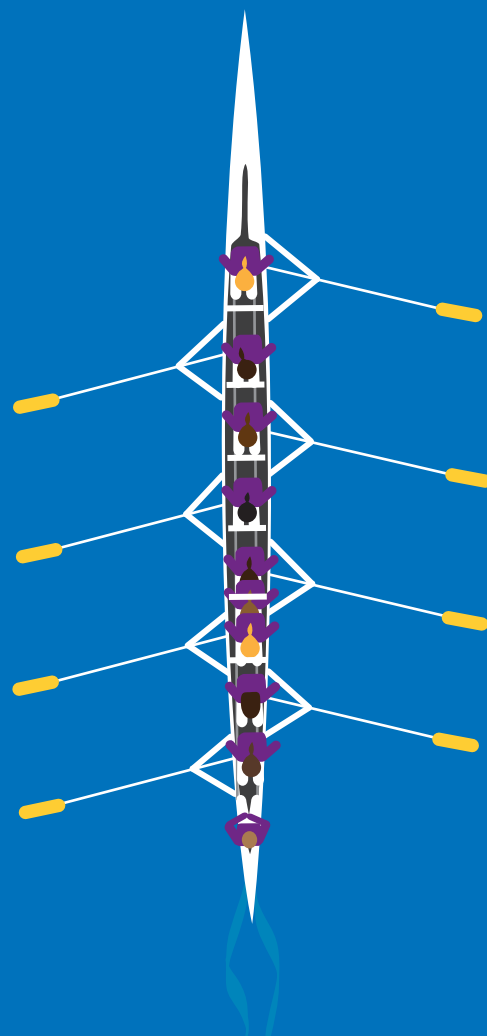




EU Funds in Central and Eastern Europe

Progress summaries 2014–2016

KPMG in Bulgaria
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EU Funds in Bulgaria in 2014-2020 perspective

Progress summary 2014-2016

General observations

In the 2014-2020 programming period nine operational programmes in Bulgaria will receive a Cohesion Policy funding amounting to €7.4 billion in total (including the allocation for the Youth Employment Initiative). Bulgaria will also receive €2.4 billion for rural development and €88 million for fisheries and the maritime sector.

The EU investments strive to tackle unemployment and boost competitiveness and economic growth through support to innovation, training and education in cities, towns and rural areas. They also aim to promote entrepreneurship, fight social exclusion and help to develop an environmentally friendly and a resource-efficient economy.

During 2014-2016 Bulgarian authorities had to complete negotiations and secure the adoption of the new programmes as well as to finalize the implementation of the 2007-2013 programmes successfully.

The Partnership Agreement setting out investment priorities for 2014-2020 and determining strategy for optimal use of the available EU funding was adopted in August 2014. All ten ESIF programmes were approved by the European Commission by the end of 2015.

EU program information



Population

7,1 M



EU Membership

1 Jan 2007

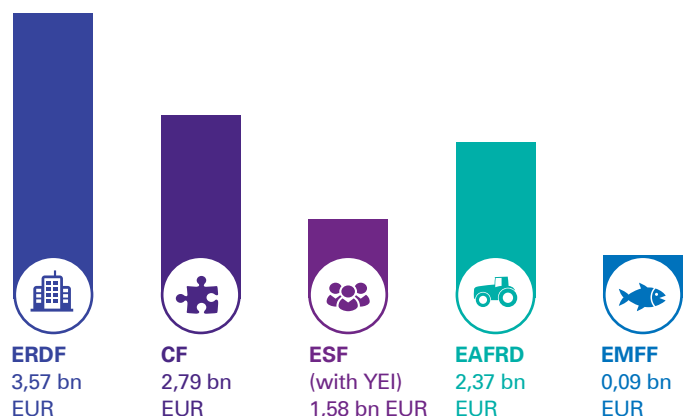


GDP per capita

6 630

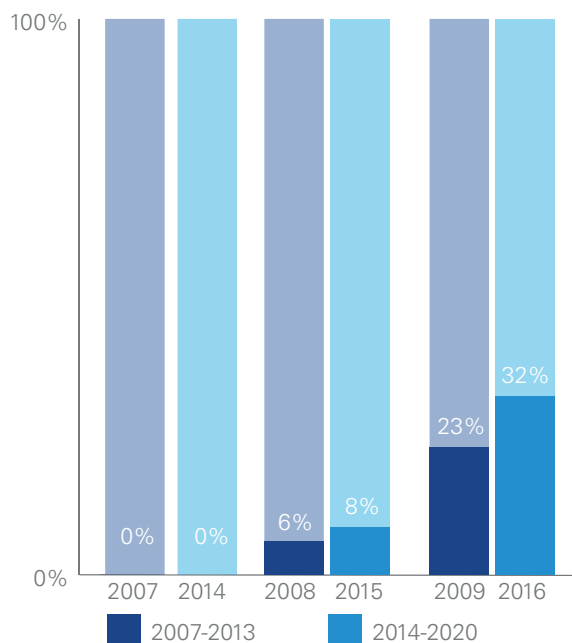
Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Bulgaria



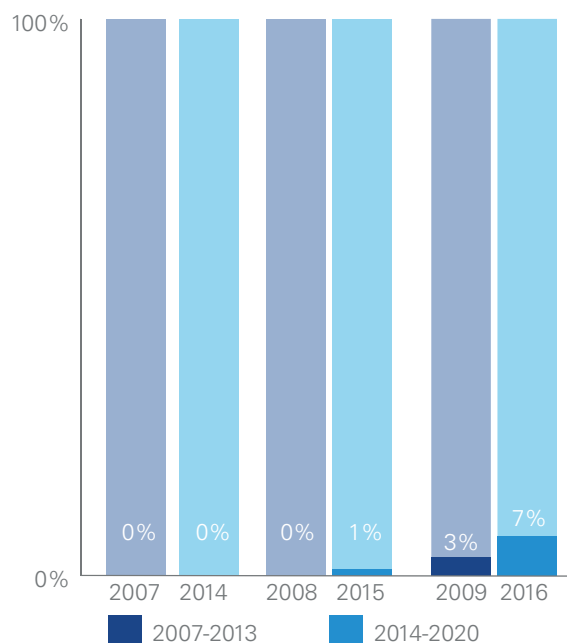
Source: Central Coordination Unit in Bulgaria

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Trends

With regard to the 2014-2020 programming period, the late adoption of the legislation governing the ESI Funds, as well as the continuous process related to fulfillment of the country ex-ante conditionalities had a knock-on effect on the relatively late start of the program adoption and implementation process.

However, the implementation with regard to all five ESIF shows a gradual acceleration in terms of contracting and 29% of the available budget was contracted by the end of 2016. Payment ratio is 7% and EC certification is 3.5%.

Compared to the previous programming period there is an increase in the percentage of the contracted funds with regard to CF, ERDF and ESF. Experience gained during 2007-2013 programming period is a prerequisite for successful project management and proper implementation of EU programmes. In particular, at the end of the third implementation year of 2007-2013 programming period 23% of the available budget was contracted and only around 3% were paid while over the same period in the current programming period the contracted grants constitute 32% of the budget under the three EU funds and paid grants are 7%.

Successes

Considerable emphasis is placed on financial instruments during the 2014-2020 programming period. To ensure professional management, coordination and consistency in the implementation of financial instruments, all resources budgeted for the financial instruments under the ESIF programmes have been pooled into a joint Fund of Funds which will perform based on the principles of specialization and economies of scale.

Part of the ERDF contribution was allocated to the SME Initiative for a loan guarantee instrument providing a continuous impetus towards appropriate financial instruments to enable easier access to finance for Bulgarian SMEs. In this regard a separate Operational Programme "Initiatives for Small and Medium Enterprises" 2014-2020 was established in order to make use of the possibilities available to support SMEs' access to finance, through the combination of ERDF with other EU Budget funding under COSME and Horizon 2020.

2014-2020 progress report (at the end of 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	7,42 bn EUR
Contracted grants	2,48 bn EUR
Contracting Ratio ¹	33,37 %
Paid grants	0,57 bn EUR
Payment Ratio ²	7,70 %
EU Certification	0,33 bn EUR
EU Certification Ratio ³	4,49 %

Source: Central Coordination Unit in Bulgaria

EAFRD and EMFF (at the end of 2016)

Description	EAFRD	EMFF
Available Budget	2,37 bn EUR	0,09 bn EUR
Contracted grants	0,40 bn EUR	0 EUR
Contracting Ratio	17 %	0 %
Paid grants	0,15 bn EUR	0 EUR
Payment Ratio	6 %	0 %
EU Certification	0,15 bn EUR	0 EUR
EU Certification Ratio	6 %	0 %

Source: Central Coordination Unit in Bulgaria

Lessons learned

The electronisation of the process of project application for the 2014-2020 programming period results in saving a significant amount of time and administrative resources for all participants in the process of absorption of EU funds. Since the start of the current programming period, the Unified Management Information System for the EU Structural and Investment Funds 2020 (UMIS 2020) has been entirely operational, and project application, communication and reporting is performed entirely in it. It also ensures an adequate audit trail allowing for faster and more efficient aggregation data related to programs implementation. Thus the overall process of project management, monitoring and control of the ESIF implementation is carried out more effectively and efficiently..

Areas for improvement

There were continuous rounds of negotiation with the European Commission with respect to the fulfilment of ex-ante conditionalities for Bulgaria. By the end of 2016 there were some ex-ante conditionalities that had not been entirely fulfilled.

During the first years of the 2014-2020 programming period the focus of the Managing Authorities was put mainly on the closure of the 2007-2013 programs. This led to frequent changes and significant delays in the announcement of some of the grant procedures. The delayed start of the „Maritime and Fisheries programme 2014-2020“ is particularly critical as by the end of 2016 there had been no contracted funds under the programme.

R&D Case Study

Technology and Innovation Network (T+IN) or "Sofia Tech Park" is the first science and technology park in Bulgaria designed and created to act as a platform for the exchange of knowledge and ideas between academia, business, government and society. The construction of the park is implemented through a project divided into two phases and financed jointly under OP "Development of the Competitiveness of the Bulgarian Economy" 2007-2013 and OP "Innovations and Competitiveness" 2014-2020.

The primary goal of the project is to create a physical and virtual environment in which ideas with broad applicability meet diverse support and opportunities for practical implementation. The focal areas of the park are information and communication technologies, life sciences (biotechnologies, pharmaceuticals, agriculture and food) and green energy.

¹ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

² Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

³ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020



Photo: Sofia Tech Park

Source: Ministry of Economy of Bulgaria

The project implementation has been assigned to "Sofia Tech Park" Ltd., which is a 100% state-owned joint stock company. Sofia Tech Park JSC was founded in early June 2012. It is owned by the Ministry of Economy and the State Consolidation Company. Between 2012 and 2015 the company developed scientific research infrastructure in support of the Bulgarian innovative business and created around 40, 000 sq. m. new and renovated building spaces to accommodate applied research laboratories, general incubator, innovative lecture, education, discussion forums, places to demonstrate new technology office space, car parking and pedestrian green spaces.

Sofia Tech Park is located in Sofia on an area of 250,000 square meters. The location has easy transportation access, it is close to universities, with good infrastructure and growth potential.

The park is aimed to become a prestigious location for national, regional and global researchers and innovative companies, showing examples of a knowledge – based economy in Bulgaria and the Balkans region. There are already established partnerships with leading universities, the Bulgarian Academy of Science, business clusters and large international companies, Sofia Municipality, Ministry of Education and Science, Ministry of Labour and Social Policy, NGOs and other institutions.

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EU Funds in Croatia in 2014-2020 perspective

Progress summary 2014-2016

General observations

Overall, it can be considered that Croatia was moderately successful in reaching its full potential, in terms of absorption of available EU funds in 2016, and thus in achieving the objectives set and laid out within the respective operating programmes due to a certain period of political instability. This was affected by the two rounds of parliamentary elections within a short period (November 2015 and September 2016) which consequently affected on the decrease, or stagnation, of activities relating to absorption of available EU funds.

