

European Cohesion Policy in Hungary

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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

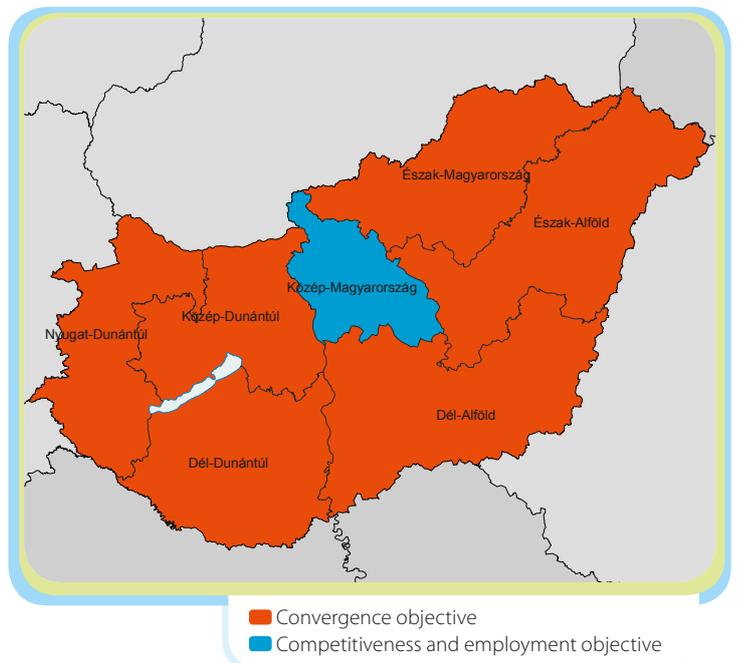
However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

IMPACT AND RESULTS OF COHESION POLICY IN HUNGARY

Hungary became eligible for Structural Funds support when it entered the EU in mid-2004. Structural Funds were channelled towards the **least-developed regions** of Hungary, thus helping these areas to **catch up**.

The period 2004–06 saw almost 20 000 projects being supported from the Structural Funds. Support was provided to 13 000 micro, small and medium-sized enterprises, and **nearly 22 000 new jobs** were **created**.

Cohesion Policy 2007–13



Cohesion policy financed various actions to encourage women to join the workforce. Over 107 602 women participated in training courses.

In the same period, 47 Cohesion Fund projects were approved by the European Commission: 25 environment, 9 transport and 13 'technical assistance' projects. As a result of the transport projects, **570 km of railway** was upgraded, **40 km of motorway** constructed and **450 km of public roads** rehabilitated.

As a result of the **environment** projects, over four million inhabitants gained access to improved solid **waste collection** services, two million inhabitants to **improved waste water treatment** and 106 000 inhabitants to **improved drinking water**.

A SNAPSHOT OF ACHIEVEMENTS

- Helped create 21 600 new jobs
- 596 km of railway upgraded
- Better waste collection services for two million people
- Training courses for over 100 000 women



European Union
Cohesion Policy

EUROPEAN INVESTMENT IN HUNGARY – 2007–13

For the 2007–13 period, Hungary has been allocated **€25.3 billion** in total: €22.9 billion under the Convergence Objective¹, €2.03 billion under the Regional Competitiveness and Employment Objective and €386 million under the European Territorial Cooperation Objective.

Hungary has 15 programmes under both the Convergence and the Regional Competitiveness and Employment Objectives. Of these, 13 will receive funding from the ERDF and the Cohesion Fund, with two receiving funding from the ESF. Seven of the programmes are regional and eight are sectoral.

FUNDS FOR HUNGARY IN BILLION € 2007–13

Objective	Fund	EU	National Public	Total
Convergence	CF	8.6	1.5	10.1
	ERDF	11.2	2	13.2
	ESF	3.2	0.5	3.7
Total Convergence		22.9		
Regional Competitiveness and Employment	ERDF	1.5	0.3	1.8
	ESF	0.5	0.1	0.6
Total Regional Competitiveness and Employment		2		
Total European Territorial Cooperation*	ERDF	0.4	-	0.4
TOTAL		25.3	4.4	29.7

Figures have been rounded up

* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The relaunch of the Union's Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union's agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called 'Lisbon objectives'.

