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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 4/5/2009
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NOT FOR PUBLICATION

COMMISSION DECISION

Of 4/5/2009

**on two Pilot projects and the Preparatory action to be financed under Articles 13 03 22,
13 03 23 and 13 03 24 of the general budget of the European Communities**

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on two Pilot projects and the Preparatory action to be financed under Articles 13 03 22, 13 03 23 and 13 03 24 of the general budget of the European Communities

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹, and in particular Article 49(6)(a) and (b) thereof,

Whereas:

- (1) The European Parliament has adopted the General Budget of the European Union for the financial year 2009.
- (2) The objectives pursued by the pilot project "Enhancing regional and local cooperation through the promotion of EU regional policy at a global scale" are to build up knowledge and experience of regional policy in the framework of the strategic partnership between the Commission and third countries and to co-operate with and assist international organisations in building new regional partnerships in this field. It is envisaged that explaining how the cohesion policy works will contribute to improve understanding of European values, basic principles, delivery structures and policies.
- (3) The objective pursued by the pilot project "Erasmus for elected local and regional representatives" is to test the feasibility of a pilot scheme based on the organisation of study visits and on-the-spot training for local elected representatives, which would aim at fostering urban governance.
- (4) The objective pursued by the preparatory action "Promoting a more favourable environment for micro-credit in Europe" is to help the micro-lending business in the European Union to become self-financing in the medium term by building up the equity (seed capital) of selected European non-bank micro-credit providers. It is envisaged to support associations working with less favoured groups.
- (5) This decision constitutes a financing decision within the meaning of Article 75 of Regulation (EC, Euratom) No 1605/2002, Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation ²and Article 15 of the Internal rules on the implementation of the general

¹ OJ L 248, 16.09.2002 p. 1.

² OJ L 357, 31.12.2002, p.1.

budget of the European Communities (Commission Section) for 2008 C/2008/773 of 5 March 2008.

- (6) Within the meaning of Article 168(1) point (f) of Regulation (EC, Euratom) No 2342/2002 grants may be awarded without a call for proposals for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power.
- (7) A grant may be awarded to the European Investment Fund (EIF) without call for proposals for the preparatory action "Promoting a more favourable environment for micro-credit in Europe. EIF is the European Union's specialised financial institution for small or medium-sized enterprises (SME) using market-based instruments to promote the creation and growth of European small businesses.
- (8) The Decision should allow for any possible interest due for late payment on the basis of Article 83 of the Regulation (EC, Euratom) No 1605/2002 and Article 106(5) of Regulation (EC, Euratom) No 2342/2002.
- (9) In accordance with Article 90(4) of Regulation (EC, Euratom) No 2342/2002 any substantial change in Decision should follow the same procedure as the initial decision,

HAS DECIDED AS FOLLOWS:

Article 1

1. The pilot project for "Enhancing regional and local cooperation through the promotion of EU regional policy at a global scale", covering actions described in the work programme set out in Annex I is approved.
2. The pilot project for "Erasmus for elected local and regional representatives", covering actions described in the work programme set out in Annex II is approved.
3. The preparatory action for "Promoting a more favourable environment for micro-credit in Europe", covering actions described in the work programme set out in Annex III is approved.

Article 2

1. In the budget year 2009 the following maximum amounts may be committed:
 - (a) a maximum amount of EUR 2 000 000 on budget line 13 03 23- pilot project "Enhancing regional and local cooperation through the promotion of EU regional policy at a global scale" ;
 - (b) a maximum amount of EUR 300 000 on budget line 13 03 22- pilot project "Erasmus for elected local and regional representatives";
 - (c) a maximum amount of EUR 4 000 000 on budget line 13 03 24- preparatory action "Promoting a more favourable environment for micro-credit in Europe".

2. The Decision shall allow any possible interest due for late payment

Article 3

The Decision shall constitute an award decision for the grant set out in Annexe III.