Regardless of the relatively slow start, increase in the absorption of EU funds should be visible in the 2017 due to a number of the Government initiatives, among other relating to the following:

- the large infrastructure projects such as Pelješac bridge project with the total investment value of EUR 420 million and expected EU contribution of around EUR 330 million from Competitiveness and Cohesion Operating Programme, as well as a number of smaller roads construction projects;
- a number of initiatives in the end of 2016 from the Ministry of Health and investments in the Public Health sector relating to the efficiency improvement in the primary health care, emergency health care and hospital care for vulnerable groups with expected EU contribution around EUR 420 million for which the contracting and absorption will start in 2017;
- a number of initiatives in the beginning of 2017 from the Ministry of Agriculture relating to the absorption of EU funds from European Agricultural Fund for Rural Development and a number of initiatives from the Ministry of Environment and Energy.

EU program information



Population

4.2 M



EU Membership

1 July 2013

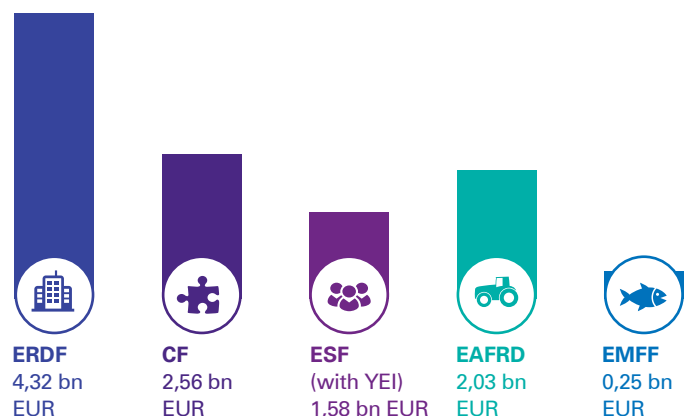


GDP per capita

10 871

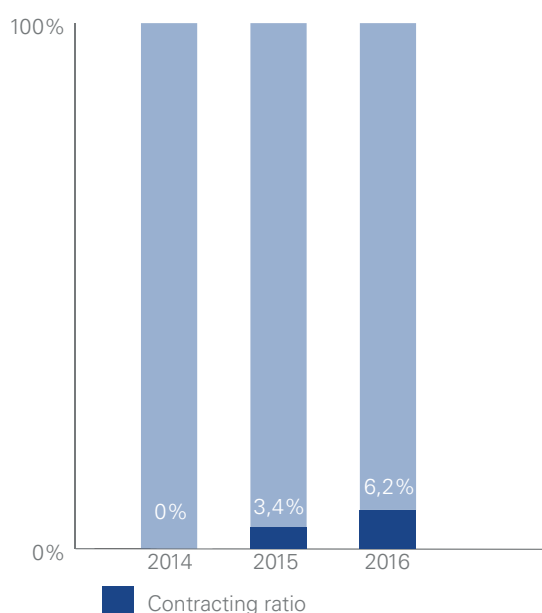
Source: Government of Republic of Croatia

European Structural and Investment Funds 2014-2020 – allocations for Croatia



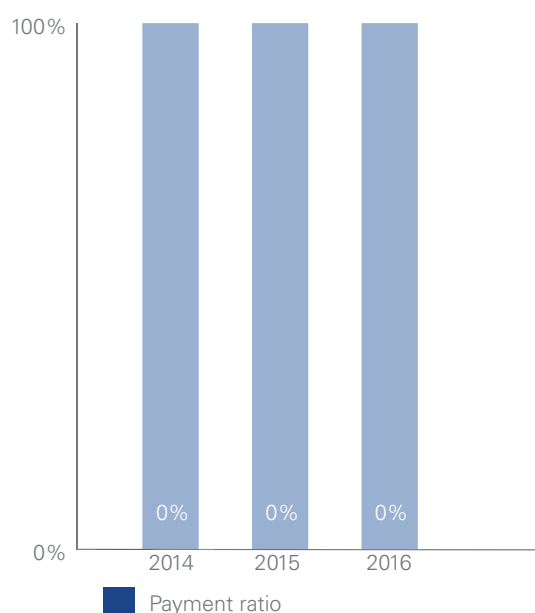
Source: Government of the Republic of Croatia

Contracting ratio (first 3 years) – including ERDF, CF, ESF with YEI*



*as of 30 June 2016

Payment ratio (first 3 years) – including ERDF, CF, ESF with YEI*



*as of 30 June 2016

Trends and successes

Having access to ESIF, Croatia has achieved many positive results and started numerous investment projects. The biggest current infrastructure project in Croatia – the building of the Pelješac bridge connecting southern Croatia with Dubrovnik as well as all access roads – will be co-financed from EU funds under the OP Competitiveness and Cohesion. There are also a number of ongoing road, railway and environmental infrastructure projects financed from the EU Cohesion Fund.

By the mid of 2016, total contracted grants had reached EUR 737 million with a contracting ratio of 6.86 %. The total absorption and implementation rate of ESIF is still relatively low compared to the EU28 and EU10 average, although certain positive signs can be observed in the last year, when Croatia significantly increased paid grants from EUR 67 million in 2015 to EUR 109 million in

2016. This represents the highest year-on-year increase, thanks to the higher number of published tenders, better administration and overall more efficient EU funds management and control system.

The majority of these funds are attributed to projects under the OP Effective Human Resources, supported by the European Social Funds and Youth Employment Initiative, followed by OP Competitiveness and Cohesion supported by ERDF and CF.

In addition to the ESIF, which represents the main financial lever to public funding in the years to come, Croatia also has the opportunity to benefit from the Investment Plan (also known as the “Juncker Plan”) launched in 2015 and backed by the Croatian Bank for Reconstruction and Development. Priority is given to ecological projects, tourism projects, innovations and new technologies, as well as development of infrastructure.

2014-2020 progress report (as of 30 June 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	8,46 bn EUR
Contracted grants	0,52 bn EUR
Contracting Ratio ¹	6,23 %
Paid grants	0,03 bn EUR
Payment Ratio ²	0,35 %
EU Certification	n/a
EU Certification Ratio ³	n/a

Source: Government of the Republic of Croatia

EAFRD and EMFF (as of 30 June 2016)

Description	EAFRD	EMFF
Available Budget	2,03 bn EUR	252,64 m EUR
Contracted grants	0,20 bn EUR	7,68 m EUR
Contracting Ratio	10 %	3 %
Paid grants	0,14 bn EUR	3,42 m EUR
Payment Ratio	7 %	1 %
EU Certification	n/a	n/a
EU Certification Ratio	n/a	n/a

Source: Government of the Republic of Croatia

Areas for improvement and lessons learned

Areas for improvement and lessons learned

As previously noted, the implementation rate for Croatia is expected to increase in the years starting from 2017, however, there is still plenty of room for improvement and better use of EU funds. To ensure higher absorption, several measures are being implemented at national and EU levels. Planned measures include simplification of procedures related to the approval of grant schemes, as well as the simplification of public procurement procedures. One novelty is the number of phases associated with the approval of grant schemes decreasing from seven to five. Furthermore, simplified options for the financing of particular project activities are being introduced, decreasing the volume of documentation required to justify costs incurred. A more significant simplification is linked to public procurement procedures. Specifically, the simplified verification of the tender documentation is to result in shorter communication times between beneficiaries and the authorities. Also, thresholds below which the beneficiaries have no obligation to initiate public procurement procedures have been increased.

Finally, in 2015 staff recruitment has been initiated by the management bodies – line Ministries and national agencies in the case of Croatia – in order to reduce bottlenecks in administrative capacities. In spite of that, a high turnover in qualified staff remains an issue.

Altogether, the ESIF offers a crucial investment resource for the implementation of vital reforms in many areas of Croatia. However, additional effort is needed in order to ensure the efficient management of funds with the objective of improved absorption. Focus areas include greater efficiency in public procurement, strengthening of administrative capacities both in management bodies and the beneficiaries, as well as a higher-quality project pipeline.

¹ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

² Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

³ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020



Photo: Pelješac Bridge visualisation

Source: Croatian Motorways (Hrvatske ceste d.o.o.)

Case Study (Pelješac bridge project)

Project has been subject of the European Commission Independent Quality Review (IQR) and in March 2017 has provided Government of Croatia with the positive opinion on the project financing. Final financing approval is still expected from the European Commission and construction is expected to start in the autumn period in 2017.

The project will relate to the 32.5 km road section construction which will be performed through 4 stages:

- Stage 1: Pelješac bridge construction including the access roads construction;
- Stage 2 and 3: Road and access roads construction on Pelješac peninsula and
- Stage 4: Ston city detour construction.

The bridge construction is expected to be 2.4 km in length and is expected to be finished within 4 years, while all other project stages of road construction are expected to be completed the latest by 2022.

Through the Pelješac bridge construction project connection of the southern regions in Croatia with Dubrovnik wider area will be performed. Additionally, in order to avoid obstruction of maritime connections of Bosnia and Herzegovina in the Neum bay, bridge parameters have been aligned with the B&H expert committee which requested that the bridge height should be minimum 55 meters.

The importance of the project lays in the fact that it will enable territorial and traffic integrity of the Croatia which will also be the requirement for expansion of Schengen area and will enable territorial and traffic integrity of EU.

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EU Funds in Czech Republic in 2014-2020 perspective

Progress summary 2014-2016

General observations

Partnership Agreement between the Commission and the Czech Republic was approved by the Commission on 26th August 2014. On 13th April 2016 the first revision of the Partnership agreement was approved by the Commission. While the first revision was rather a technical one, the second revision approved on 21st December 2016 covered the reallocations among operational programmes. Similarly to situation in most CEE countries, the Czech programming period 2014-2020 was officially launched in the middle of 2015 due to the delays in finalizing of the adoption process of operational programmes. However, it is expected that this delay will not have a significant impact on disbursement of funds.

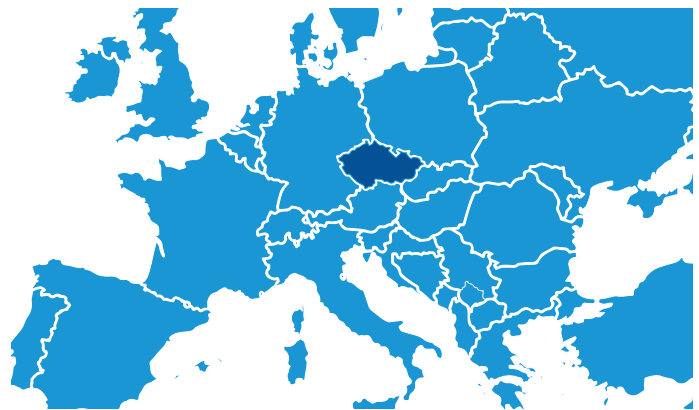
The most notable characteristics of the programming period 2014-2020 are as follows:

- simplification - reduced number of operational programmes
- unification - unified methodological environment, information system and rules valid for all operational programmes
- diversity - increased number of participating funds and financial tools (including the EAFRD and EMFF)

The total budget of EUR 24 billion for the programming period 2014-2020 is allocated to ten operational programmes supported from five EU Funds corresponding to the subsidised areas (ERDF, ESF, CF, EAFRD and EMFF):

- OP Transport (approx. EUR 4.7 billion),
- OP Enterprise and Innovation for Competitiveness (approx. EUR 4.3 billion),
- OP Environment (approx. EUR 2.6 billion),
- OP Research, Development and Education (approx. EUR 2.8 billion),
- OP Employment (approx. EUR 2.1 billion),
- Integrated Regional Operational Programme (approx. EUR 4.6 billion),
- OP Prague – Czech Republic Pole of Growth (approx. EUR 0.2 billion),
- OP Technical Assistance (approx. EUR 0.22 billion),
- OP Fisheries (approx. EUR 0.03 billion),
- Rural Development Programme (approx. EUR 2.31 billion)

