & D, notably by business; the development of the SME sector, especially very small service firms, that account for a large number of service sector jobs.

### EU cohesion policy: 2004–06

For the 2004–06 period, a financial framework for enlargement was agreed under the Danish Presidency in late 2002. Designed to ensure that each new Member State is financially better placed after accession than before membership,

#### SLOVAKIA

**Surface area:** 48 845 km<sup>2</sup>

**Population:** 5 379 000 inhabitants

**Per capita GDP index (2002):**  
47 (EU-15 = 100)



#### Structural Funds strategy (2004–06):

Slovakia will channel its resources (EUR 1 041 million) through four operational programmes devoted to: industry and services, human resources, basic infrastructure, agriculture and rural development.

#### Allocations for structural actions in the new Member States: 2004–06 (million EUR in current prices)

Country	Objective 1	Objective 2	Objective 3	Interreg	Equal	Cohesion Fund (*)	Total
Czech Rep.	1 454.27	71.30	58.79	68.68	32.10	936.05	2 621.19
Estonia	3 71.36	0.00	0.00	10.60	4.07	309.03	695.06
Cyprus (**)	0.00	28.02	21.95	4.30	1.81	53.94	113.44
Latvia	625.57	0.00	0.00	15.26	8.03	515.43	1 164.29
Lithuania	895.17	0.00	0.00	22.49	11.87	608.17	1 537.70
Hungary	1 995.72	0.00	0.00	68.68	30.29	1 112.67	3 207.36
Malta	63.19	0.00	0.00	2.37	1.24	21.94	88.74
Poland	8 275.81	0.00	0.00	221.36	133.93	4 178.60	12 809.70
Slovenia	237.51	0.00	0.00	23.65	6.44	188.71	456.31
Slovakia	1 041.04	37.17	44.94	41.47	22.27	570.50	1 757.39
<b>Total</b>	<b>14 959.64</b>	<b>136.49</b>	<b>125.68</b>	<b>478.86</b>	<b>252.05</b>	<b>8 495.04</b>	<b>24 451.18</b>

(\*) Average.

(\*\*) Including the Financial Instrument for Fisheries Guidance.

the enlargement agreement included additional money for meeting Schengen requirements and the ability for new Member States to top up direct payments to farmers, as well as an early-release cashflow facility for Poland worth up to EUR 1 billion.

The final financial terms for enlargement remain considerably within the ceiling for commitments and payments set by the EU in the 1999 Berlin Agreement. With respect to structural actions, there are several points to note. Firstly, Poland is by far the largest single recipient of structural funding, accounting for around 52 % of commitment appropriations. Secondly, the share assigned to the Cohesion Fund is far more significant than for the current membership: it accounts for over one third of the commitment appropriations compared with 18 % for the current four beneficiaries. A third point is the very high share of Objective 1 funding within the Structural Funds appropriations; this accounts for over 93 % of the total compared with just under 70 % in the current allocations for the EU-15. This is an obvious consequence of the fact that some 92 % of the population of the 10 accession countries meet the Objective 1 criteria. Lastly, the per capita allocations for the new Member States are substantially lower than for the poorer members of the EU-15. After application of the cap of 4 % of GDP, the aid per capita for structural expenditure in the new Member States is anticipated as EUR 137 per head in 2006, compared to EUR 231 per head for the existing four cohesion countries.

For the 2004–06 period, therefore, the EU has allocated EUR 40.7 billion for enlargement, EUR 21.8 billion of this for cohesion policy (EUR 14.7 billion for Structural Funds and EUR 7.1 billion for the Cohesion Fund, 1999 prices). All of the new Member States will qualify for EU funding, the spatial coverage of support rising from the current 40 % of the EU-15 population to 49.5 % in the EU-25. Almost all of the Structural Funds assistance will be delivered through Objective 1 programmes, with the exception of some small Objective 2 and 3 programmes for Cyprus and for Prague and Bratislava, and allocations for Interreg and Equal. Some

61 % of Structural Funds are planned to be spent on the ERDF, 25 % on the ESF, 12 % on the EAGGF and 2.4 % via the FIGF.

The new Member States face important institutional challenges in implementing EU cohesion policy. Notwithstanding the valuable experience gained in the pre-accession period, European Commission reports show that programming capacity for managing and implementing structural instruments is constrained by problems such as inadequate strategic direction, poor inter-ministerial coordination, delays in establishing monitoring systems and, perhaps most of all, an underdeveloped 'pipeline' for generating projects, which could endanger the timely absorption of funding. Absorption capacity is also limited by a shortage of qualified staff, poor communication between levels of administration and some weaknesses in the Phare-funded preparatory programmes. The potential for regional participation in programming varies greatly, while the preparedness of local authorities and NGOs appears to be limited or non-existent. Lastly, the co-financing requirements may be problematic because of budgetary constraints and a lack of financial resources among potential beneficiaries. Nevertheless, the 2004–06 period provides an important opportunity for learning, and the experience of new Member States in the past (Austria, Finland, Sweden) is that practical experience for effective programming can be acquired quickly.

## EU cohesion policy: 2007+

The future of EU cohesion policy after 2006 is much less clear. In the prolonged run-up to the third cohesion report, there has been extensive and open debate among European

### CZECH REPUBLIC

**Surface area:** 78 866 km<sup>2</sup>  
**Population:** 10 203 000 inhabitants  
**Per capita GDP index (2002):**  
 62 (EU-15 = 100)



#### Structural Funds strategy (2004–06):

In the Czech Republic, the Community support framework (CSF) for Objective 1, which covers all of the country except the Prague region, is EUR 1.45 billion. This will be channelled through five operational programmes: industry and enterprise, infrastructure, development of human resources, rural development, multifunctional agriculture. In addition, the Objective 2 single programming document (SPD) for the Prague region (EUR 17 million) will concentrate on improving the urban environment.



Professional integration in the Czech Republic





*Veterinarian inspection in Latvia*

institutions, Member States and regional and sectoral interest groups, and it is evident that there are wide differences in viewpoints about the budgetary resources to be allocated to EU cohesion policy as well as the preferred models for allocating and governing these resources. There is, however, consensus that resources should be concentrated on the least-developed parts of the EU.

An important issue for some of the cohesion countries and other regions is the loss of eligibility associated with the 'statistical effect' (rising above the Objective 1 threshold on statistical grounds alone), which would affect some 18.5 million people in an EU-25. Such regions are advocating treatment comparable to eligible Objective 1 areas. Some Member States would also like phasing-out regions to re-

ceive favourable transitional support, potentially for up to five years.

