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## Summit of Regions and Cities

At the initiative of the Committee of the Regions, a Summit of Regions and Cities was held on 19 and 20 May in Wrocław (Poland). It was attended by some 300 presidents of regions and regional parliaments, mayors of major cities, leaders of associations of regional and local authorities, and representatives of Community and governmental institutions who came together to discuss the benefits of decentralisation for cohesion, competitiveness and democracy.

<http://www.cor.eu.int/wroclaw-summit/#>

## Danuta Hübner meets the EIB and the EBRD

On 11 April, Commissioner Danuta Hübner and European Investment Bank (EIB) President Philippe Maystadt looked at the possibilities for increased cooperation between the Commission and the EIB in granting loans for projects supported by the ERDF and Cohesion Fund.

[http://europa.eu.int/comm/research/future/index\\_en.cfm](http://europa.eu.int/comm/research/future/index_en.cfm)

On 22 April, it was the turn of Jean Lemierre, President of the European Bank for Reconstruction and Development (EBRD), to discuss with Mrs Hübner prospects for cooperation on regional policy in central and eastern Europe.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/470&format=HTML&aged=0&language=EN&guiLanguage=en>

## State aid: 2003 scoreboard

The latest scoreboard of State aid in the EU, drawn up by the European Commission and covering 2003, shows a trend towards the redirection of aid. Less support is being granted to companies and more to 'horizontal' objectives (79 % out of a total of EUR 53 billion), in particular R & D and the environment, whilst global levels of aid remain constant.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/457&format=HTML&aged=0&language=EN&guiLanguage=en>

## Enlargement one year on: a strong start for cohesion

**The Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia: one year after 1 May 2004, when the EU enlarged to include 10 new Member States, these countries have shown remarkable progress in the management of Community aid, project selection and the absorption of Structural and Cohesion Fund allocations to support their economic convergence and regional development (EUR 24.45 billion between 2004 and 2006).**

Although it is too soon to assess the impact of cohesion policy since enlargement and despite the fears expressed regarding the absorption capacity (!) of the new Member States, European funds are already helping 'to realise the vast growth potential of these countries' economies and to bring visible improvements in terms of governance and administrative capacity,' noted Commissioner Danuta Hübner on the occasion of the first anniversary of enlargement. EU assistance is having a leverage effect on public and private investments in priority fields for growth and jobs, namely basic infrastructures, human resources, innovation and SMEs, whilst encouraging partnerships between the players — hence better governance — and encouraging compliance with Community standards, for example, in the environmental field.

The selection of projects eligible for Structural Fund aid is progressing well and, in some cases, demand is already exceeding the available financial resources. In respect of the Cohesion Fund, the number of environmental projects proposed is increasing and by the end of 2006 most countries

will be able to respect the required 50:50 balance between environmental and transport projects.

In addition, 12 existing Interreg III cross-border programmes have been adapted to the EU-25 framework, nine new cross-border cooperation programmes have been adopted — some concerning 'neighbourhood' policy with third countries (see *Inforegio News* No 130) — and the regions in the new Member States have been included in transnational cooperation zones and inter-regional networks.

The priority now is to ensure good project progress and an optimal use of funds. The way to achieve this is by continuous strengthening of management capacities and the application of Community regulations for concluding public contracts. It is also important to effectively prepare the new Member States to implement the future generation of programmes for the period 2007–13, for the purposes of which considerably increased European aid is available.

For further information on the economic benefits of enlargement: <http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/05/145&type=HTML&aged=0&language=EN&guiLanguage=en>

(!) The table below gives a breakdown of the take-up of appropriations in 2004, the year in which this aid was introduced:

### 2004–06 allocations and 2004 payments (million EUR, at current prices)

Country	Cohesion Fund 2004–06	Cohesion Fund, payments in 2004	Structural Funds, payments in 2004	Structural Funds 2004–06
CZ	936.05	67.16	98.64	1 685.14
EE	309.03	23.87	22.66	386.03
CY	53.95		2.80	59.49
LV	515.43	23.34	36.99	648.85
LT	608.17	18.06	58.48	929.59
HU	1 112.67	36.08	124.55	2 094.69
MT	21.94		5.63	66.81
PL	4 178.60	223.15	497.48	8 631.11
SI	188.71	7.64	13.70	267.60
SK	570.50	38.97	61.19	1 186.88
<b>Total</b>	<b>8 495.06</b>	<b>438.27</b>	<b>922.13</b>	<b>15 956.14</b>