EU program information



Population

10.6 M



EU Membership

1 May 2004



GDP per capita

16 500

Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Czech Republic



ERDF
11,22 bn
EUR



CF
3,22 bn
EUR



ESF
(with YEI)
3,21 bn EUR



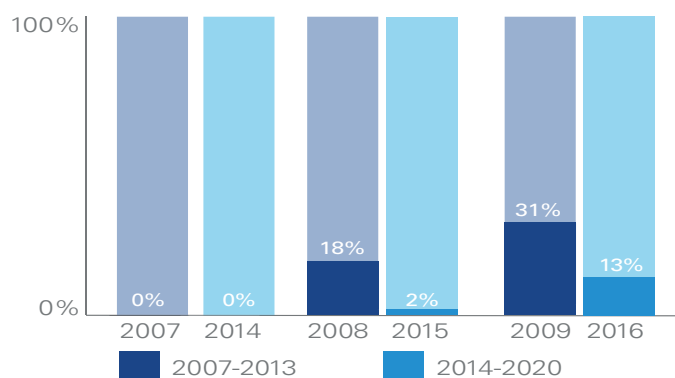
EAFRD
2,18 bn
EUR



EMFF
0,03 bn
EUR

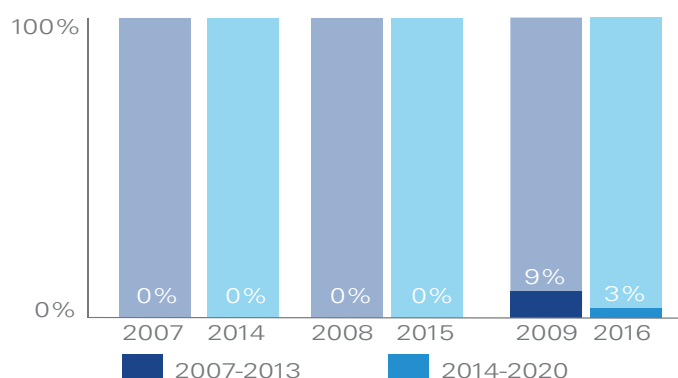
Source: Quarterly report on the implementation of the ESI Funds in the Czech Republic in the programming period 2014-2020 (IV.Q 2016)

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Based on the statistics of the year 2016, there is a reasonable assumption that some operational programmes might have difficulties with the fulfilment of milestones conditioning the release of obtaining performance reserve. By the end of 2016 the highest payment ratio was achieved by the Rural Development Programme (19.0%) followed by OP Employment (13.3%), OP Technical Assistance (9.9%), OP Transport (4.3%), OP Environment (3.1%) and OP Research, Development and Education (3.1%). OP Enterprise and Innovation for Competitiveness and Integrated Regional Operational Programme have disbursed payment requests in the amount of 0.1%. Other operational programmes did not disburse any payment requests by the end of 2016.

Trends

The most visible trend in the new programming period is the focus on innovative projects within the majority of operational programmes and the emphasis on cooperation of enterprises with high-schools and universities. The stress is put on supporting technical and language education. More soft projects are expected to be supported but with increased efficiency and transparency. Generally, support of inclusive projects and projects solving a complex problems in several areas,

is rising. One of the trends is also the specialization of regions according to their comparative advantages and specifications.

Successes

The most significant simplification in comparison to the programming period 2007-2013 can be seen in a fully electronic system for management, monitoring and reimbursement of the grants of all operational programmes. Applicants do not have to print and hand in any papers.

The role of monitoring committees has been significantly strengthened. Members of monitoring committees decide on the form of project evaluation criteria, which is the main key to the evaluation and selection of high quality projects. The platforms for planning calls for proposals have also proved to be useful. Within these platforms there is a discussion not only to annual schedules of calls for proposals, but also to a particular form, conditions and content of the calls for proposals for each operational programmes. Finally, the emphasis is put on the partnership principle and the cooperation between national and managing authorities.

2014-2020 progress report (as of 30 June 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	20,33 bn EUR
Contracted grants	2,68 bn EUR
Contracting Ratio ¹	13,17 %
Paid grants	0,65 bn EUR
Payment Ratio ²	3,20 %
EU Certification	n/a
EU Certification Ratio ³	n/a

Source: Quarterly report on the implementation of the ESI Funds in the Czech Republic in the programming period 2014-2020 (IV.Q 2016)

EAFRD and EMFF (as of 30 June 2016)

Description	EAFRD	EMFF
Available Budget	2,18 bn EUR	0,03 bn EUR
Contracted grants	0,52 bn EUR	0,00 bn EUR*
Contracting Ratio	24,10 %	11,80 %
Paid grants	0,41 bn EUR	0,00 EUR
Payment Ratio	19,00 %	0 %
EU Certification	n/a	n/a
EU Certification Ratio	n/a	n/a

Source: Quarterly report on the implementation of the ESI Funds in the Czech Republic in the programming period 2014-2020 (IV.Q 2016)

*EMFF contracted grants 3 438 713 EUR

Lessons learned

Over the past years, the Czech Republic has learned several lessons. In comparison to the programming period 2007–2013, there is a new system of disbursement of EU Funds not only in the national level but also in the EU level.

The most important change is seen in performance framework, i.e. financial dependence on speed of drawing and giving preference to the quality over quantity.

Furthermore, the Czech Republic has learned that it is important to stress the need for other financial instruments and not only advance the grants. Last but not least, the emphasis is laid on the use of territory-specific approach and use of integrated tools.

Areas for improvement

After the transition to the programming period 2014 – 2020 the Czech Republic faced a number of challenges in 2016. The main challenge was not only to announce calls for proposal to at least 80% of whole allocation of funds dedicated to the Czech Republic, but also to efficiently continue with contracting of resources. This process was accompanied by a certain system overload caused by the introduction of a new information system for administration. Similar to the situation in 2015, increased requirements on administrative capacity caused recurrence of some issues.

Some operational programmes are struggling with a lack of absorption capacity, which raises the need to repeat some calls for proposals. This fact also slows the whole process of disbursement of funds. Another problem is noticeable in slow process of projects evaluation and selection because of the lack of internal evaluators and slow administration in some cases.

As the Civil Service Act entered in force, it revealed legal ambiguity of the application of this law in practice. Ever since, due to the lack of well-adjusted implementing regulations on a number of ministries, the public administration faced difficulties in terms of a flexible and appropriate response to the staffing needs of the implementation structure of operational programmes and flexible hiring process of new staff.

¹ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

² Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

³ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020



Photo: Research on factors affecting human health and wellbeing

Source: Research Centre for Toxic Compounds in the Environment, Faculty of Science, Masaryk University in Brno

Case Study

CETOCOEN PLUS project of the RECETOX Centre of Masaryk University in Brno is a follow-up to the successful CETOCOEN project of OP RDI implemented in the programming period 2007 – 2013. The high quality of the RECETOX research focusing on occurrence, behavior, effects and management of toxic compounds in the environment has already earned international recognition and brought numerous applications.

The aim of the new project is to exploit capacities of the existing cutting-edge research infrastructure and the international team to initiate a multidisciplinary research on factors impacting human health. In order to pursue this highly competitive research agenda, the available capacities have to be enhanced to enable studies on effects and interactions of toxic chemicals with multiple factors including genetics,

epigenetics, health behaviors, nutrition, social environment and psychological stress.

The internationally recognized Swiss scientist was recruited as a leader of new ambitious team consisting of motivated young individuals with the international experience representing a wide scope of expertise. CETOCOEN PLUS significantly broadens current scientific focus of the RECETOX Centre, increases its competitiveness and attractiveness as a partner in the international collaborative projects and supports its integration into the European research area. Newly build capacities have already attracted several new H2020 projects such as an emerging joint European initiative on human biomonitoring (HBM4EU).

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EU Funds in Estonia in 2014-2020 perspective

Progress summary 2014-2016

General observations

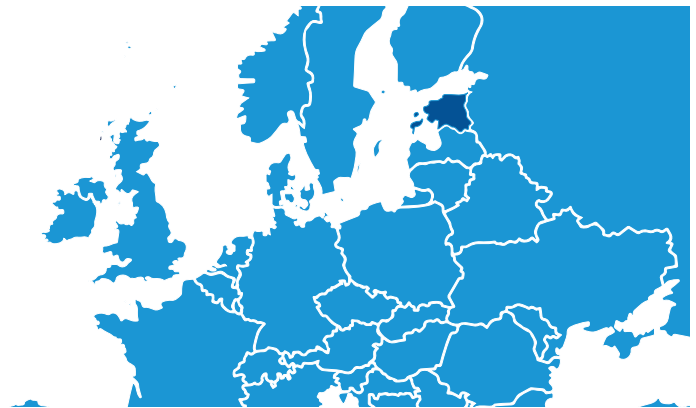
The priorities and goals for structural assistance are set out in the Operational Program for Cohesion Policy Funds 2014–2020. The focus is on the investments that contribute to the central objectives of the “Estonia 2020” National Reform Program as follows:

- Increase of productivity per employee to 73% of the EU average by 2015 and to 80% by 2020 (from 68.7% in 2012).
- Increase of the employment rate of the 20–64 age group to 72% by 2015 and to 76% by 2020 (from 71.7% in 2012).

The framework is carried out through 11 thematic priorities of Operational Program: technical Assistance, research and innovation, education and training, better public administration, information and communication technologies, SMEs competitiveness, low-carbon economy, climate change and risk prevention, environment and resource efficiency, transport and energy networks, employment and labor market and social inclusion. The structural assistance available for the framework program is equivalent of EUR 3.5 billion.

According to the EU funds implementation progress as at 31 December 2016, the total amount of contracted EU funding is EUR 1,738 billion which is 40,8% of the total available budget.

EU program information



Population

1,3 M



EU Membership

1 May 2004

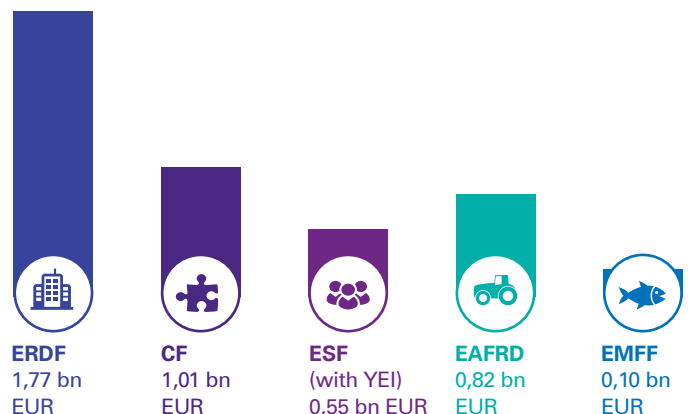


GDP per capita

15 881

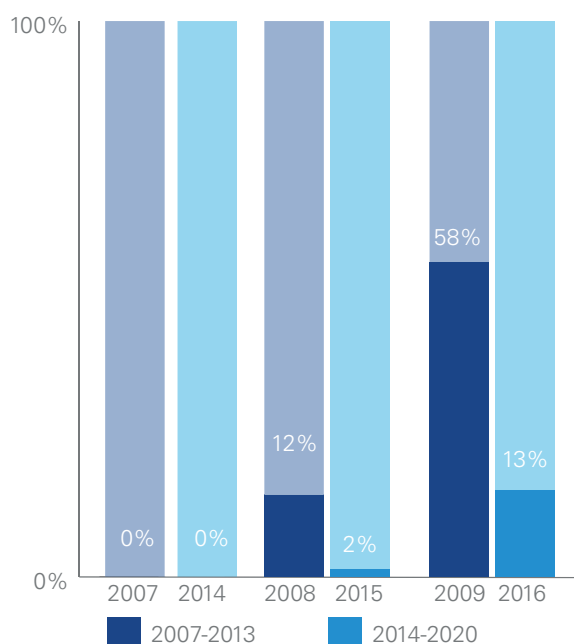
Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Czech Republic

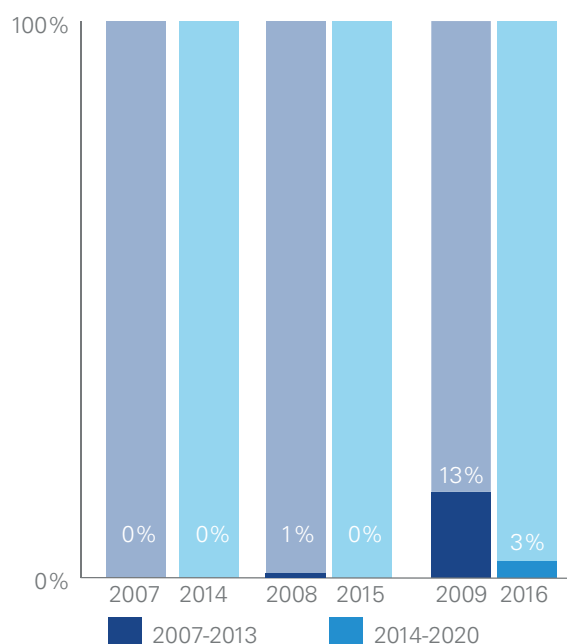


Source: Ministry of Finance in Estonia

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF



Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF



Trends

During the period of 2014–2016 large investments were made in regional business development, improving access to labor market, infrastructure, etc. Additionally, EU structural assistance was invested in advancing sustainable transportation development, and increasing the supply of skilled workers. The trend is to invest into research, technological development and innovation to increase investments in R&D to 3% of GDP in 2020, to enhance R&D and innovation in the private sector, and to strengthen the international competitiveness of Estonia's R&D and higher education system.