Other assistance for the poorest parts of the EU comes from the Cohesion Fund, for which there is also widespread support. If a threshold of 90 % of gross national income (GNI) was applied in an EU-25, all of the new Member States except Cyprus would qualify. Among the current beneficiaries, Greece and Portugal appear likely to be eligible, but Spain is at the limits of eligibility, and might be caught by the statistical effect without special provisions; Ireland would certainly be excluded. Many of the new Member States would like to see a higher proportion of EU funding continue to be provided under the Cohesion Fund, as in the 2004–06 period.

### LATVIA

**Surface area:** 64 589 km<sup>2</sup>

**Population:** 2 332 000 inhabitants

**Per capita GDP index (2002):**

35 (EU-15 = 100)



#### **Structural Funds strategy (2004–06):**

Latvia will implement a programme (EUR 626 million) based on four priorities: territorial cohesion, innovative enterprises, employment and training, rural development and fisheries.

### LITHUANIA

**Surface area:** 65 200 km<sup>2</sup>

**Population:** 3 463 000 inhabitants

**Per capita GDP index (2002):**

39 (EU-15 = 100)



#### **Structural Funds strategy (2004–06):**

The Lithuanian programme (EUR 895 million) is to concentrate on improving infrastructure, developing human resources, business competitiveness, rural development, agriculture and fisheries.



*In a Slovenian chemical laboratory*

The most contentious issue as noted above is whether and how EU funding is provided outside Objective 1. Under European Commission proposals, future Objective 2 funding would be focused on growth and competitiveness, with all non-Objective 1 areas eligible for support, and with Member States being responsible for determining geographical concentration and the implementation of assistance. Other models have also been put forward, notably by the United Kingdom.

## Conclusions

Enlargement presents major challenges for the economic and social cohesion of the EU. If convergence between the new and existing Member States is to be achieved, there is a general recognition that it will require a significant and sustained commitment by the EU to the accession countries over a 30 to 40-year period, while at the same time enabling the poorer EU-15 Member States to make further progress on closing the development gaps with the richer countries. In order to maximise the use of this assistance, there are important lessons to be drawn from recent evaluation research about the differential impact of EU funding, and the policy environment within which it is applied.

SLOVENIA	
<b>Surface area:</b> 20 273 km <sup>2</sup> <b>Population:</b> 1 995 000 inhabitants <b>Per capita GDP index (2002):</b> 69 (EU-15 = 100)	
<b>Structural Funds strategy (2004–06):</b> Slovenia (EUR 237.5 million) plans to concentrate on three priorities: promoting a more competitive productive sector, developing human resources and employment, restructuring agriculture, forestry and fisheries.	



Whether and how EU cohesion policy continues outside the less-developed countries and regions is much less certain. A key issue is the relationship between the twin EU objectives of competitiveness and cohesion. On the one hand, there is clearly pressure for the EU to withdraw from non-Objective 1 funding and concentrate on promoting European growth and competitiveness, in pursuit of the Lisbon Agenda, through investment in R & D, innovation, higher education, skills and networks. On the other hand, there is concern at the potential downgrading of EU support for ongoing structural change in industrial and rural regions.

This concern is exacerbated by the fact that national regional policies in many richer countries are moving away from their traditional focus on 'problem areas' to provide support for all regions within a country. It is notable that disparities within the Member States have been widening in recent years; new regional policies may well increase national and (in part) regional growth and competitiveness but at the expense of regional inequality within countries. Many regions also want to retain the perceived added value associated with the Structural Funds — partnership, strategic thinking, multi-annual programming, exchange of experience — although these features are increasingly becoming part of national regional development policies also.

Finally, the implications of reforming EU cohesion policy cannot be seen in isolation. For many rural areas, receipts under the CAP are more important than Structural Funds, and it is the future funding of rural development policy under the 'second pillar' that is the critical issue. More generally, State aid control is a major contributor to cohesion. There are valid concerns among Member States about the need for more subsidiarity and flexibility in using regional aid, especially in regions that would otherwise lose eligibility for both Structural Funds and regional aid. At the same time, it is important that the progress made over the past two decades in reducing subsidy competition and 'levelling the playing field' for aid is not undermined.

### More information can be found at:

[http://europa.eu.int/abc/governments/new\\_eu\\_members/index\\_en.htm](http://europa.eu.int/abc/governments/new_eu_members/index_en.htm)

BULGARIA	
<b>Surface area:</b> 110 910 km <sup>2</sup> <b>Population:</b> 7 846 000 inhabitants <b>Per capita GDP index (2002):</b> 26 (EU-15 = 100)	
ROMANIA	
<b>Surface area:</b> 237 500 km <sup>2</sup> <b>Population:</b> 21 773 000 inhabitants <b>Per capita GDP index (2002):</b> 27 (EU-15 = 100)	

**LATVIA****Managing household waste in Ventspils****Total cost:** EUR 6 190 000**EU contribution:** EUR 3 033 100

'The Ventspils region (population 60 000) on the Baltic coast does not have any landfill sites and the 13 existing dumps operate without reference to any environmental standards. This ISPA project involves the construction of a landfill and transit warehouse for dangerous waste, improving the access road, purchasing the necessary equipment (containers, vehicles, crusher, etc.), financing a public information campaign, installing a device for monitoring underground and surface water, closing and upgrading present dumps (approximately 31 ha), introducing sorted waste collection and recycling paper, cardboard, glass and metal.'

**Anita Bisofa**, Project Leader, Ministry of the Environment of the Republic of Latvia

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**LITHUANIA****Repair of the Vilnius–Kaunas–Klaipėda national highway****Total cost:** EUR 27 170 000**EU contribution:** EUR 20 380 000

'The Vilnius–Kaunas–Klaipėda (293.3 km) highway, one of Lithuania's principal roads, did not meet European standards and was deteriorating rapidly under the pressure of increased traffic. This first ISPA road improvement project involved strengthening the road surface and hard shoulder along a 37 km stretch, completely resurfacing 19 km, repairing 27 bridges and viaducts, and improving safety (ramps, signposting, road markings, etc.). The works were completed in December 2002.'

**Gintautas Predkelis**, Lithuanian Ministry of Transport and Communications

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**ROMANIA****Waste water treatment in Craiova****Total cost:** EUR 70 378 000**EU contribution:** EUR 52 783 500

'Craiova (population 320 000), one of the biggest towns in Romania, has no water purification station and the sewage network is incomplete. Untreated waste water is evacuated either into a streamway which runs through the town or into a lake located in a leisure area, from where it enters the Jiu, a tributary of the Danube. The waste water treatment project is divided into three parts: restoration and modernisation of the purification plant, extension of the sewage network, technical assistance and administrative reinforcement.'