Article 4

Amendments amounting to less than 20% of the total cost of each project and the action referred to in Article 1 shall not be regarded as substantial, within the meaning of Article 90(4) of Regulation (EC, Euratom) N° 2342/2002, provided that they do not significantly affect the nature and the aims of the Decision and that the maximum amounts specified in Article 2 are not exceeded.

The authorising officer by delegation may adopt the amendments referred to in the first paragraph subject to the principle of sound financial management.

Done at Brussels, [...]

For the Commission
Danuta Hübner
Member of the Commission

ANNEX I

1. PILOT PROJECT: ENHANCING REGIONAL AND LOCAL COOPERATION THROUGH THE PROMOTION OF EU REGIONAL POLICY AT A GLOBAL SCALE (BUDGET ARTICLE 13 03 23)

1.1. Introduction

1.1.1. Budget line: 13 03 23

1.1.2. Basic Act:

Pilot project within the meaning of Article 49(6)(a) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p. 1).

1.1.3 Policy context

The promotion of EU Regional Policy on a global scale is an important component of the directorate general work programme as a contribution to the Union's external policies managed by the external relations family of DGs.

1.1.4. General objectives of the pilot project:

Whilst sharing many of the same aims, including keeping the general public and policy makers informed of the successes of EU Regional Policy, communication activities towards third countries differ from the DG's internal EU communications strategy. That is because potential beneficiaries outside Europe, especially in Memorandum of Understanding countries (China, Russia, Brasil and Ukraine), will be beneficiaries of increased knowledge on the method rather than of projects financed from the funds. This implies a significant difference in emphasis and a need to highlight and perhaps upgrade different information sources. Whereas the Commission's Cohesion reports are the major source as far as economic trends and statistical data are concerned, there is comparatively limited material on the aspects which DG REGIO plans to project to third countries such as the precise benefits and the mechanisms of multi-level governance or the techniques of managing cross border co-operation.

The pilot project shall help to consolidate the ongoing bilateral cooperation with China, Russia and Brazil (MoU countries). The signature of a Memorandum of Understanding is a useful tool to give a political signal of the importance the Commission attach to the intended cooperation and accordingly it has been limited to EU strategic partners.

DG REGIO is keen to develop further cooperation with other interested countries and organisations (in particular, other EU strategic partners and Federal States or regional groupings of a comparable size to EU) but a selective approach is needed for the signature of Memoranda of Understanding to avoid misunderstandings and misperceptions in terms of overall political priorities.

Realistically, this one year pilot project, which implementation might still continue in 2010, can pursue two interrelated aims:

- a greater mutual understanding and promotion of more effective policies in the regional domain, notably informing regions in the countries where a Memorandum of Understanding is in existence or under discussion of the realities of regional development in Europe. This would be to avoid misunderstandings about the scope of its reach and the risk of raising expectations too high.
- increasing visibility on the activities and the priorities of regional policy, i.e. to make existing material more widely available. The assistance of the pilot project, and the freedom it should give to act outside the European Union, will be most valuable in making the activities and priorities of regional policy more accessible. An element to have in mind in increasing availability is to clarify to what extent DG REGIO can itself disseminate information directly and to what extent it should use agents such as the Commission's delegations in the areas concerned. As a first step a regional policy correspondent should be identified in the key country delegations. We should develop closer contacts and joint activities with organisations specialised in this field such as the Forum of Global Associations of Regions (FOGAR). Another aspect could be to develop more material on the method and studies and publications could be directed to this end.

1.2. Actions /Type of financial intervention

1.2.1 ACTION 1: Conferences in and outside Europe/ service contract

1.2.1.1. Communication Tools

The Commissioner responsible for Regional Policy and/or DG REGIO are frequently called upon to make presentations or be present with a stand at conferences all over the world. Since we cannot satisfy more than a fraction of these requests it would make sense to prepare stands or stand panels which could be sent to these destinations, perhaps using local teams to set up and supervise the stands. This action will be implemented via service contract (mainly using DG REGIO Framework contract for publication and information tools).