Successes

Structural funds were successfully used in various fields. They have been used to improving the working conditions in Estonian R&D centers to achieve and maintain international competitiveness. European funds were used to renovate and build new academic buildings that offer better learning conditions for students, which increase the quality of education and provides better opportunities. Additionally, structural funds have been used to establish a competence center for knowledge-based health goods and natural products that has increased the competitiveness of Estonian manufacturers in the field. Structural assistants has been invested to offer development opportunities for several hundred young people in Estonia. In addition, EU funding has been used to improve to minimize the pollution at sea to ensure sustainable development of the nearby regions.

2014-2020 progress report (as of 30 June 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	3,3 bn EUR
Contracted grants	1,56 bn EUR
Contracting Ratio ¹	46,94 %
Paid grants	0,27 bn EUR
Payment Ratio ²	8,12 %
EU Certification	0,13 bn EUR
EU Certification Ratio ³	3,77 %

Source: Ministry of Finance in Estonia

*YEI is not applicable in Estonia

EAFRD and EMFF (as of 30 June 2016)

Description	EAFRD	EMFF
Available Budget	0,82 bn EUR	0,1 bn EUR
Contracted grants	0,16 bn EUR	0,02 bn EUR
Contracting Ratio	17,03 %	17,03 %
Paid grants	0,09 bn EUR	0,00 bn EUR**
Payment Ratio	11,53 %	2,88 %
EU Certification*	0,08 bn EUR	0,00 bn EUR***
EU Certification Ratio	10,00 %	0,14 %

Source: Ministry of Finance in Estonia

*EU Certification EAFRD 2016 is business year

** EMFF Paid grants 2 908 229,39 EUR

*** EMFF EU Certification 138 094, 06 EUR

Lessons learned

In the long run, Estonia is developing from a net-receiver into a net-contributor. Therefore, it is necessary to use EU funding as strategically as possible to ensure a long-term impact. Investments will be focused on developing R&D, supporting entrepreneurship (including SME-s) and fostering collaboration between R&D and businesses. Also significant investments will be made in developing sustainable transportation solutions.

Areas for improvement

One of the priorities of the Operational Program of 2014-2020 is to invest in reforming the educational programs and improve the quality of education. Despite the investments made in the field till today, educational improvement is a challenge. More work needs to be done in aligning higher education curricula with labor market needs. Another focus area is boosting employment rate, which incorporates reforming the working ability assessment, by assisting people in finding jobs, and offering education, training and rehabilitation services. Regions' competitiveness of regions will be strengthened on the basis of county competitiveness plans.

¹ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

² Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

³ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020



Photo: Establishing the Lotte Village theme park

Source: Kaupo Kikkas and Kristian Kruuser

Case Study

The project: “Developing Estonian Biocentre Gene and Biotechnology Centre” has started in March 2008 and it was completed in March 2015.

The general objective of the project was to ensure the sustainability and international competitiveness of biotechnology as one of the key fields of research and development in Estonia. Achieving this object is possible thanks to the development of the Gene and Biotechnology Centre (hereinafter GBC) meeting the needs of contemporary research trends and the development of the business sector on the basis of the Estonian Biocentre (hereinafter EBC) and the University of Tartu (hereinafter UT) Riia and Vanemuise St. campus.

Project implementation has achieved the following results:

- Through the established contemporary working environment, cooperation of Estonian research and development activity in the field of biotechnology has increased
- Research and development infrastructure has been built
- Appropriate gene bank has been established.

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EU Funds in Hungary in 2014-2020 perspective

Progress summary 2014-2016

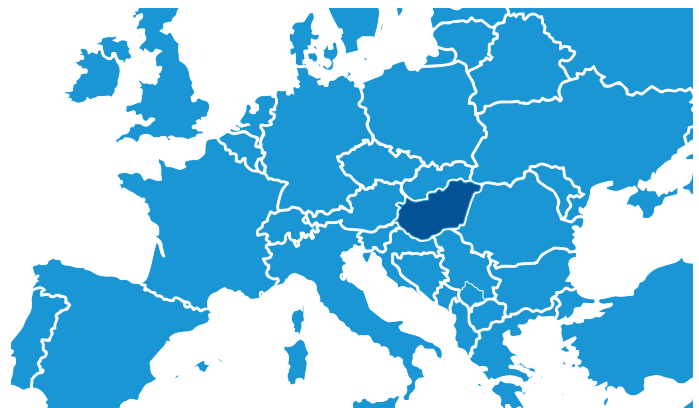
General observations

In the 2014-2020 programming period the allocation of EU funds is outlined by the Partnership Agreement 'Széchenyi 2020'. The plan covers 10 programmes, including six national and two regional operational programmes funded by ERDF, ESF and CF, one operational programme funded by EMFF, and the Rural Development Programme funded by EAFRD. The available budget of all ESI Funds in community co-financing is EUR 25 billion, which is slightly higher than the EUR 24.92 billion of the previous MFF. The combined budget of the EU and national funding for the current period amounts to EUR 29.6 billion.

Hungary closed a successful 2007-13 programming period in terms of payments as at the financial closing date (31st of December, 2015). By the end of 2015, paid grants reached EUR 27.6 billion, of which EUR 21.6 billion was certified at the time by the European Commission. The payment ratio exceeding 100% implies that Hungary has a 'safety margin' in the process of final settlement with the European Commission, and most likely uses all of the budget available for the 2007-13 period.

Looking at the period of 2014-2020, the total approved budget of ERDF, ESF and CF (including the YEI) co-funded operational programmes is EUR 21.5 billion, with the remaining EUR 3.5 billion allocated to programmes funded by EAFRD and EMFF. By the end of 2016, the European Commission accepted all programmes for this programming period. In order to avoid loss of funds and an overloaded programme closure, Hungary has published calls for proposal for all the available funds by the end of March 2017.

EU program information



Population

9.8M



EU Membership

1 May 2004

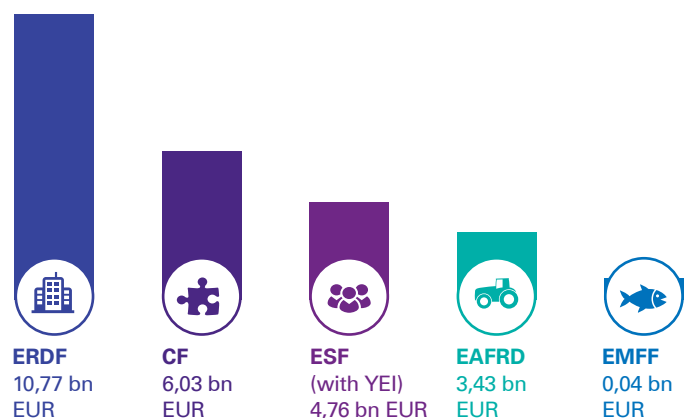


GDP per capita

11 500

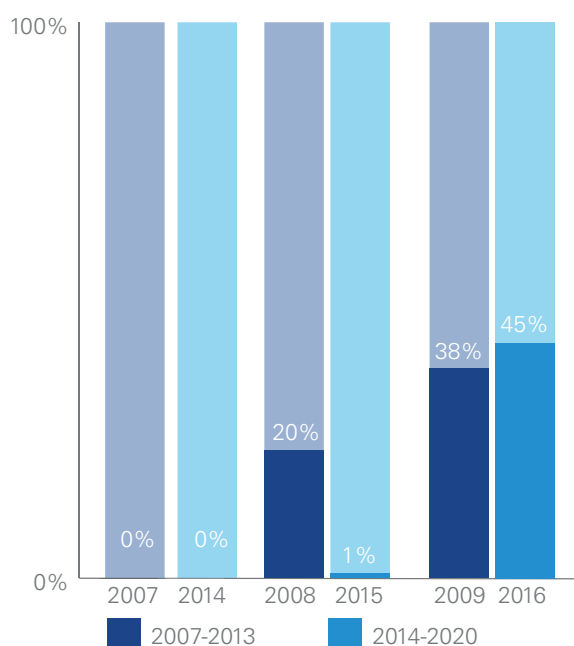
Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Hungary



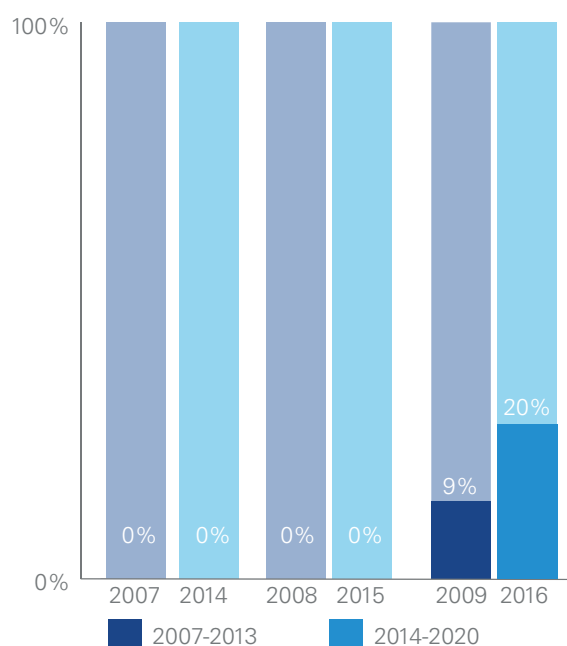
Source: Prime Minister's Office of Hungary

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Trends

Towards the closing date of the previous programming period, high emphasis was put on accelerating payments, which resulted in a payment ratio exceeding 100% until the end of 2015. The desire to learn from the past period is apparent in the dynamic financial progress in the 2014-20 programming period. Both the contracting and the payment ratios have been rapidly increasing between 2015 and 2016, from 1% to 43%, and from 0% to 18%, respectively. Programmes receiving funding from the largest funds (ERDF, CF, ESF) have fared the best, achieving 45% and 20% in terms of contracting and payment ratios. Based on present trends, an even faster progress expected in 2017 with regards to all ESI Funds. As at late April 2017, 52% of the total planned budget, EU and national part combined, have been contracted, according to the website of the European Commission.

Successes

Nearly all ESIF financed programmes experience an outstanding growth in payments, achieving much higher payment ratio compared to the previous programming period. Specifically, by the end of the third year payment ratio reached 18% for all ESI Funds, and 20% concerning ERDF, CF and ESF compared to the previous programming period's 9%. This surge has continued in early 2017 as well.