**Daniela Beuran**, ISPA Environmental Infrastructures Unit, Romanian Ministry of Finance

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**SLOVENIA****Modernisation of the Ljubljana–Zidani Most–Maribor railway line****Total cost:** EUR 25 803 500**EU contribution:** EUR 10 063 365

'The project consists of renovating — by December 2006 — 22.1 km of track at five stations and along two sections of line (Hoče–MB Tezno and MB Tezno–Maribor), thereby providing the appropriate infrastructure for high-speed traffic and favouring intermodal transport. The project will make it possible to abolish speed limits which cause bottlenecks and allow trains to travel at speeds of 160 km/h on modernised sections with 22.5 tonnes axle weight. As the works will be carried out on the existing line there is no negative environmental impact.'

**Breda Križnar**, Slovenian Ministry of Transport

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## European funding at the service of Podlaskie (Poland)

### Setting the scene

**ISPA, Phare, Sapard ...** For a number of years now, northern Podlaskie has benefited from Community support. Community programmes are helping to improve infrastructure, the environment, business competitiveness and the quality of life of the inhabitants of this region, which lies on the Union's new eastern border. Through their participation in these programmes, the actors and decision-makers in the region are also getting better acquainted with Community practices and procedures.



A land of lakes and rivers

'So, do you not think they are ready to join the European Union?', teases Andrzej Chrobak, Chief Advisor for Transnational Cooperation with the Agency for the Reconstruction and Modernisation of Agriculture (ARIMR), which is in charge of managing the Sapard <sup>(1)</sup> programme in Poland. Mr Chrobak is taking his French guest on a tour of several farms which are benefiting from the programme, including Jadwiga and Zdzisław Sidorek's dairy farm in Jeleniewo. Thanks to Sapard aid of EUR 12 400, the Sidorek's have been able to equip to European standards their new farm building, in which their 35 cows are free to move around. 'We have submitted a new application,' says Zdzisław. 'This is for EUR 10 000 to purchase a new kind of bedding for better animal welfare.' Their initiative is typical of these young Polish farmers who are determined to ensure that their farms survive and thrive after Poland joins the Union. 'They are genuine entrepreneurs, determined and open to innovation,'

says Grzegorz Chelminski, of the ARIMR regional office.

We are in the north of the *voivodie* (region) of Podlaskie, and more precisely in the *poviats* (districts) of Augustów, Suwałki, Grajewo and Sejny, in the far north-eastern corner of Poland, on the Polish-Belorussian-Lithuanian border and close to the Russian enclave of Kaliningrad. Dairy farming is the principal agricultural activity in this area. Sapard therefore mainly finances investments to improve the production and environmental management of dairy farms, permitting the purchase of feeding equipment, milking machines, processing units for animal waste, slurry spreaders, etc. The Sidoreks have just one fear, 'of being the only dairy producers in the district who comply with European standards, with the risk of seeing the milk plant stop coming here because it is no longer profitable. It is the wait-and-see approach

<sup>(1)</sup> Sapard (Special accession programme for agriculture and rural development) programme launched in 2000 to facilitate the adaptation of farming structures and rural areas in the central and east European candidate countries.

*which dominates here: many farmers will only decide after accession whether to continue or not.'*

In Grajewo, the milk plant (with a workforce of 450) is one of six plants of the Mlepol cooperative, which has 13 000 members and is supplied by 15 000 farmers. Active in Mazuria and northern Podlaskie, but marketing its range of products throughout the country, this leading Polish producer of UHT milk recently invested EUR 4 million in a butter production unit. Some 40 % of the cost of this ultra-sophisticated equipment, *'the very best in Europe,'* according to its production manager, Groszyk Zbigniew, was met by Sapard.

### On foot, on horseback and by kayak

With a per capita GDP in 2001 of just 31 % of the EU-15 average (compared with 41 % for Poland as a whole and 64 % for the Warsaw region), Podlaskie is a poor region, but rich in potential. In the north, it has many assets for tourism development. The 'Via Baltica' (E67), the most direct road linking Finland to central Europe via the Baltic States, runs through this region of a thousand lakes. Some 50 % of northern Podlaskie's surface area is also covered with dense woodland, one of Europe's last remaining primeval forests. It is a natural paradise, ideal for hiking, cycling, horseriding, and canoeing. The vast network of lakes and the Augustow Canal, modelled on the Canal de Midi in France, permits trips of several days by canoe, kayak and other water craft. This resource is already being exploited in Augustow (population: 30 000), where three boat- and yacht-building yards provide jobs for over 1 000 local people.

In partnership with the Phare <sup>(2)</sup> programme, the Municipality of Augustow has embarked on an ambitious programme of urban regeneration and tourism development centred around the canal (EUR 7 million, including EUR 4.2 million from the Community). The municipal authorities view tourism as an essential element in the development of this town which has been a spa resort since 1993. Augustow has 4 000 beds and receives 4 000 visitors per year. *'We must extend the*

*season, which is still too reliant on July and August, and attract more foreign tourists in order to create as many jobs as possible,'* explains Leslek Cieslik, mayor of Augustow. Despite shipbuilding, the assembly of agricultural machinery, water cures and a cigarette factory, unemployment in Augustow never drops below 16 %, not even in the summer months.

### Canal

Viewed by the European Commission Delegation in Warsaw as *'one of the most complex European projects in Poland'*, the Phare project 'Upgrading and marketing the Augustow Canal' involved restoring 2 800 metres of canal banks. It also consisted in repairing five of the town's principal roads leading to the canal — including a section of the Via Baltica and providing everything from drainage pipes to lighting, paving and urban furniture — and building an information centre on the central square (futuristic architecture in the form of a boat), complete with a tourist kiosk, cafeteria, conference room, etc. A number of areas in the town centre have also been set aside for businesses. Completed between the spring and winter of 2003, the result is an integrated and structured development, which combines economic activities with improvements to the quality of life of the inhabitants.

*'What we must do now is acquire the tools — website, brochures, stand, etc. — to enable us to promote the canal abroad,'* adds the project manager and vice-mayor of Augustow, Jerzy Demianczuk, who points out that these works at Augustow are just the beginning. *'We hope to see this project stimulate others all along the canal. The canal has 14 locks in Poland, one of which forms the border with Belorussia, and another four inside Belorussia. The Belorussian authorities have just decided to restore them by 2005 and even to install a check-point at the border lock to facilitate the necessary formalities to enable the canoeists to pass through.'*

Lying 31 km north of Augustow, Suwalki (population: 68 000) is more industrial, and home to 150 SMEs active in primary and secondary wood processing. The town is also a centre for



Sapard beneficiaries: from farm to milk plant

<sup>(2)</sup> Founded in 1989, originally for Poland and Hungary, Phare (Poland–Hungary: aid for economic restructuring) is active in all the central and east European candidate countries. Phare focuses on two priorities: helping the public authorities in the candidate countries to acquire the necessary means to implement the *acquis communautaire*, and supporting investments in fields where they are needed: basic infrastructures, enterprises, social measures.

cheese-making, poultry production and light metallurgy. A free zone created in 1996 currently provides a base for about 20 companies active in a wide range of sectors. However, despite this, the town still has an unemployment rate of over 22 % and suffers from social problems and crime.