Indicative budget: €175 000

1.2.1.2. Logistics/service contract

(AIDCO contract outside EU, Teamwork within): There are a number of events planned in Brussels and in Africa, China, Russia and the neighbourhood countries at which REGIO could contribute to the programme definition and preparation, the management of invitations, the costs of speakers' travel, site and equipment hire and local personnel. There is an AIDCO framework contract specific for this purpose (Lots 3, 5 and 6 applicable if the money is on a budget line for external aid: indicated users are the RELEX family of DGs plus Trade, ENV and ECHO. This list is not exclusive and REGIO can use the contract if the external aid condition is met). Reimbursement of travel costs and accommodation will be made according to Commission's rules.

- Conference 11/12 May in Brussels (mostly financed by existing framework contracts). This will deal with the global scope of EU Regional Policy and invitations have been promised to a number of high level officials in different regional groupings in Africa and South America notably. Some of them may speak at the event and in these cases travel and accommodation expenses should be foreseen. At this level and at these distances the use of Business class is

required. This implies an average cost of €6000 per invitee. Presume 5 speaker invitations.

- Proposed UEMOA conference Ouagadougou 'Regional Policy techniques and multi level governance' 2nd semester 2009. Co-organisation and travel expenses.

Indicative budget: €400 000

1.2.2. ACTION 2: Training exchanges

The concrete deliverable set out in the paper to cluster 5 included expert visits from the EU to various regions of the world (this could include neighbourhood/Ukraine) and the facilitation of study visits from officials in these regions to Brussels and to European regions. This activity could take the form of a programme (Regions for Global change) sponsored by DG REGIO, like the EUVP (EU Visitors Programme), on the basis of requests for travel bursaries. To analyse these requests will require a selection board which could be set up jointly with REGIO and the Committee of the Regions. We can also sponsor specific training courses, as discussed already in the context of existing Memoranda of Understanding (MoUs), in Brasil and elsewhere.

- Expert visits (24) to Africa, South America, Asia and the eastern Neighbourhood countries.
- Programme to encourage visits by officials from third countries (60 officials in total) to Brussels and other locations in the EU.
- Related programme of networking activities (regional workshops, publications, website: Russia and China).
- One week training programme for Brazilian civil servants (Brasilia).

This action will be implemented via service contracts and reimbursement of expenses for the expert visits according to the Commission's rules. The indicative time frame for launching the procurement procedures will be the second quarter of 2009.

Indicative budget: €625 000

1.2.3. ACTION 3: Studies

The desirability of undertaking studies in the context of Memorandums of Understanding has been raised by the Chinese (where one has already taken place) and the Brazilians. A lot of statistical and other territorial planning work is also required in Africa, together with feasibility studies for Cross border Co-operation activities. There will be 5 studies conducted under the indicative theme:

Influences which centralise and decentralise in regional policy as conducted in 1) China, 2) Brasil, 3) West Africa, 4) South Africa, 5) North Africa.

These studies will be implemented via service contracts. The indicative time frame for launching the procurement procedures will be the second quarter of 2009.

Indicative budget: €400 000

1.2.4. ACTION 4: Translation

As more countries and regions express an interest in our work it would be good public relations to translate some of our standard documents ('Working for the Regions', 'the Fourth (and fifth) Cohesion report' and much of the material on Urban) into Chinese and Russian at least. Russian and Chinese language versions of certain key video products would also be useful.

- Translation and printing of key documents into Chinese and Russian
- Lay out, pre press work on translated key documents and printing
- Printing translated key documents
- Language versions of 4 key videos

This action will be implemented via existing Framework contract

Indicative budget: €400 000

1.3 Total budget: €2 000 000

1.4 Indicative calendar for procurement procedures

The Community contribution to the actions described in the work programme will be covered by commitment appropriations for 2009 for which an amount of €2 000 000 is available. All the actions (either use of a FWC or the launch of procurement procedure) will start on the 2nd quarter of 2009. All specific and direct contracts are expected to have been signed by end 2009.