2014-2020 progress report (at the end of 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	21,54 bn EUR
Contracted grants	9,77 bn EUR
Contracting Ratio ¹	45,31 %
Paid grants	4,32 bn EUR
Payment Ratio ²	20,06 %
EU Certification	0,59 bn EUR
EU Certification Ratio ³	2,76 %

Source: Prime Minister's Office

EAFRD and EMFF (at the end of 2016)

Description	EAFRD	EMFF
Available Budget	3,43 bn EUR	0,04 bn EUR
Contracted grants	0,96 bn EUR	0,00 bn EUR*
Contracting Ratio	28 %	6 %
Paid grants	0,26 bn EUR	0,00 EUR
Payment Ratio	8 %	0 %
EU Certification	0,23 bn EUR	0,00 EUR
EU Certification Ratio	7 %	0 %

Source: Prime Minister's Office

*EMFF Contracted grants: 2 210 699 EUR

Areas for improvement

The pressure to use all the remaining EU funds within a short period of time towards the end of the 2007-13 programming period left relatively less consideration for selecting the best possible projects. This intense period was even more aggravated by the onset of the programmes for the 2014-20 period.

So far, there are no signs of systematic problems which would indicate underutilisation or ineffective use of EU funds for the 2014-20 period. The tight schedule of publishing all calls for proposal has been successfully followed over the course of the past months.

Nevertheless, payments under the Rural Development Programme are lagging behind compared to the previous period, as a result of a shift in focus from delivering payments to publishing calls. The decision making function behind the delivery of the programme changed when the responsibilities of the managing authority were transferred from the Ministry of Agriculture to the Prime Minister's Office, while the paying agency has been transferred from ARDA to the State Treasury. Following these organisational changes, payments are expected to catch up with plans in the coming years.

Lessons learned

Programme managers consider the current cohesion policy implementation system a major achievement of the 2007-13 period, which provides an appropriate framework for delivering the current programmes. This organisational transformation took place in the second half of the past period, which resulted in a new governance structure that is expected to cope with the challenges of programme delivery more effectively, including higher accountability, absorption, timeliness, regularity, and better delivery of results. The delivery system in the 2014-2020 period set out to focus even more on the efficient allocation of resources and selecting projects that best support the EU 2020 objectives, as well as national strategic priorities.

Besides efficient resource allocation, programme managers also highlight a shift in thematic focus for 2014-20, building on the lessons learnt during the 2007-13 period. 60% of the total available budget is aimed at supporting economic development, with specific focus on the SME sector. They also point out the importance of the realised infrastructure developments (transport, ICT, environmental and social infrastructure), which were preconditions to further growth, and thereby allowed to allocate more resources to enterprises (SMEs) with prosperous investment projects.

¹ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

² Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

³ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020

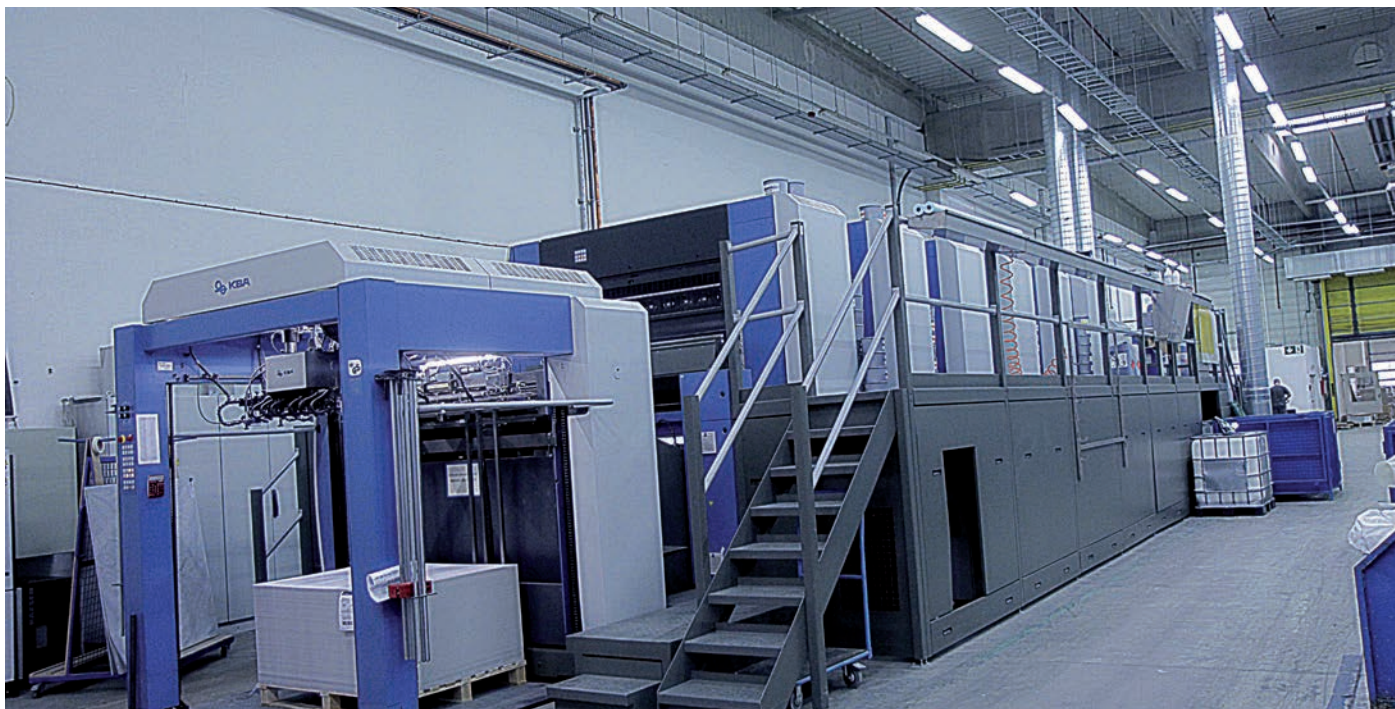


Photo: KBA Offset printing machine at the Győr site of DS Smith Packaging Hungary Ltd., financed partly by EU funds.

Source: PRONEXT Kft.

A large emphasis was placed on financial instruments in the 2014-20 programming period, by more than tripling the available budget for loan, guarantee and venture capital interventions. The increased amount of funding through financial instruments can be in large part explained by the expectation that non-refundable support will significantly decrease in the post-2020 framework of EU Cohesion Policy, therefore, incremental growth in the use of refundable resources is unavoidable for a smooth transformation into the next programming period.

R&D Case Study

Project title: DS Smith pallet development in Tiszaújváros and research and product development in Győr.

The continual growth of DS Smith Packaging Hungary Ltd. is due to its excellent research and development and innovation activities. The aim of the current project is to build new capacities in several existing sites (Győr, Tiszaújváros and

Füzesabony) in order to develop new production methods and prototypes. Two major areas for development are the highly sophisticated packaging methods and the innovative paper pallets, both of which have significant potential in the global market. The project funding allows for the necessary precision production techniques at the Győr site to become one of the most developed packaging sites in Central Europe. Paper as a production material for pallet has long intrigued market participants, but has not yet reached its full potential due to the complex and expensive nature of available production technology. The aim of the project is to create paper pallets, which can function as successful substitute for widely used lumber pallets. In order to achieve the desired competitiveness, paper pallets need to achieve similar performance in terms of load capacity, durability and cost effectiveness. At the same time one of the major achievements of a successful project is going to be the satisfaction of environmental-friendly customer needs.

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EU Funds in Latvia in 2014-2020 perspective

Progress summary 2014-2016

The following observations were made based on the status reports prepared by the Managing Authorities (the Ministry of Finance of the Republic of Latvia and the Ministry of Agriculture of the Republic of Latvia), macroeconomic information prepared by the Ministry of Economics of Latvia and other relevant information.

General observations

The total amount of EU funds available to Latvia in the programming period 2014 – 2020 is EUR 5.63 billion (excluding national public contribution and private contribution).

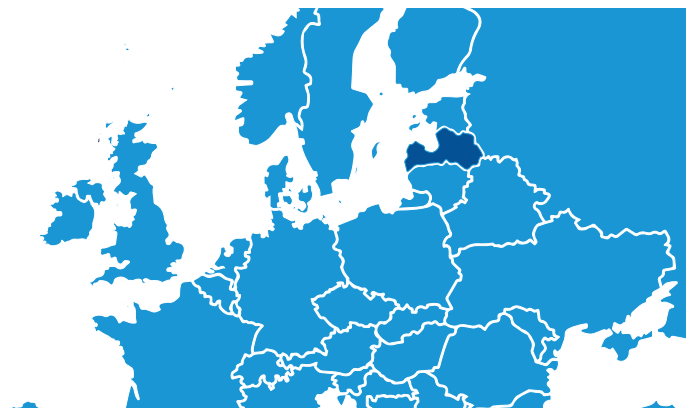
The Managing Authority for ERDF, CF and ESF is the Ministry of Finance of the Republic of Latvia and that for the EAFRD and EMFF – the Ministry of Agriculture of the Republic of Latvia. Three programs have been developed in the programming period 2014 – 2020 within which prioritized directions, investment priorities, specific support goals with specific actions have been defined:

- Growth and employment (covering ERDF, CF and ESF);
- Rural development plan 2014 – 2020 (covering EAFRD) and
- Action program for the development of fisheries (covering EMFF).

ERDF, CF, ESF

As of the end of 2016 investment conditions have been approved for EUR 3.70 billion or 85% of the total EUR 4.42 billion in ERDF, CF and ESF available to Latvia for the programming period 2014 - 2020. This provided an opportunity to announce project calls for EUR 3.10 billion by the end of 2016. The project evaluation process started in 2014 but the first contracts were signed only in 2015. The process continued and intensified during the second half of 2016 – by the end of December 2016 contracts had been signed in for EUR 1.4 billion or 31% of the total available EU funds in ERDF, CF and ESFs. According to data on the implementation status certain progress has been achieved and the most important prerequisites for a faster investment growth in the upcoming years have been met.

EU program information



Population

2.0 M



EU Membership

1 May 2004

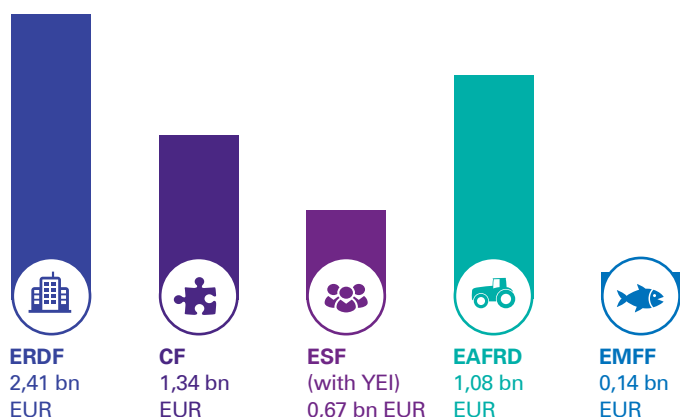


GDP per capita

12 760

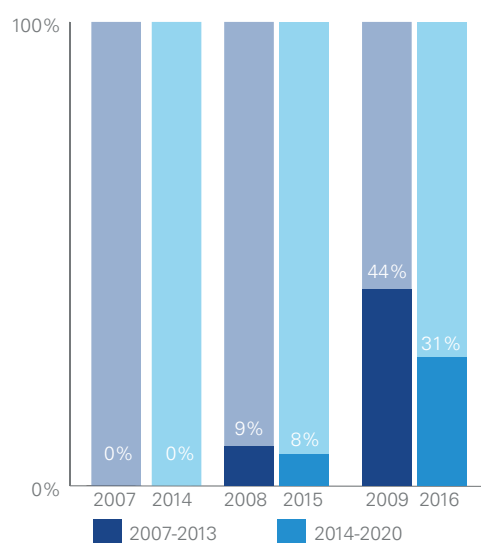
Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Latvia



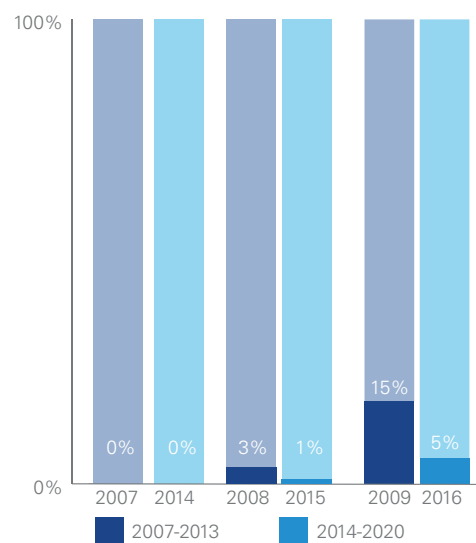
Source: Ministry of Finance of the Republic of Latvia
Ministry of Agriculture of the Republic of Latvia

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF



*YEI includes only 2014-2020 perspective

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF



*YEI includes only 2014-2020 perspective

EAFRD

Starting from 2014, by the end of 2016 EU financing was approved and contracts were signed for 10,199 projects in the amount of EUR 210.34 million (excludes EAFRD-IACS) or 20% of the total available amount in EAFRD. In 2016, 8,536 projects were contracted with EU financing of EUR 139.93 million (excluding IACS) or 13% of the available EU funds compared to the contracted EUR 50.71 million (both - IACS and Non-IACS) and or 5% from the available EU funds in 2014 and EUR 129.75 million or 12% in 2015. The trend appears to be upward as most of the activities are designed and project calls are announced. By the end of 2016 the highest activity in terms of project applications was observed in the measure "Investments in tangible assets".