Between 1995 and 1999, the Municipality of Suwalki implemented nine Phare projects costing a total of EUR 1.7 million, including EUR 0.6 million of Community funding. These projects focused mainly on roadbuilding and small urban infrastructural works. The Phare 'Economic and social cohesion programme 2002' is currently co-financing (EUR 1.94 million out of a total cost of EUR 2.88 million) the building of technical infrastructure and access roads for 25 ha of business parks in Suwalki.

Suwalki was also one of the first beneficiaries of ISPA <sup>(3)</sup> aid in Poland. Launched in 2001, the water quality improvement project in Suwalki (total cost: EUR 12 468 million, 50 % Union-funded) aims to ensure that the sewage and piped water supply system in the town and villages in the municipal area complies with European standards. This involves: building 25 km of water pipes, 55 km of drainage pipes, 44 pumping stations and two waste water treatment plants; the creation of a water purification plant with a capacity of 600 m<sup>3</sup> an hour; the installation at the Suwalki purification plant of cogenerators using renewable energy, especially biogas; the purchase of remote controlled devices for nine pumping stations; the drawing up of a blueprint for water management.

## Ecology, economy, education

In addition to an improved quality of life for the local population, the ISPA project is also helping to protect the unique aquatic environment of the Wigry National Park (150 km<sup>2</sup>), which is bordered by several localities in the Suwalki district. *'This other positive impact of the project is very important ecologically and economically,'* explains Jozef Gajewski, mayor of Suwalki. *'Tourism is also an essential axis of development for us and the park, with its lakes and its beavers, is our principal tourist attraction.'* The mayor then reeled off a long list of projects he would like to see implemented: regeneration of the city centre, renovation of 146 old buildings, upgrading of a small aerodrome, laying out of cycle paths, horseriding trails and cross-country skiing trails. *'We are certainly not short of ideas, or resources. What is mainly lacking is more fundamental: good lines of communication with the exterior to break the region's isolation.'*

*'We would also like to create a science park and cross-border innovation centre with Lithuania,'* adds Przybysz Darlusz, manager of ISPA environmental projects for the municipality of Suwalki. *'In partnership with ISPA, we are also implementing a series of smaller projects which could be very useful for cross-border cooperation, such as the waste water*



Suwalki: waste water treatment plant financed by ISPA

*separators installed on the Czarna Hancza, which also runs into Lithuania.'*

Witlasi Rychlik, president of the Suwalki Water Company, sees another merit in the ISPA project he is implementing, *'ISPA has taught us a great deal at the methodological level. Thanks to these projects we have become familiar with the Community spirit, procedures and good practices. We really are ready to join you, you know!'*

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## POLAND

**Surface area:** 312 685 km<sup>2</sup>  
**Population:** 38 219 000 inhabitants  
**Per capita GDP index (2002):**  
41 (EU-15 = 100)



### Structural Funds strategy (2004–06)

Poland negotiated a Community support framework (EUR 8 276 million) covering four main areas: enterprise, human capital, infrastructure, regional and rural development.

<sup>(3)</sup> The ISPA (Structural instrument for pre-accession) supports major investments in transport and environmental infrastructures in Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovenia and Slovakia. During the 2000–04 period, the European Commission approved 324 projects for a total ISPA contribution of EUR 7 billion.



## Cyprus

## 'Restoring old Nicosia to its original splendour'

Athina Papadopoulou, architect-conservationist (Nicosia Master Plan)



The Omeriye district, located inside the Nicosia city walls, was perfect for an urban regeneration project. Traditionally one of the wealthiest areas of the city, Omeriye is the location of an impres-

sive number of monuments and buildings which are typical of traditional Cypriot urban architecture. Unfortunately, following the sudden division of Nicosia in 1974, Omeriye had become a neglected and rundown district.

A renovation project was therefore drawn up with the aim of restoring and revitalising the historical buildings, thereby reconstituting the urban fabric. The idea was to design a project which would be able to serve as a model and encourage a similar approach in other areas.

We naturally turned to the 'Partnership for the future' programme, launched by the European Union in October 2001 in cooperation with the United Nations and its technical agency, UNOPS (United Nations Office for Project Services). This programme is making a major effort to restore old Nicosia in keeping with the spirit and substance of the Nicosia Master Plan, a development plan drawn up jointly by the Municipality of Nicosia, the Town Planning and Housing Department and the United Nations

Development Programme (UNDP). The plan is implemented in areas inhabited by the city's two communities — Greek and Turkish.

The restoration of Omeriye was organised in three phases:

- > an initial phase (November 2002 to May 2003) involved repairing and upgrading the sewers, roads and pavements;
- > a second phase (February to October 2003) made it possible to restore the former Omeriye Baths (built during the Ottoman Empire in the 16th century) and their surroundings;
- > phase three (February to July 2003) saw the restoration of the gardens and north-facing facade of the Omeriye Mosque, a former 14th century Augustine Monastery.

The total investment of EUR 1.24 million, including an EU contribution of EUR 1.16 million, resulted in the successful restoration of the Omeriye district to its former glory. One third of the European pre-accession funds for Cyprus are allocated to what are known as 'bicomunity' projects. This equates to about EUR 4 million of the EUR 12 million granted annually since 2000.

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**CYPRUS**

**Surface area:** 9 250 km<sup>2</sup>

**Population:** 715 000 inhabitants

**Per capita GDP index (2002):**

76 (EU-15 = 100)

**Structural Funds strategy (2004–06):**

In Cyprus, the Objective 2 SPD (EUR 28 million) is aimed at achieving the sustainable development of rural and urban areas in difficulty. The Objective 3 SPD (EUR 22 million) is seeking to revitalise the labour market and promote lifelong education and training. Cyprus also receives EUR 3.4 million under a support programme for its fishing industry.

## Estonia

# 'A project at the summit'

**Eero Pärasmäe**, Head of Foreign Funding Division,  
Ministry of Economic Affairs and Communications of Estonia



When I was asked to speak about an Estonian project which is co-financed by the European Union, I looked at the list of all the Phare projects implemented throughout the country. I could have chosen a very innovative project or one that

is creating a lot of jobs. But instead I chose a relatively modest project to encourage tourism. The Leisure and Sports Centre in Haanja, close to Estonia's southern border, is for me a very fine example of regional development, in terms of both its aims and implementation.

The origins of the project can be traced back to 1999, when the Economic Affairs Ministry first looked at ideas for projects within the framework of the Phare economic and social cohesion 2000 programme. The County of Võru and the Municipality of Haanja teamed up to propose the construction of a leisure centre at the foot of the highest hill in Estonia, or indeed anywhere in the Baltic countries, the Suur Mu-namägi (Mother Hill), which rises to 318 metres.