Within the indicative budget, changes not exceeding 20% of the maximum contribution of the Community are not considered to be substantial provided that they do not significantly affect the nature and objective of the work programme

ANNEX II

1. PILOT PROJECT: ERASMUS FOR ELECTED LOCAL AND REGIONAL REPRESENTATIVES (BUDGET ARTICLE 13 03 22)

1.1. Introduction

1.1.1. Budget line: 13 03 22

1.1.2. Basic Act:

Pilot project within the meaning of Article 49(6) (a) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p. 1).

1.1.3 Objectives

The objective of the pilot project is to establish a mobility scheme for locally and regionally elected representatives. The beneficiaries would be elected decision-makers from cities, towns and municipalities across Europe. The pilot project will seek to ensure that experience is pooled among such elected representatives at the European level by means of study visits and their follow-up, which would be aimed at fostering "territorial" governance.

Initially, the foreseen budget was €7 Million. Given the budget (€2 Million), time limitation and in order to get significant results, the Commission proposed to limit the scope to the elected local representatives.

In addition to the on-the-spot training and sharing of experience, selected local representatives – within agreed programmes and thematic focus – will acquire knowledge on social and economic cohesion.

The main goal of the pilot project is to test an implementation scheme and to provide assessments and recommendations on how the tested pilot scheme can be implemented at a larger scale, once the pilot project is finished and assessed.

1.2 Implementation/Action

The main milestone for 2009 will be a feasibility study, which will be contracted via procurement procedures.

Depending on the outcomes of the feasibility study, implementation of the on-the-spot training for groups of locally elected might include an implementation scheme such as the externalisation of the action through a call for proposals or a call for tender.

Some issue to be addressed at the preparatory stage via the feasibility study are the following:

- Is there an interest from locally-elected representatives to visit their peers? Are they ready to devote time for such visits?
- What is the feasibility of organising group visits?

- How to cope with translation/interpretation issues?
- What is the possible European added-value in carrying out such exchanges?
- What should be the optimal duration of the on-the-spot training, taking into account the type and thematic focus of the visit?
- What thematic targeting would be of most interest and benefit both to potential participants and to multi-level governance structures in Europe?
- Identification of hosting institutions that would have the thematic knowledge and experience to ensure provision of high quality training
- How to ensure quality of both the training and selection of participants?
- How to ensure a geographic balance?
- Organisation of focus groups to understand the needs of participants and hosting organisations

The Commission will decide upon the implementation once the results of the study are provided .

1.2.1 Indicative budget: € 300 000

1.2.2 Indicative calendar for procurement procedure

2nd quarter of 2009

ANNEX III

1. PREPARATORY ACTION: "PROMOTING A MORE FAVOURABLE ENVIRONMENT FOR MICRO-CREDIT IN EUROPE(BUDGET ARTICLE 13 03 24)

1.1. Introduction

1.1.1. Budget line: 13 03 24

1.1.2. Basic Act:

Preparatory action within the meaning of Article 49(6) (b) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p. 1).

1.1.3 Policy context:

On 13th November 2007, the Commission adopted a " European initiative for the development of micro-credit in support of growth and jobs" (COM(2007)0708) whose purpose is to propose ways to eliminate obstacles to the development of micro-credit in the Member States and the regions- or at least to reduce their significance-and to help non-banking micro-credit providers develop and become sustainable.