The majority of approved projects are for the measure "Investments in improvement of forest ecosystem resilience and ecological value", where 3,148 projects have been approved for EU funds of EUR 7.35 million (including national public contribution). In total 2,249 projects have been approved for EU funds of EUR 95.32 million (including national public contribution) for the measure "Support for investment in agricultural holdings".

EMFF

By the end of 2016, the total amount of contracted EU funding grew to EUR 28.21 million or 20% of the available budget for the single available program "Action program for the development of fisheries". The major progress in terms of contacted EU funding was in 2016 – EUR 21.37 million or 15% of the total available budget compared to EUR 6.83 million or 5% in 2015.

The highest EU funding set aside is for priorities related to promotion of an environmentally sustainable, resource-efficient, innovative, competitive and knowledge-based aquaculture and fishery.

Trends and successes

GDP growth in the first three quarters of 2016 slowed down reaching 1.4% compared to 2.7% growth in 2015. The Ministry of Economics of Republic of Latvia estimates that GDP growth in 2016 was 1.5%. Slower growth in 2016 appears to be caused by the still present adverse effects of the external environment, including the complex geopolitical situation in the region and the slow pace of economic growth in the euro zone. However, according to the Ministry of Economics of Latvia GDP growth was mainly affected by the reduced intensity of EU funds flow for investments in the programming period 2014 - 2020. Growth in 2016 was still driven by private consumption, which during the first three quarters of 2016 increased by 3.4%. It is expected that the overall positive investment dynamics will result in a 3% GDP growth in 2017.

ERDF, CF, ESF

Most of the projects were contracted in 2016, therefore achievements are observed only in certain fields:

- In the field of modernization and reconstruction of state main and regional roads, projects were already initiated in 2014, in line with the support from the Cabinet of Ministers of Latvia for projects to be started earlier. By the end of 2016, 178 km of roads were constructed. Although active implementation of projects started relatively recently, resurfacing of the highway Riga - Liepāja and the reconstruction of the bridge over river Apšupe has already been completed by investing EUR 9.6 million from the Cohesion Fund. Also, the reconstruction of the levee of river Ogre has been completed by investing ERDF funds of EUR 0.8 million.
- As concerns environmental safety, protection from flooding has been ensured for 6,020 residents of Ogre city.

2014-2020 progress report (as of 30 June 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	4,42 bn EUR
Contracted grants	1,37 bn EUR
Contracting Ratio ¹	30,96 %
Paid grants	0,24 bn EUR
Payment Ratio ²	5,43 %
EU Certification	0,38 bn EUR
EU Certification Ratio ³	8,60 %

Source: Ministry of Finance of the Republic of Latvia

*EU Certification numbers for ERDF, CF, ESF, YEI include also received advance payments.

EAFRD and EMFF (as of 30 June 2016)

Description	EAFRD	EMFF
Available Budget	1,08 bn EUR	0,14 bn EUR
Contracted grants	0,38 bn EUR	0,03 bn EUR
Contracting Ratio	35,19 %	21,43 %
Paid grants	0,23 bn EUR	0,005 bn EUR*
Payment Ratio	21,30 %	3,57 %
EU Certification*	0,19 bn EUR	0,01 bn EUR
EU Certification Ratio	17,59 %	7,14 %

Source: Ministry of Agriculture of the Republic of Latvia

*EMFF Paid grants – 5 960 717 EUR

- In 2016, consistent progress was made in the field of social inclusion and combating poverty – 3,143 unemployed people who found themselves in an unfavourable situation were supported, 1,000 social workers were involved in the development of their professional competence, as well as an assessment of individual needs of 876 adults with mental disorders was carried out.

- In the field of employment and labour mobility, 27,052 unemployed persons (including long-term unemployed persons) were involved in trainings to improve their competence. 8,312 (31%) of them returned to employment during the next 6 months. The total amount of persons involved in the Youth Employment Initiative was 18,292, out of which 11,218 persons started participating in programs of the National Employment Agency, and 7,074 persons were involved in professional training programs.
- In the field of promoting innovation, 653 persons received training and 47 entrepreneurs received support.

EAFRD

Given that it is planned to make payments to beneficiaries in 2017 in an amount that exceeds twice those made in 2016, the achievement of progress indicators is expected to increase and compliance will also be achieved in research.

In terms of EAFRD, the greatest success of the programming period 2014 – 2020 was the implementation of the regionalisation principle – all the measures are regionalised and EU support is more equally available to all regions of Latvia. Farmers from the South – West region of Latvia have become more active; however, the greatest amounts are being contracted in the central region of Latvia as it is the region where larger economic operators operate and they are able to attract greater amounts of investments. All regions have been active in the measure „Risk management” by making extensive use of insurance opportunities.

Areas for improvement and lessons learned

ERDF, CF, ESF

It has been concluded by the Managing Authorities that the overall quality of project applications is poor. From all of contracts signed at the end of 2016, 88% of project applications required clarifications and adjustments had to be made repeatedly to some of these projects. The most common shortcomings are related to non-compliance with or inadequate interpretation of regulations of the Cabinet of Ministers of Latvia, as well as technical errors – inconsistency of information between the different sections of the project proposal and arithmetical inaccuracies.

Another tendency is making frequent requests for extension of project application deadlines by the potential beneficiaries as a result of (1) lack of project management capacity to prepare project proposals within the set period of time, (2) limited financial capacity to ensure co-financing of a number of projects simultaneously (3) as well lack of sufficient time for evaluation of project ideas. This trend poses a risk to achieving mid-term targets of EU funds accumulation

¹ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

² Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

³ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020

EAFRD

A great number of projects are being submitted and funding is being reserved, but for most of them the financial capacity to provide co-financing is limited. As a result, a lot of potential beneficiaries who actually are capable to start a project are left out.

The period allocated to project evaluation has been increased by 5 additional months for the measure 'Investments in intangible assets' as a result of the Managing Authority's request to the Rural Support Service (a national administration body responsible for the implementation of a unified state and EU support policy in the sector of agriculture, forestry, fisheries and rural development) to evaluate all projects submitted in this measure.

R&D Case Study

Project name: Launch of production of dietetic food products and fruit, vegetable and berries purees by SIA KEEFA
Before this project was initiated, the main line of business of SIA KEEFA was rent of equipment and sorting of stone chippings in own sorting lines. The primary long-term objective of this project is to start and develop a new line of business – production of dietetic food and fruit and vegetable purees to improve health of the Latvian population and contribute to the treatment of various health disorders.

The project was initiated by SIA KEEFA in 2015. By October 2016, the company had completed the reconstruction of production buildings and installation of production equipment. In the meantime, by the end of 2016 SIA KEEFA completed the development of the production technology and obtained EU organic certification.

This project is different from all others in terms of the unique recipes of purees developed in cooperation with

dieticians and nutrition specialists of the Latvian University of Agriculture. Drawing on research made by the Latvian University of Agriculture, the company created three different types of puree with blackcurrant, quince and sea buckthorn. Following EU standards, the company has developed an enteral food product and is currently working on the first tests in cooperation with doctors from Pauls Stradins Clinical University Hospital.

By the help of this project SIA KEEFA aims to create healthy products for the residents of Latvia. Purees produced by SIA KEEFA are the source of vitamins not only for children but also for athletes and adults, while enteral food products will be used both as preventive products and as support for health recovery in the post-operation period.

Beneficiary's opinion (Roberts Cešeiko, Board Member at SIA KEEFA)

The arrangement of all the necessary documents requires extra time and attention, on the one hand, but it disciplines and motivates on the other. Cooperation with the Rural Support Service has been very positive. Employees are knowledgeable and experienced professionals who never refuse to provide advice or consultation, point out shortcomings within the project and highlight the most important tasks and deadlines.

As an entrepreneur, we would appreciate less reporting and formalities but we also understand that it is hardly possible. We would also highly appreciate if new tender rounds were announced sooner and the criteria were defined more accurately, and the process of proposal evaluation was faster. Overall, SIA KEEFA is satisfied with the progress and realization of the project. To date we have launched the sale of our products in retail stores and at the moment we continue creating new recipes. We also have ideas for new projects.

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EU Funds in Lithuania in 2014-2020 perspective

Progress summary 2014-2016

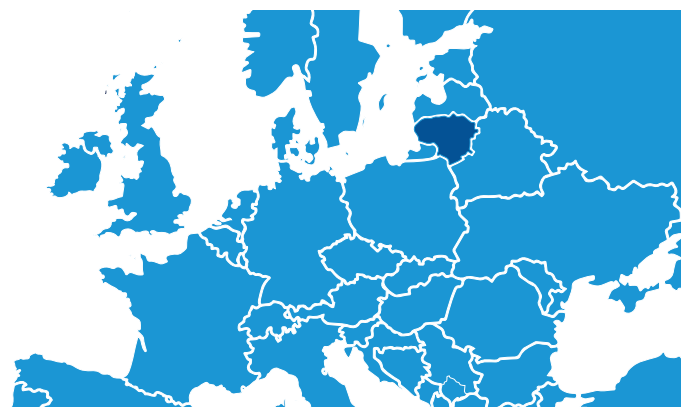
General observations

In the 2014-2020 programming period the total available budget for Lithuania is EUR 8.386 billion¹. Under the Partnership Agreement the funding is allocated to three operational programmes, mainly aiming to assist Lithuania in achieving national goals of “Europe 2020” and National Progress Strategy “Lithuania 2030”.

A EUR 6.709 billion was assigned to the Operational Programme for EU Structural Funds’ Investments for 2014-2020 which addresses the main development gaps and thus strengthens social and economic cohesion². This programme includes a EUR 63.565 million investment in Youth Employment Initiative which tackles youth unemployment by providing education and training. It also includes a EUR 113.7 million allocation for Territorial Cooperation for strengthening and promoting the cross-border, transnational and interregional cooperation between member states in order to solve common problems and contribute to the EU’s strategies on growth, employment and sustainable development. Similarly to the previous period, the biggest contribution in this programme - 17.20%, is allocated to the modernization and development of transport and energy infrastructure.

The allocation for the Rural Development Programme of Lithuania amounts to EUR 1.6 billion. The main objective of this programme is to increase the competitiveness of the Lithuanian agri-food and forestry sector, preserve the biodiversity, improve the management of soil, promote organic farming, create new jobs in rural sector as well as develop the rural areas and businesses. For the 2014-2020 period, the number of priorities is extended from 4 to 6 and they are formulated in more concrete and result-oriented way. The largest funding – EUR 620 million is allocated for productive and non-productive investments and EUR 287 million is for farming in areas with natural constraints³.