Due to its relief, the Haanja region was already popular with cross-country skiers in winter and mountain bikers in summer, but there was no infrastructure for visitors. The dual challenge was therefore to set up a multipurpose centre (with changing rooms, cafeteria, ski hire centre, etc.) and to improve the trails to comply with the International Skiing Federation's standards in order to be able to hold top-level competitions. That meant remodelling and widening the existing trails and buying a special snowplough and other maintenance equipment. It was also very important to provide lighting for the existing cross-country ski trails given that we only have six to seven hours of daylight in winter. Most importantly, the centre needed a marketing plan to promote the area inside Estonia and in neighbouring countries.



The most difficult part was the implementation phase. The evaluation of the environmental impact and infrastructure design required a great deal of time and effort. Then, once the technical and architectural specifications had been drawn up, it became clear that the resources earmarked for the project were nowhere near sufficient. But, as they say, where there's a will there's a way! The municipality came up with extra funds and so did the Estonian Government. In this respect, the whole process of implementation showed how important or even essential it is to be able to count on good cooperation between the local and central authorities.

The result is a very beautiful multipurpose centre which is perfectly in keeping with the environment, providing facilities for skiers in winter and mountain bikers and hikers in summer, who come to admire the view from the summit of Estonia. The centre can cater for seminars of up to 60 people. The skiers can choose between 1, 3, 5 and 10 km trails with lighting along a 3.2 km section to permit skiing until nine o'clock in the evening. The project cost EUR 636 000, to which the European Union contributed EUR 395 000, the Estonian Government EUR 117 000, and the Municipality of Haanja EUR 124 000.

At the inauguration of the Haanja Sports and Leisure Centre in December 2003, Mati Alaver — trainer with the Estonian cross-country skiing team and the man who has brought several Estonian skiers to the Olympic Games and World Championships — effectively summed up the project's success, *'in opening a sports and leisure centre in this region, the authorities have fulfilled their mission for all sports lovers.'* I believe his words sent a strong signal to the project team who worked tirelessly and intelligently for three years to achieve this result.

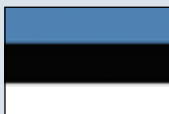
This first experience of managing an economic and social cohesion project involving European funds was a difficult exercise for the Municipality of Haanja. But this success has resulted in the approval of a new Phare economic and social cohesion project due to start in 2004. This will involve the complete renovation of the tower erected on the summit of Estonia in 1939 and renovated for the first time back in 1969.

## ESTONIA

**Surface area:** 45 226 km<sup>2</sup>

**Population:** 1 356 000 inhabitants

**Per capita GDP index (2002):**  
40 (EU-15 = 100)



### Structural Funds strategy (2004–06):

The structural instruments will pursue four priorities in Estonia (EUR 371 million): the development of human resources; business competitiveness; support for agriculture, fisheries and rural development; the improvement of infrastructure and local development.

**Malta****'The Environment is the winner in Malta's single programming document 2004-06'****Marlene Bonnici**, *Head of the Maltese Managing Authority for the Structural Funds and the Cohesion Fund*

With 1 200 inhabitants per square kilometre, Malta is one of the most densely populated countries in the world and has by far the highest population density in the European Union.

Malta also has a thriving tourism industry and attracts over 1 million visitors each year. But the archipelago, which consists of three islands, has a very fragile environment and the highly urbanised territory in which we live and the economic development that has taken place in the country in the 1990s has led to severe pressures on the islands' environment.

However, the Government's expenditure on environment has risen considerably in the past few years. Moreover, the obligation to comply with the *acquis* has strengthened the partnership with relevant non-governmental organisations and has also had an impact on the generation of new legislation and on enforcement, although there is still much work to be done, particularly in environment infrastructure.

In the run-up to accession, Malta was faced with an enormous quantity of legislation to transpose with no support, in terms of infrastructure, from the European Union. Malta was not eligible for ISPA support but in the 2003 pre-accession programme was granted the possibility to co-finance one small infrastructural project. Malta chose the environment and is now in the process of implementing a project on water treatment for the Island of Gozo. Unlike ISPA support, however, Malta co-financed this project with 50 % of national funds. This is the commitment that Malta has towards the environment.

When drafting Malta's programming document for the Structural Funds, the Government of Malta took a conscious decision to make the environmental sector the largest beneficiary of the funds which Malta will be receiving post-accession. This, of course, was at the expense of other sectors and priorities which are also vital for Malta's development. This huge effort was made by the Government in order to ensure the preservation of the islands and their ecosystems. It was also a decision not based on short-sightedness but a decision to invest in the future of the country and future generations. The decision was accepted by all partners, even though reluctantly by some organisations that would like to have seen a greater focus on other priorities.

Under the single programming document, Malta is planning to implement projects on waste management, drinking water, water treatment, air quality and nature protection, amongst others. An education campaign is also planned to support these projects and place them into a tangible context. These projects will also be complemented with other environment projects (mainly in solid waste) under the Cohesion Fund, where again Malta has taken a decision to allocate over 60 % of its funding (well in excess of the obligatory 50 %) to the environment at the expense of transport infrastructure, which is also needed and would have had a far more visible impact in the short-term.

In this regard, we do hope to make a long-term impact on the quality of life of all citizens, including future generations, and also on the quality of life enjoyed by the hundreds of thousands of tourists who visit us each year.

**MALTA**

**Surface area:** 316 km<sup>2</sup>  
**Population:** 397 000 inhabitants  
**Per capita GDP index (2002):**  
 69 (EU-15 = 100)

**Structural Funds strategy (2004-06):**

Malta (EUR 63.2 million) will make strategic investments aimed at boosting the competitiveness of manufacturing and tourism companies, promote integration and training, and implement actions in favour of the environment, rural development and fisheries. Specific support will be given to the Island of Gozo.







## BULGARIA

### The Danube cultural route



**Total cost (maps):** EUR 290 886

**EU contribution:** EUR 122 977

'The underlying plan for this Interreg III B project involving all the countries through which this great river flows, and Bulgaria in particular, was to exploit the cultural diversity of the Danube basin for the purposes of regional development. One of the actions involved the production of a topographic base on the scale of 1:500 000 of the Danube region. A digital map of cultural attractions was then generated, completing a catalogue on the industrial heritage to be found on the banks of the Danube.'

**Eugen Scherer, Project Manager**

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## HUNGARY

### Industrial parks partnership programme (IPPP)



**Total cost:** EUR 40 534

**EU contribution:** EUR 21 687

'Financed under the Interreg II C CadSES (Central European, Adriatic, Danubian, South-Eastern European Space) programme, the aim of the Industrial parks partnership programme (IPPP) was to set up cooperation networks between parks and activity zones in the targeted regions as an aid to the exchange of information and know-how. The IPPP actions mainly consisted of setting up links between industrial parks and organising training, study visits, workshops and international seminars. The project resulted in the creation of information flows and networks involving Hungarian, Italian and Romanian partners.'