The Commission has indicated four strands where action should be taken:

1. Improving the legal and institutional environment in the MS
2. Further changing the climate in favour of entrepreneurship
3. Promoting the spread of best practices in the field of micro-credit
4. Providing additional financial capital for non-bank micro-credit providers (MFIs)

Strands 3 and 4 are addressed by JASMINE (Joint Action to Support Micro-finance Institutions in Europe)

- JEREMIE, (Joint European Resources for Micro to Medium Enterprises), one of the two financial engineering instruments of the Structural Funds, was launched in the framework of the new Regulations on Structural Funds for the period 2007-2013 with the view of improving access to finance for small, medium and micro-enterprises. This joint initiative of the Commission and the EIB-Group encourages Member States and Regions to make more efficient use of their allocations of the Structural Funds and aims at providing equity, loans and guarantees and their combinations to SMEs.
- JASMINE, also a joint initiative of the Commission and the EIB-Group, was designed in the framework of JEREMIE with the specific aim to support non-bank micro-credit providers by channelling to selected ones various forms of technical and financial support.

- The Competitiveness and Innovation Programme (CIP), which has been in operation since 2006, also deals among others with micro-credit. This instrument, which is managed by the European Investment Fund (EIF), provides guarantees to micro-finance institutions under the second window of the CIP (SME Guarantee Facility). In addition to guarantees and counter-guarantees, financial intermediaries are entitled to subsidies to reduce the high administrative costs associated with micro-loans.

1.1.4 Objectives

The aim of the preparatory Action is to foster the development of micro-credit in Europe on a sustainable basis. This is in line with the revised Lisbon Agenda growth and employment targets and the recommendations set out in two European Parliament resolutions: (1) of 11 July 2007 on financial services policy (2005 to 2010) - White Paper - and (2) 24 March 2009 on the development of micro-credit ("Becsey report"), with particular reference to the need for a micro-credit action plan.

The budget allocated to this preparatory Action will be used to provide seed funding for non-bank micro-credit providers in the EU to improve the sustainability of the micro-credit business.

The Commission and the European Investment Bank launched a joint initiative JASMINE (Joint Action to Support Micro-finance Institutions in Europe) on 10th and 11th September 2008 to support non-bank micro-credit providers with the view of helping them to improve the quality of their operations, to expand and to become sustainable. It is also the purpose of this initiative to test the European market's ability to provide support to non-bank micro-credit providers on commercial terms.

JASMINE has been designed to cover the following type of activities:

1. mentoring, advice and administrative support, with a view to helping non-bank micro-credit providers to reach a high level of quality in terms of governance, risk management, financial performance..., (financed by the Structural Funds Technical Assistance budget of the Commission);
2. making available reimbursable funds such as guarantees, loans and equity, to non-bank micro-credit providers to help them operate on the micro-credit scene. The EIB-Group and other banks participating in the initiative will co-finance this activity (No financial contribution from part of the Commission).

The EP encourages the Commission to launch a preparatory action with the aim to promoting a more favourable environment for micro-credit in Europe, which is compliant with the provisions of the initiative COM(2007)0708. The Preparatory action will aim at completing the activities foreseen within this initiative, which is not feasible with existing instruments. It would allow the provision of a wider range of services to European non-bank micro-credit providers, namely additional risk capital and financial support in order to help smaller or less sustainable non-bank micro-credit providers to reach a meaningful size and financial standing. As a result, the preparatory action will provide seed capital, i.e. start up funds, to some 20 selected micro-finance institutions. This budget should allow them to grow faster and come closer to sustainability.

The preparatory action will be accounted for and managed separately by EIF

1.2. Implementation

1.2.1 Type of financial intervention

The action will be implemented through a grant without a call for proposals to the EIF according to Article 168(1)(f) of Regulation (EC, Euratom) No 2342/2002. Within the meaning of this article grants may be awarded without a call for proposals for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. Due to the specificity of the action, this preparatory action can only be implemented via the European Investment Fund (EIF). The Commission and the EIF will examine the terms for implementing of this new action in the existing framework of the joint initiative, with a view to come to an agreement.

1.2.2 Budget

The maximum Community contribution for 2009 to this action amounts to €4 000 000 (thereof less than 7% for administrative costs). This corresponds to 95% of co-financing for the action. The co-financing to be provided by the EIF amounts to up to €250.000.