EU program information



Population

2.8 M



EU Membership

1 May 2004

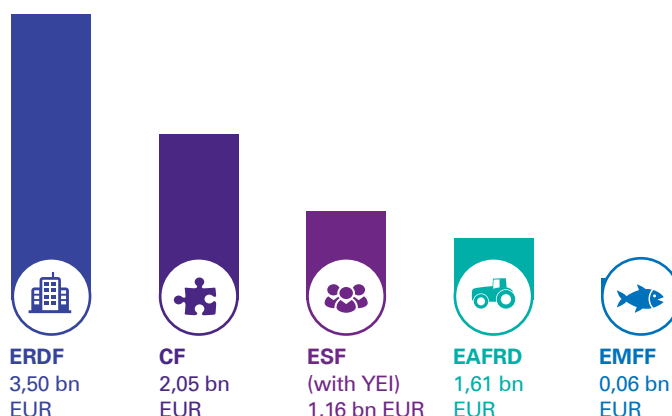


GDP per capita

13 320

Source: Statistics Lithuania

European Structural and Investment Funds 2014-2020 – allocations for Lithuania

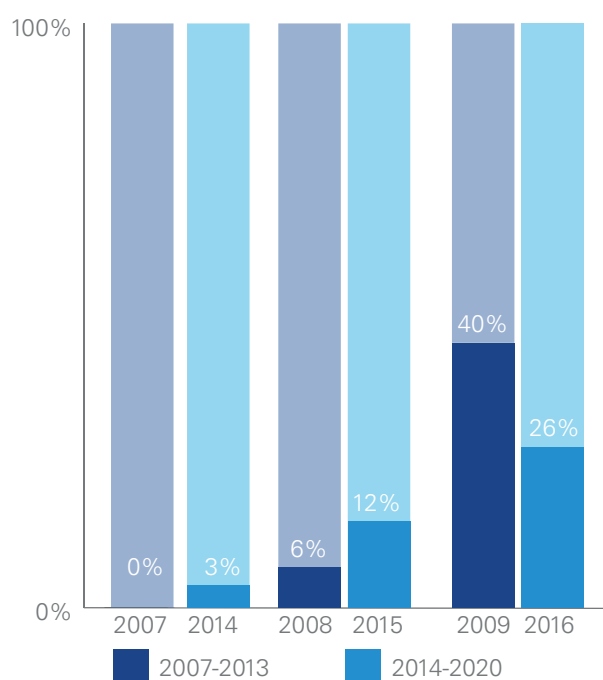


¹ Retrieved March 27, 2017 from <http://www.esinvesticijos.lt/lt/finansavimas/apie-2014-2020-es-fondu-investicijas>

² Operational Programme for EU Structural Funds Investments for 2014-2020

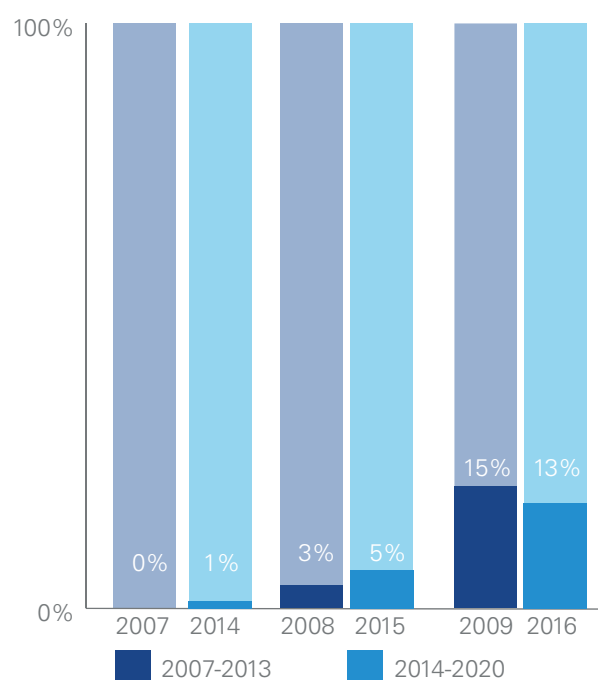
³ The Evaluation of Environmental Impact of Lithuanian Rural Development Program 2014-2020, Center for Environmental Policy and Estep, 2015.

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

The third programme – Operational Programme of the Lithuanian Fisheries Sector for 2014-2020, received EUR 63 million in order to enhance the competitiveness of sector's businesses and reduce the impact of fisheries on the marine environment. The major contribution was assigned to promote the environmentally sustainable, resources efficient, innovative, competitive and knowledge-based fishery⁴.

Trends

By March 31, 2017 there have been 6 782 applications submitted for funding from Operational Programme for EU Structural Funds' Investments for 2014-2020; 130 applications submitted for Operational Programme of the Lithuanian Fisheries Sector and 292 609 applications for the Rural Development Programme. Naturally, measures that had timely management of the preparation stage received more applications. Greater progress was seen in the interventions which existed in the previous periods due to clear goals and experienced project managers. The preparation stage was efficient in financial support for startups, industrial production modernization, housing renovation, integration of unemployed people into the labour market and professional rehabilitation of disabled programmes⁵.

Successes

Based on 2014-2015 statistics, Lithuania has shown a considerable progress in achieving the national goals of "Europe 2020" strategy. All the targets, except the ones related to investments in R&D and energy efficiency, have already been reached or exceeded. Certainly, a significant influence was made by EU funds' investments of 2007-2013 period and 2014-2020 programme continues a successful achievement of the targets.

Moreover, Interventions supported by Youth Employment Initiative have shown great success in building career pathways for young people. The two flagship projects "Discover Yourself" and "New start" help to develop motivational, social and labour market skills through engaging people in voluntary activities, trainings and psychological counselling. It is expected that more than 46 000 young people will participate in these projects by 2018. From 2014 to 2015 there were around 16.6% more jobs created⁶.

Lithuania has been successfully using various financial instruments not only for creation of new commercial floor space, energy efficiency improvements, but also heritage or cultural sites.

⁴ Operational Programme of Lithuanian Fisheries Sector 2014-2020

⁵ The Evaluation of the Lithuanian Operational Programme 2014-2020 Progress and Use of European Union Funds, Ministry of Finance, 2016

⁶ The Evaluation of Youth Employment Initiative Implementation Progress, PPMI Group, 2016

2014-2020 progress report (at the end of 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	6,71 bn EUR
Contracted grants	1,77 bn EUR
Contracting Ratio ⁷	26,34 %
Paid grants	0,84 bn EUR
Payment Ratio ⁸	12,57 %
EU Certification	0,72 bn EUR
EU Certification Ratio ⁹	10,68 %

Source: Ministry of Finance of the Republic of Lithuania

EAFRD and EMFF (at the end of 2016)

Description	EAFRD	EMFF
Available Budget	1,61 bn EUR	0,06 bn EUR
Contracted grants	0,65 bn EUR	0,01 bn EUR
Contracting Ratio	40,14 %	17,18 %
Paid grants	0,33 bn EUR	0,00 bn EUR*
Payment Ratio	20,69 %	6,08 %
EU Certification	0,3 bn EUR	0,00 EUR
EU Certification Ratio	0 %	0 %

Source: Ministry of Agriculture of the Republic of Lithuania

*EMFF Paid grants: 3 857 852 EUR

Risk capital funds were created in the perspective of 2007-2013 financial period and their development was fostered by creation of business angels' funds, which were using EU investments. The main goal of the funds was to increase the availability of investments for SMEs and stimulate the growth of such companies.

According to the representative of the fund, working with investment initiative JEREMIE has been a great experience due to highest level of professionalism, mutual understanding and continuous cooperation between the parties. Most importantly, the key to success is adjusting to local environment and not trying to apply one template approach in all the EU member states. Investments like that bring stability and sustainability to the developing economies like Lithuania.

Areas for improvement

A long planning and preparation of measures' documentation (specifically guidelines on eligibility criteria) process was the main problem in the beginning of 2014-2020 period, which causes a risk of not reaching the intermediate goals in 2018. There is a number of priorities (Promoting Information Society; Environment, Sustainable Use of Natural Resources and Adaptation to Climate Change; Promoting Social Inclusion and Combating Poverty; Society-oriented Smart Public Administration) in which there have been delays in the preparation stage, therefore a careful control of interventions is needed to ensure the effective use of EU funds.

Furthermore, some confirmed measures were not successful in attracting as many applicants as was expected in the planning stage. Contrary, some measures already have most of the allocated funding contracted. This implies that measures were planned without throughout consideration of actual financing needs or had unappealing conditions.

⁷ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

⁸ Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

⁹ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020

Lessons learned

The beginning of the period has demonstrated that it is important to improve the coordination of EU implementation framework. The Inocluster LT programme which supports clusters' operation (research strategies, market research, cooperation projects etc.) and investment in R&D infrastructure in clusters, had started the application round in May, 2016, and there have been only 4.8% of total budget requested by March 2017. Therefore, it is necessary to do a detailed analysis on financing demand of particular measures in order to adjust the budget.

Additionally, a number of interventions have already exceeded the goals set, although there has been only a minor influence of the 2014-2020 programming period. This shows that the indicators were set based on an outdated information or the economic growth was not taken into account. Furthermore, it was found that some of the indicators do not show a direct influence of the support¹⁰. Therefore, there is a need to set more relevant and ambitious indicators or possibly improve the forecasting framework.

R&D Case Study

One of the most successful examples of development in innovation and technology is Deeper, a consumer electronics company that creates intelligent devices for its global customer base. The company's story begins 5 years ago with the creation of the first ever castable smart sonar for anglers. This device revolutionized shore angling, sending detailed depth, feature and fish location data direct to users' smartphones. Since then, Deeper has introduced two new models of its original product. It is also debuting Deeper Lock - an advanced cycle security system with integrated GPS, GSM and Bluetooth anti-theft features – in 2017.

Company representative Silvija Jakienė said, "Deeper smart devices are now sold in over 50 markets globally, and EU structural funds have played an important role in the company's ability to scale rapidly. The funds have been especially valuable in supporting the company's presence in trade shows in new markets it is entering. For example, the East Asian market is currently an area of focus for Deeper. Its presence in China and South Korea is growing, and this year EU funding enabled it to take part in its first trade show in Japan. Trade shows are vital for connecting with potential retailers and distributors, and for gaining traction in new markets, so receiving support for such activities is valuable. Accessing these funds has proved straightforward, and though there is a significant amount of paperwork, the documents themselves are easy to complete."

Recognized as one of the most successful high-tech companies in Lithuania, Deeper has also picked up numerous international awards, including two at the Consumer Electronics Show in the US. Therefore, support from the EU is helping it to consolidate its international operations.

¹⁰ The Evaluation of the Lithuanian Operational Programme 2014-2020 Progress and Use of European Union Funds, Ministry of Finance, 2016

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EU Funds in Poland in 2014-2020 perspective

Progress summary 2014-2016

General observations

In the 2014-2020 period, Poland received from EU more than 80 billion EUR, which makes it the largest beneficiary of EU funds. The financial perspective 2014-2020 is implemented by thematic - national and regional operational programmes:

- Infrastructure and Environment OP,
- Smart Growth OP,
- Knowledge, Education, Growth OP,
- Digital Poland OP
- Eastern Poland OP,
- 16 Regional OPs,
- Technical Assistance OP.

Furthermore, there are also European Territorial Cooperation Programmes, which require cooperation between Poland and other countries.

In Poland the following programmes are also implemented:

- Rural Development Programme and
- European Maritime and Fisheries Fund – Operational Programme for Poland.

These OP's were established on the basis of five main European Structural and Investment Funds, which exist at the EU level:

- European Regional Development Funds (ERDF) - available budget for Poland - 40,214 bn EUR,
- Cohesion Fund (CF) - 23,208 bn EUR,
- European Social Funds (ESF) - 12,940 bn EUR,
- European Agricultural Fund for Rural Development (EAFRD) - 8,698 bn EUR,
- European Maritime and Fisheries Fund (EMFF) - 0,668 bn EUR.

In addition, the EU is also supporting the Youth Employment Initiative (YEI) in Poland with budget 0,505 bn EUR.