**György Márton, Deputy Development Manager,  
South-Transdanubian Regional Development Agency**  
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## CZECH REPUBLIC

### Cross-border cycle network



**Total cost (signposting):** EUR 15 993

**EU contribution:** EUR 6 862

'The Egrensis Euregio has set up a network of cycle routes in the border area of Bohemia/Bavaria/Saxony/Thuringe, covering 500 km and combining sport, tourism, culture and adventure. This Phare cross-border cooperation (CBC) project involved designing and signposting the circuit, producing a guide describing each section and highlighting the interesting aspects of each itinerary. Particular emphasis was placed on two themes which unite the past and present of the partner regions: mining activity and water cures. The route passes through numerous thermal spas and thereby also contributes to the marketing campaign to promote water cures initiated by Interreg.'

**Lubomír Kovár, Manager, Euregio Egrensis**

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## SLOVAKIA

### Spišská Nova Ves business incubator



**Total eligible cost:** EUR 543 532

**EU contribution:** EUR 325 000

'Built between December 2002 and October 2003, the Spišská Nova Ves business incubator was officially opened on 10 February 2004. The aim of the project was to improve the economic environment of the Spis region by creating the infrastructure to provide a wide range of services to business. The incubator provides equipment and technical assistance to start-ups and existing businesses. The European Enterprise and Innovation Centre of Spišská Nova completes the services supplied to the businesses based in the incubator, at preferential rates. These businesses can occupy up to 1 100 m<sup>2</sup> of buildings and land within the site.'

**Katarína Krotakova, Manager, BIC Spišská Nova Ves**  
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## Bridging the divide

## Brussels' sub-national representation offices

**Over the past decade the number of sub-national authorities establishing representation offices in Brussels has grown dramatically. Most existing Member State regions now have an established presence in Brussels and, in recent months, sub-national authorities from the acceding countries have also begun to arrive in numbers.**



The concept of the 'sub-national representation of-fice' was born in 1985, when the German region of Saarland opened the first regional office in Brussels. In the following months, a number of other German regions and local and regional authorities from the United Kingdom followed suit, and by 1988 there were around 15 sub-national offices in Brussels. This had increased to 54 by 1993 and today there are well in excess of 200. The United Kingdom now has the most sub-national representation offices in Brussels (see table), followed closely by Italy, Germany and France.

Bremen was one of the first sub-national representation offices in Brussels. Christian Bruns, Head of the office, explained that, *'German Länder recognised that more and more German legislation was determined by EU legislation. As they would have to implement this, it was felt that they needed to establish offices in Brussels that could monitor and provide early warning of relevant legislation, and also influence the development of this legislation.'*

The extension of decentralisation in a number of Member States has fuelled the continued growth

in the number and diversity of sub-national representation offices. The most recent arrivals have been predominantly from the new Member States. The Brussels Liaison Office of the Association of Lower Silesia (Poland) was set up in January 2003. This office represents a number of partners from the Silesia region and according to Bogna Rodziewicz, Director of the office, the priorities are, *'to learn from existing regions on how to access and absorb funds, to gather and disseminate EU information in the region, and to facilitate cooperation with other regions.'*

### Diverse regions, diverse representations

In essence, sub-national representation offices in Brussels now embrace all facets of local and regional governance in Europe, from federal ministries staffed by civil servants to regional, city and local authorities or their national associations, or regional and sub-regional alliances, including cross-border alliances. A survey carried out in 1999 (Marks et al., 2002) <sup>(1)</sup> indicates that the size and strength of

<sup>(1)</sup> 'What Do Subnational Offices Think They Are Doing in Brussels?', Marks, Gary; Haesly, Richard; Mbaye, Heather, *Regional & Federal Studies*, 2002, 3/Autumn, pp. 1–23.

these offices is mostly a function of the degree of autonomy of the authorities they represent. At the upper end of this scale are the German *Länder* and the Spanish *comunidades autónomas*, which are large enough to support their own independent offices. At the other end of the scale are the local and regional authorities in smaller countries with more centralised governance.

These organisations are less well resourced and invariably share facilities with other sub-national organisations. Over the years a number of different office structures have evolved, including: single offices shared by a number of partners from the same territory, such as South Denmark House or Scotland House; offices which include a number of sub-national authorities from different territories in the same Member State, which is the case for some Dutch and French regions; offices which include a number of sub-national authorities from different Member States, a good example of which is the cooperation between Aquitaine (France), Hessen (Germany), Emilia-Romagna (Italy) and the Wielkopolska region (Poland); finally, offices of national and European associations of sub-national authorities.

## Listening posts or lobbies?

These relatively new organisations, which lack official status within the current structure of the EU, undertake a wide range of activities, invariably acting as both relays and lobbies, and in many cases a lot more. Most offices are routinely engaged in: monitoring the work of the European institutions; information and intelligence gathering; promoting the territories they represent; networking and developing partnerships and alliances with other sub-national authorities; liaising between the region and the EU; lobbying (e.g. the Emilia-Romagna representation office was recently successful with its lobbying efforts to have Parma nominated as the headquarters of the European Food Safety Authority).

However, as Christian Bruns points out: *'money is important and access to funding is a priority for most regional offices.'* This view is shared by Jeremy Smith, Secretary General of the Council of European Municipalities and Regions (CEMR), who believes that, *'most regions are looking for an economic return from their presence in Brussels.'*

But the success of the sub-national offices in achieving their objectives is often dependent on the support they receive from the regions they represent. *'To be effective the office must be part of a team which includes people in Brussels and in the regions,'* said Robert Collins of the Irish Regions Office. *'Otherwise it's easy to become detached and the potential of the office under-used.'*

## Strength in numbers

Relations between the different Brussels' offices are generally good. *'There is a good informal network between all the regional offices here,'* said Christian Bruns. *'If one office is holding an event or a reception they will normally invite the other offices. Because of this we tend to meet regularly and get to know each other quite well.'*

## Sub-national representation offices in Brussels by Member State (February 2004)

An up-to-date list of Europe's sub-national representation offices in Brussels is available on the Committee of the Regions' website, at: [http://www.cor.eu.int/pdf/liens/bureaux\\_regionaux.pdf](http://www.cor.eu.int/pdf/liens/bureaux_regionaux.pdf)

United Kingdom.....	30	Poland.....	8
Italy .....	28	Czech Republic.....	3
Germany .....	26	Greece.....	3
France .....	23	Ireland .....	2
Spain .....	19	Slovakia .....	2
Belgium .....	14	Estonia .....	1
Netherlands .....	13	Lithuania .....	1
Austria .....	12	Hungary .....	1
Denmark .....	11	Portugal.....	1
Sweden .....	11	<b>Total .....</b>	<b>218</b>
Finland.....	9		

In many ways this networking is the lifeblood of the sub-national offices. *'To develop projects we need partners,'* said Vincent Lacarce of the Aquitaine Brussels office, *'and the task of finding partners, and developing and managing projects jointly is much easier when we are all located in the one city, or even in the one office.'*

Networking is also an important tool in terms of identifying common interests and representing common views and positions. This is facilitated by sectoral associations, such as Eurocities, the Conference of Peripheral and Maritime Regions (CPMR) or the Environmental Platform for Regional Offices (EPRO), and by territorial associations, such as the Assembly of European Regions (AER), the CEMR, or a number of more informal networks, the establishment of which has been made easier by the close proximity of the regional offices in Brussels.