# 2006 budget and 2007–13 financial perspective

**Presented by the Commission on 27 April, the Community budget proposal for 2006 is the last annual budget under the present financial perspective (2000–06). For regional policy, it proposes EUR 28 629 billion in commitment appropriations (+ 5.6 % on 2005) and EUR 22 844 billion in payment appropriations (+ 9.2 % on 2005). There is also an increase in aid available to the less favoured regions, due in particular to enlargement.**

For the new Member States, which have benefited from regional aid since 2004, the proposed budget reflects the principle of the progressive introduction of aid, in line with the terms of accession. The notable increase in payment appropriations for the EU as a whole is a response to the need to honour outstanding commitments that were contracted previously during the period 2000–06.

The 2006 proposal makes provision, on the one hand, for the necessary means with which to complete the programming, whilst also taking into account the strategic objectives set by the Commission for a five-year period (2005–09), centred on prosperity, solidarity, security, the next enlargement and a stronger role for the EU on the world stage. Out of a total amount of EUR 121.3 billion for commitments and EUR 112.6 billion for payments, more than a third of the budget is aimed at stimulating economic growth and creating more, better quality jobs. Of particular note is the record increase in appropriations for European research. Preparations for the upcoming new accessions (Bulgaria and Romania) will continue in

accordance with the agreed roadmaps, whilst Turkey and Croatia will continue to benefit from the pre-accession aid as planned. To find out more:

[http://europa.eu.int/comm/budget/news/index\\_en.htm](http://europa.eu.int/comm/budget/news/index_en.htm)

**Financial perspective 2007–13: the countdown.** Looking beyond the 2006 financial year, interinstitutional debates on the Union's budget estimates for the 2007–13 programming period are now entering their closing stages ahead of the European summit on 16 and 17 June. An informal meeting of regional policy ministers, on the subject of the Community's strategic objectives for cohesion, was held on 20 and 21 May in Luxembourg. Four other key dates through to the end of June are of note for budget discussions at national level: 22 May and 12 June (foreign ministers), 7 June (economy and finance ministers) and 13 June (General Affairs Council). A vote in the European Parliament is also expected at its plenary session between 6 and 9 June. More information is available at:

<http://www.eu2005.lu/en/index.html>

## MG Rover: the Structural Funds to the aid of the West Midlands

**In the face of the massive job losses caused by the collapse of the car manufacturer MG Rover and the economic and social impact on the city of Birmingham and the West Midlands as a whole, on 19 April Commissioner Danuta Hübner proposed granting Community aid to the region.**

Mrs Hübner stressed that the Commission was ready to provide 'the greatest possible assistance in this affair', and officials quickly contacted the Government Office for the West Midlands (GOWM), the management body for Structural Funds aid in the region, to examine how the aid could be used, in cooperation with the GOWM, to strengthen the emergency programme implemented by the UK government.

The plan is to reallocate for this purpose part of the EUR 890 million invested by the EU in the Objective 2 programme

(2000–06) for the West Midlands and to combine this with loans. By virtue of measures to diversify the industrial base, to develop strong growth sectors and to support human resources, this programme has already enabled the region to reduce its dependency on the traditional economy, which is one of the reasons for the economic and social difficulties the West Midlands is currently facing.

**Online: a new page for the Cohesion Fund**

**The fully updated page devoted to the Cohesion Fund on the Inforegio website provides answers to any questions on this instrument, which is designed to support environmental or infrastructure projects in the 13 least prosperous EU-25 Member States. In particular, the page provides details on the changes proposed for the post-2006 period. It also provides access to information about numerous projects.**

[http://europa.eu.int/comm/regional\\_policy/funds/procf/cf\\_en.htm](http://europa.eu.int/comm/regional_policy/funds/procf/cf_en.htm)

**As a reminder, issue No 14 of Inforegio Panorama devotes its online dossier in 19 languages to the Cohesion Fund.**



**European Commission**  
Directorate-General for Regional Policy