Compared to the previous programming period, Hungary has designated 52% more in areas that will help implement the main national strategies on **science, technology, innovation, small and medium-sized enterprises (SMEs), information and communication technologies (ICT), health, employment, education and lifelong learning**. The financial allocation to core 'Lisbon' activities has been increased significantly. Regions under the Regional Competitiveness and Employment Objective plan to invest 82% of their total allocation to 'Lisbon' priorities.

MAIN PRIORITIES OF COHESION POLICY IN HUNGARY, 2007–13

Cohesion Policy investment in Hungary focuses on the **accessibility** of key economic centres. More than €7.2 billion is to be invested in **transport infrastructure**, with major investments to be made in trans-European transport network (TEN-T) projects (€3.4 billion).

The Rehabilitation of the Budapest-Cegléd-Szolnok-Lőkősháza railway line, Stage 2, Phase II: Sections Budapest-Vecsés and Mezőtúr-Békéscsaba is one example of a project financed by the Cohesion Fund, with the aim of strengthening rail transport along one of the strategic transport corridors crossing Hungary, i.e. Corridor IV. This rail corridor is the most important transit route towards the Balkans and the Black Sea and therefore, the main continuation of the Budapest-Vienna-Germany international route. Increased speed, safety, reliability and comfort are crucial elements to making rail transport competitive along this strategic link. The EU grant amounts to €103 million.

It is expected that in total 500 km of new and reconstructed railways will be built.

Hungary plans to invest over €2.16 billion in **Research & Development (R&D) and innovation**, in particular in the regional growth poles. Similarly, Hungary has a strategic interest in developing and improving **ICT infrastructure**.

Support for **SMEs**, including 'support clusters' and business advisory services, will amount to €829 million. Moreover, €794 million is allocated for financial engineering (JEREMIE), which will leverage additional resources. JEREMIE is a recent initiative of the Commission, the European Investment Fund and the European Investment Bank, for improved access to finance for SMEs and new business creation. Hungary has been one of the first countries to make use of this possibility.

Hungary will invest some €3 billion for actions in the area of **education and vocational training** and increasing the **adaptability of workers**, firms, enterprises and entrepreneurs. As a result, more than 400 000 people from the working-age population are expected to take part in training. Special emphasis is also placed on developing the content and structure of higher education and on enhancing R&D capacities to better respond to the needs of businesses and the knowledge-based economy.

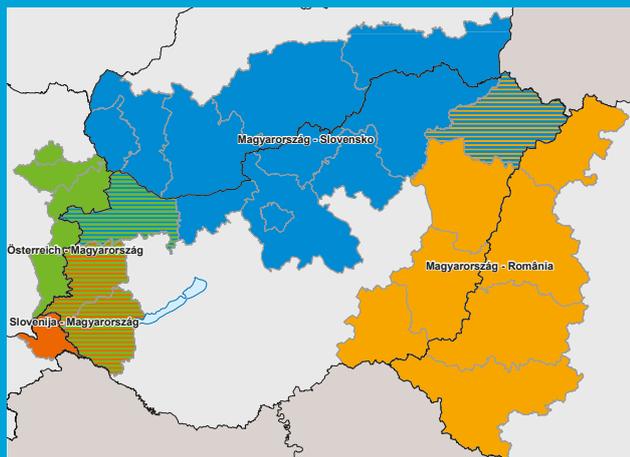
THE ESSENTIALS, 2007–13

- More than €7.2 billion for transport infrastructure
- Over €2.16 billion to be invested in R&D and innovation
- €2.98 billion for education and training, including measures to help people adapt to the changing working environment
- €829 million to support SMEs

¹ The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. The Regional Competitiveness and Employment Objective is applicable to the rest of the EU, or to 172 regions, representing 65% of the EU-27 population. It aims to enhance the competitiveness and attractiveness of regions, as well as boost their employment levels. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.

● BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.



- Magyarország-Slovensko
- Slovenija-Magyarország
- Österreich-Magyarország
- Magyarország-tRomânia

The **European Territorial Cooperation Objective** is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

Hungary participates in 10 territorial cooperation programmes (ERDF contribution of €386 million): four bilateral cross-border cooperation programmes with other Member States (Slovakia, Austria, Slovenia and Romania) and two transnational cooperation programmes: the 'Central Europe' programme and the 'South-East Europe' programme, for which Hungary has the management responsibility. In addition, Hungary participates in all four interregional cooperation programmes (total budget for all the 27 EU Member States: €443 million)²: INTERACT, URBACT, ESPON and INTERREG IVC.

Moreover, Hungary participates in:

- two Instrument for Pre-Accession Assistance (IPA) cross-border programmes with candidate and potential candidate countries;
- one 'Neighbourhood Programme' (Hungary-Slovakia-Romania-Ukraine).

² INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

Hungary

€25.3 billion
for 2007–13

Boosting
growth, jobs and
competitiveness

● THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit Central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

In 2006, Hungary suffered €519 million in damage from flooding and received €15.1 million in aid from the Solidarity Fund.

Regional Policy on the ground

SZOMBATHELY – WASTE WATER TREATMENT PLANT

The Municipality of Szombathely is in the centre of Vas county next to the Hungarian-Austrian border. Its waste water, together with that from Köszeg and 24 communities, is treated by an existing waste water treatment plant which was upgraded in 2008.

Four thousand people were connected to the waste water collection system in the City of Szombathely, an increase from 92.4% to 96.7% of the population.

The project also contributed to mitigating negative environmental impacts including odour nuisance, contamination of groundwater and surface water from storm-water overflows and sewage flooding. It also provided a sustainable sludge disposal solution that will comply with EU environmental legislation.

The European Union has made a financial contribution of €11.9 million to this project, out of a total budget of €19.8 million.



Cleaning up waste water and protecting the environment

MEDICINELINE (GYÓGYSZERVONAL) SPEECH-BASED DRUG INFORMATION SYSTEM FOR AGED AND VISUALLY IMPAIRED PERSONS

The aim of the MedicineLine (*Gyógyszervonal* in Hungarian) project is to make the Summary of Product Characteristics (SmPC) of all medicinal products in Hungary easily available for all Hungarian-speaking people. The project, carried out by the Budapest University of Technology and Economics as well as the National Institute of Pharmacy, led to a three-level automatic, 24-hour information system, which is easily accessible via the Internet, mobile phone (WAP and text information) and telephone (equipped with speech synthesis and recognition technology).

This service fills a gap: it is especially useful for people living in disadvantaged regions as well as for blind and visually impaired people, for whom this system opens new horizons with respect to accessibility of medical information. But it also facilitates access to the required information (e.g. patients can access information from their hospital bed). The system has been in use since January 2007.

The major innovation of the system is that the Summary of Product Characteristics can be obtained from the machine over the telephone by means of speech. The computer employs an automatic speech-based dialogue system in order to identify the name of the medicine the user is looking for and to provide the necessary information. It is possible to speak to the system (or control it by touch-tone) and the text of the SmPC required is read by an application-oriented speech synthesiser.

Website: <http://www.gyogyszervonal.hu/>



More information

EU Regional Policy

http://ec.europa.eu/regional_policy/

Cohesion Policy in Hungary

http://ec.europa.eu/regional_policy/atlas2007/hungary/index_en.htm

National website

<http://www.nfu.hu/index>

European Social Fund

<http://ec.europa.eu/social/>