■ Aquitaine, Emilia-Romagna and Hessen under the same roof



## Europe of the citizens

The relationship between sub-national offices and the EU institutions is of an informal and ad hoc nature. *'We have no diplomatic status,'* said Christian Bruns. *'The European Commission has no formal obligation to talk to us. But I have never experienced a situation where someone has refused to take a call or turned down a request for a meeting. The Commission is one of the most transparent administrations I know and there is always an openness to hear our views.'*

Michel Barnier, Commissioner for regional policy and institutional reform has described the sub-national offices in Brussels as *'important partners for the Commission, particularly as regards regional policy and the Structural Funds.'* Mr Barnier said that, *'the offices' information and cooperation activities not only support the Commission in implementing policies and programmes, but by communicating views, ideas and examples of good practice they also actively feed the process of policy-making in Brussels.'* As part of its ongoing relationship with these offices, the Commission's Directorate-General for Regional Policy organises regular briefings and events.

However, in terms of consultation on policy issues the trend is more and more towards collective activity. Zdenek Werner, Head of the Prague office in Brussels said he believed that, *'the views of the networks and associations of sub-national representations are well respected by the Commission and are an important part of the consultation process. For*

*example, through the cities for cohesion network we have been able to work with other European cities to develop and present views on the urban dimension of cohesion policy.'*

The communication, which was adopted by the European Commission last December <sup>(2)</sup>, to introduce a more systematic dialogue with associations of regional and local authorities on the formulation of European Union policy, was obviously long-awaited by the networks and regional offices. Jeremy Smith, Secretary-General of the CEMR believes that, *'this is an important development, as it will facilitate direct consultation with local and regional organisations at all stages of the policy-making process. This will complement the political dialogue with the Committee of the Regions,'* he said.

For its part, the Committee of the Regions (CoR) recognises the very important networking role which these regional and local representation offices play, operating as true 'bridges' between the European Union and the regional and local authorities. Launching 'Open days at the Brussels offices of Europe's regions and cities' (7 to 9 October 2003), Sir Albert Bore, President of the CoR praised the role of these offices in making cities and regions more 'Europe-conscious.'

This perhaps most effectively sums up the fundamental added value of these representation offices: building a European consciousness close to the citizens. As Commissioner Barnier has commented: *'the role of sub-national representation offices in bringing Europe closer to its citizens will be of even greater importance in the future.'*



<sup>(2)</sup> COM(2003) 811 final.

**'Thank you Europe!'**

## Nord-Pas-de-Calais finds the right words

**How to inform the general public about the Structural Funds by using practical messages and opting for a decentralised, more human approach to communication. This is the solution developed by the French region of Nord-Pas-de-Calais.**

On the borders of Belgium, the region of Nord-Pas-de-Calais (France) stretches from the North Sea to the edge of the Ardennes. With over 4 million inhabitants it is one of the most populated regions in France. However, over recent decades, Nord-Pas-de-Calais has suffered both economically and socially, following the decline of its traditional coal, steel and textile industries. In an attempt to reverse this trend the region decided to focus on exploiting opportunities presented by new technologies, enhancing the quality of human resources and facilitating economic reconversion. In 2004, Lille, the nerve centre of the region and very much the symbol of this renewal, was awarded the title of 'European Capital of Culture'. To support this multi-sectoral mobilisation, Nord-Pas-de-Calais receives structural funding from the European Union, particularly under Objectives 1, 2 and 3, as well as under the Community Interreg, EQUAL and Leader initiatives.

Like other regions receiving assistance from the Structural Funds, Nord-Pas-de-Calais is required to inform the local population about this Community support<sup>(1)</sup>. This task fell largely to the Regional Council, which opted for an innovative approach to executing this difficult task.

### Starting with specifics

Nord-Pas-de-Calais could not be described as a uniform territory. It has a very diverse mix of cultures, traditions and landscapes. Realities and perceptions vary from place to place and if any message about Europe is to get across to the people it must take into account these different characteristics. Successful communication requires a decentralised approach, one that takes account of local conditions. The region therefore decided to tailor its Objective 1 advertising campaign to three specific geo-

graphical areas: the conurbations of Maubeuge, Douai and Valenciennes. To capture the public's attention there was no 'padding', simply practical information on model projects, such as an ecomuseum on textiles, a mining museum and a museum of fine art.

In the Maubeuge area, for example, and to illustrate European solidarity, the posters simply announced, *'Thank you Andreas, for the ecomuseum'*. As part of the same desire to meet people's expectations, on its European Internet site and in its magazine *Brèves d'Europe*, the Nord-Pas-de-Calais region opted for a lively presentation of the many projects launched with European funding. With facts, figures and examples, the information presented is clear and concise.



<sup>(1)</sup> Regulation (EC) No 1159/2000.

<sup>(2)</sup> Idem.



A monthly newsletter informs about projects

## Continuous assessment

Under the terms of a Community regulation <sup>(2)</sup>, all management authorities must provide an assessment of their information campaigns on the Structural Funds. Nord-Pas-de-Calais decided to go further than the minimum requirement and make the assessment a continuous process, enabling ongoing adjustments to be made. Budgets allocated to European communication are limited and there is no money to waste on ill-conceived operations. With its decentralised campaigns at Maubeuge, Douai and Valenciennes, the region first wanted to test a certain approach on

a small scale. The assessment of the experience provided some valuable lessons. The method chosen, that is to say focusing on concrete projects, was effective as the posters succeeded in catching the public's eye. But there was also another lesson to learn: increasing the level of knowledge of European initiatives requires a sustained effort. The best means of achieving this is to cooperate with the media. So in future the region will give priority to keeping the journalists in the picture.

## Committed to cooperating

Communication is expensive. Solutions can be found, however, by cooperating with all the public institutions that have relations with the European Union. In the Nord-Pas-de-Calais region, competency rests with one of two management authorities, the region or the prefecture. Rather than being in competition, these entities decided to cooperate and combine their resources: the region's European portal site, for example, provides information for all user categories (from the ordinary citizen to the project promoter) irrespective of the programme in question.

Effective communication about Europe requires clear ideas and a precise strategic framework. These are fundamental choices which must be made by the administration. But for implementing the specific actions, the management authorities benefit from drawing on external expertise. In this respect, the Nord-Pas-de-Calais region had no hesitation in enlisting the help of professionals. Journalists write the *Brèves d'Europe* journal and a team of webmasters produced the technically sophisticated European website. It was also a communication agency which came up with the slogan with which everyone can identify, 'Merci Andreas, merci Jørgë, merci Nina', Andreas, Jørgë and Nina being citizens of other EU countries.

### To find out more:

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<http://www.europe.nordpasdecals.fr>



<sup>(2)</sup> Idem.



# REGIO & Networks

## Guide to the Cohesion Fund

The Directorate-General for Regional Policy has published a guide on the Cohesion Fund, the structural policy instrument which helps finance transport and environmental infrastructures in Portugal, Spain, Greece, Ireland and also in the 10 new Member States after enlargement. This working document defines the Fund's strategic framework and priorities as well as the procedures for project submission and is intended to assist Member States and project promoters in interpreting the relevant legislation. It is available in French, English, Greek, Portuguese and Spanish.

[http://europa.eu.int/comm/regional\\_policy/sources/docoffic/working/sf2000\\_en.htm](http://europa.eu.int/comm/regional_policy/sources/docoffic/working/sf2000_en.htm)

## Study of mountain areas

The Regional Policy DG has published a report on Europe's mountain regions. The report was compiled by a consortium of 22 partners from throughout Europe and was coordinated by Nordregio, the Nordic Centre for Spatial Development. In preparing the report, the partners undertook a study of mountain areas. The study had several aims: to develop a common delineation of mountain areas in the 29 countries studied; to compile the necessary geographical and statistical information to analyse their situation; to develop a typology of these areas and compile a database; to formulate proposals designed to enable these regions to adapt more effectively to the situation, needs and opportunities of mountain areas.

The full text is available at the following website:

[http://europa.eu.int/comm/regional\\_policy/sources/docgener/studies/study\\_en.htm](http://europa.eu.int/comm/regional_policy/sources/docgener/studies/study_en.htm)

## Regional development and innovation

The innovating regions in Europe (IRE) network is organising a workshop on 'Implementation and monitoring of regional innovation strategies' on 13 and 14 May 2004 in Cyprus. By referring to practical examples, the workshop will attempt to assist the 20 regions in central and eastern Europe which receive aid under the 'Regional innovation strategies in the newly associated countries' programme, which is supported by the European Commission's Enterprise DG.

[www.innovating-regions.org](http://www.innovating-regions.org)

## CRPM seminar and General Assembly

Two important dates are on the agenda for the Conference of Peripheral and Maritime Regions (CPMR): on 3 June in Schwerin (Germany), the CPMR is organising a seminar 'The place and role of the regions in the European Union' for the benefit of the 10 new Member States; from 22 to 24 September it will be holding its General Assembly at Stavanger (Norway). This will provide an opportunity for the CPMR's 150 member regions to take stock of the key events of the past year and to decide on a strategy for the year ahead.

[www.cpmr.org](http://www.cpmr.org)

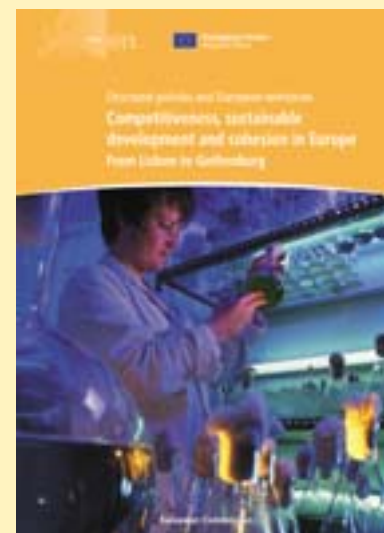
## REGIO agenda

Dates	Event	Place
10 and 11 May 2004	Cohesion forum conference on post-2006 cohesion policy	Brussels (B)
19 and 20 May 2004	Conference on territorial cohesion	Galway (IRL)
14 June 2004	The EU Solidarity Fund and an immediate response to disasters	Brussels (B)
23–25 June 2004	Promoting social inclusion	Le Havre (F)

## A new partnership for cohesion — convergence competitiveness Cooperation — Third report on economic and social cohesion



## Competitiveness, sustainable development and cohesion in Europe — From Lisbon to Gothenburg



The contribution of regional policy to the objectives of the Lisbon and Gothenburg European Councils in the form of 26 exemplary projects.

Available in 11 languages.

<http://www.are-regions-europe.org>

Founded in 1985, the Assembly of European Regions (ARE) brings together for the construction of Europe and European integration 250 regions from 26 European countries and 12 inter-regional organisations. Its trilingual website (English, French and German) is comprehensive and provides access to databases which can assist in promoting cooperation. The 'Visiting cards of Europe's regions' database, for example, provides a brief presentation of each of the ARE's member regions.



<http://www.eriknetwork.net>

Piloted by Tuscany and Emilia-Romagna, ERIK is the network of regions within the strand 'Regional economies based on knowledge and technological innovation' under the programme of innovative actions financed by the ERDF. Thirteen regions currently participate in ERIK, but membership is open to any region wishing to exchange experience and cooperate on subjects promoted by the network.



<http://www.meditcities.net>

Founded in Barcelona in November 1991 under the Mediterranean technical assistance programme (METAP), Medcités is a network of around 30 Mediterranean coastal towns. The Medcités network aims to increase knowledge of urban environmental problems and strengthen the management capacities of local authorities so as to improve regional environmental conditions. The site can be consulted in English and French.



<http://europa.eu.int/comm/environment/life/home.htm>

Since 1992, the LIFE programme (financial instrument for the environment) has co-financed environmental actions in the European Union and many third countries. Its website provides project promoters and potential beneficiaries with practical information on potential sources of funding and related procedures. It also has a database with details of 2 269 completed or current LIFE projects, a monthly newsletter and specific publications on LIFE results in various sectors: sustainable development, water and waste management, clean technologies, the protection of natural environments, etc.



### Inforegio website

Consult the Inforegio website for an overview of European regional policy. For the latest news, go to the 'Newsroom' section at: [http://europa.eu.int/comm/regional\\_policy/newsroom/index\\_en.htm](http://europa.eu.int/comm/regional_policy/newsroom/index_en.htm)

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Information on European Union regional aid  
[http://europa.eu.int/comm/regional\\_policy/index\\_en.htm](http://europa.eu.int/comm/regional_policy/index_en.htm)

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