In terms of agriculture, except the abovementioned EAFRD, there is also the European Agricultural Guarantee Fund (EAGF), which finances measures under the Common Agricultural Policy (CAP) (e.g. direct payments).

EU program information



Population
38.0 M



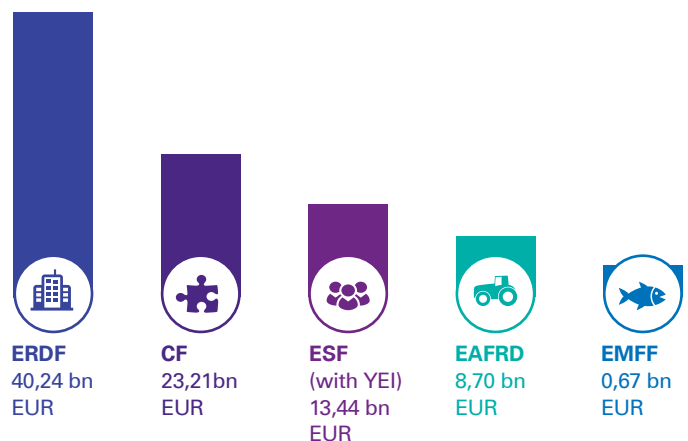
EU Membership
1 May 2004



GDP per capita
11,183

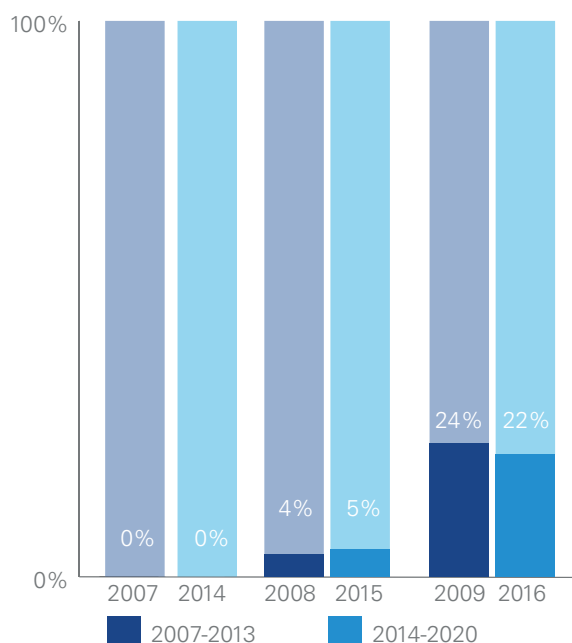
Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Poland



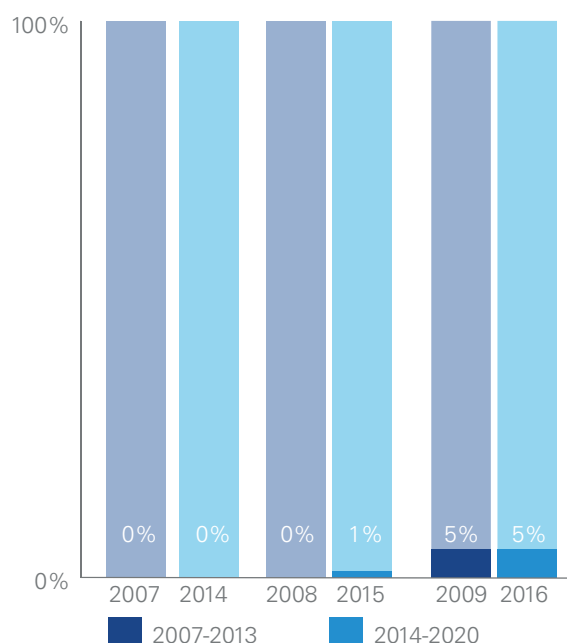
Source: Ministry of Development, Ministry of Marine Economy and Ministry of Agriculture and Rural Development in Poland

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Trends

Within 2014-2020 perspective, the greatest priorities related to EU funds include further development of road and rail infrastructure, power generation and distribution and environmental protection. Large part of funds is intended also for innovation and entrepreneurs, mainly because of the EU Funds implementation objective strongly focusing on cooperation between science and economy and increasing competition between small and medium enterprises. Within 2014-2020 perspective there is greater concentration on support for the regions than in the previous period. The budget of all 16 ROP's in Poland represents almost 60% of the sum of ERDF and ESF available budgets for years 2014-2020, compared to almost 40% in 2007-2013 period. Therefore, many projects in cities, especially related with e.g. revitalization or ecological urban transport, will be also co-financed within the structural funds.

Successes

There are still no significant results of the projects co-financed within 2014-2020 perspective. First outcomes are expected in 2017, but for the great effects (benefits, products), one should wait at least 1 year. At the beginning of the current financial perspective, there were occurred many delays in OP's implementation (in case of some programmes, it was even 12 months). Last year (2016), the implementation of OP's was speeded up, however still many calls for proposals are delayed. In the 2014-2020 financial perspective, the EU supports the Youth Employment Initiative, which has been launched to improve situation of young people on labor market. In Poland, within first three years of the current perspective, there were contracted almost 63% of available funds intended for YEI.

EU program information

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	76,87 bn EUR
Contracted grants	16,56 bn EUR
Contracting Ratio ¹	21,54 %
Paid grants	3,58 bn EUR
Payment Ratio ²	4,65 %
EU Certification	3,59 bn EUR
EU Certification Ratio ³	4,67 %

Source: Ministry of Development in Poland

EU program information

Description	EAFRD	EMFF
Available Budget	8,70 bn EUR	0,67 bn EUR
Contracted grants	1,83 bn EUR	0,00 bn* EUR
Contracting Ratio	21,05 %	0,84 %
Paid grants	0,71 bn EUR	0,00 bn* EUR
Payment Ratio	8,14 %	0,01 %
EU Certification	0,69 bn EUR	0,00 EUR
EU Certification Ratio	7,88 %	0,00 %

Source: Ministry of Marine Economy and Ministry of

Agriculture and Rural Development in Poland

*EMFF Contracted grants 5 622 692,72 EUR

**EMFF Paid grants: 84 105,48 EUR

Lessons learned

Significant changes have occurred in Regional Operational Programmes in Poland. The first one is an increase of financial resources for regions in comparison with previous 2007-2013 perspective. In 2007-2013 RPOs were co-financed only from European Regional Development Funds. Within the current perspective, 16 regions in Poland are also able to manage European Social Funds. This approach enables the management of an easier regional policy by the local authorities, especially in the scope of better matching between regional needs and grants.

In comparison with the 2007-2013 perspective, the national OPs are a continuation of the previous financial period, however some changes have occurred. Main changes were made on the basis of experience gained during the implementation of two previous perspectives, as well as on basis of recommendations indicated in evaluations initiated by Polish authorities and European Commission. For example, the Operational Programme Smart Growth, which currently is the successor of implemented in 2007-2013 period OP Innovative Economy, significantly increases focus on cooperation between science and business.

Areas for improvement

As mentioned above, many cases of delays in OP implementation at the beginning of the current perspective occurred. The main area for improvement concerns staff (their turnover), financial motivation and training quality. Other items are indicated, such as too high bureaucracy, e.g. beneficiaries are obligated to submit printed copies of local or regional strategies that are available on local webpages. In addition, the scope of information contained in schedules of calls for proposals should be extended. Currently, in many cases schedules include only the regulatory minimum. It could lead to a situation, where calls for proposals are not attractive for potential applicants.

¹ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

² Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

³ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020



Photo: Integrated Laboratory of Experimental Oncology and Innovative Technology, Institute of Immunology and Experimental Therapy of the Polish Academy of Sciences.

Source: Ministry of Development of Poland

R&D Case Study

One of the EU Funds' objectives in the 2014-2020 financial perspective is to support in scope of innovativeness by, among others, co-funding R&D projects. An example is the project called: "Comprehensive solutions related with Passive Fire Protection with construction of demonstration installation." The project is co-funded within the Operational Programme Smart Growth. The beneficiary, is one of the main European players on the passive fire protection market. The goal of this project is the development of comprehensive, innovative solutions for passive fire protection. As a result of the investment, innovative solutions will be implemented into serial production.

These solutions will have a positive impact on energy efficiency and fire safety of buildings. Moreover, the result of the investment aims to ensure the accordance with the latest EU standards in scope of fire protection. Within the project realization new solutions of passive fire protection will be developed and then will confirmed by using demonstration installation of model building.

The beneficiary expects, that by the completion of the investment, current products will be modernized and the scope of its use will be extended. In addition, the project realization will allow to extend company's offer with new products. It should have positive impact on growth of revenues and profit of company.

It is worth noting that this project was highly appreciated by the Intermediate Body.

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EU Funds in Romania in 2014-2020 perspective

Progress summary 2014-2016

General observations

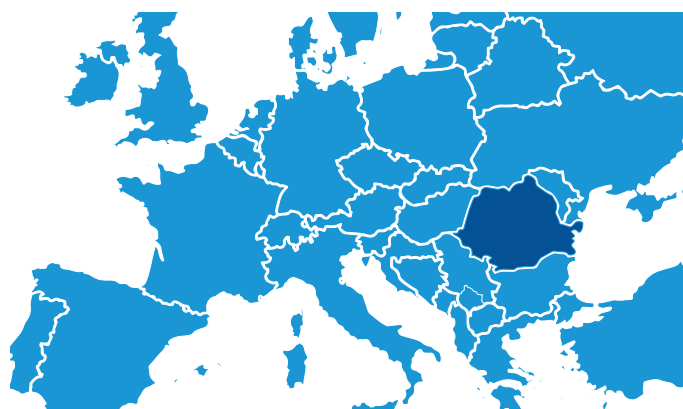
The Ministry of Regional Development, Public Administration and European Funds data as well as those of the Ministry of Agriculture and Rural Development show that by the end of December 2016, Romania's effective absorption rate was at a shy 1.56%, with interim payments from the European Commission reaching about EUR 480 million out of the total amount of EUR 30,837.5 million available to our country (excluding CEF, Cross-border Cooperation and Helping Disadvantaged Persons programs). In a country-by-country comparison, Romania stood in 2016 on one of the last places in the European Union in terms of the absorption for Cohesion Policy funds, while the progress regarding European Agricultural Fund for Rural Development is the only driver of the ESIF implementation so far.

Despite an overall reduced performance outcome in terms of effective absorption, there are 59 calls for proposals under the Cohesion Policy, amounting to EUR 13 billion, that have been launched during 2016. As such, this large number and budget of calls for proposals launched during 2016 doubled by the strong commitments taken by the public authorities with respect to boosting the EU absorption, as a major driver of public budget construction, is expected to generate visible results during the 2nd half of 2017.

An important milestone for 2017 is represented by the overdue obligation to comply with 13 ex-ante conditionalities. Moreover, by the end of 2016, there was only one certified Managing Authority, and given that the certification process is mandatory in order to secure reimbursement from the European Commission, the public authorities are committed to complete the certification process by July 2017. The absorption rate figures are also partially driven by phased/ transferred projects¹.

¹Projects initially included in the 2007-2013 programming period and that have not already been finalized.

EU program information



Population
19.8M



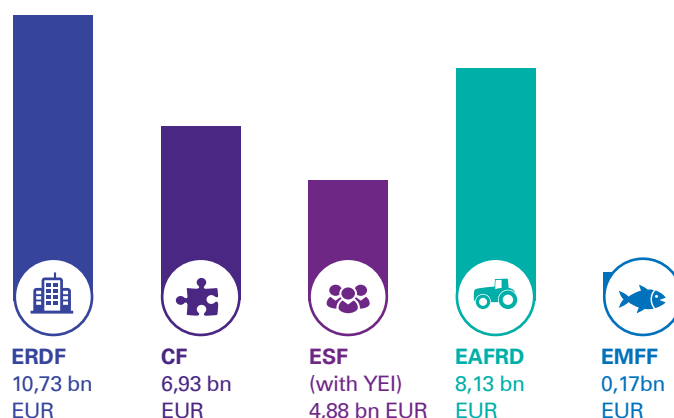
EU Membership
1 Jan 2007



GDP per capita
8 560

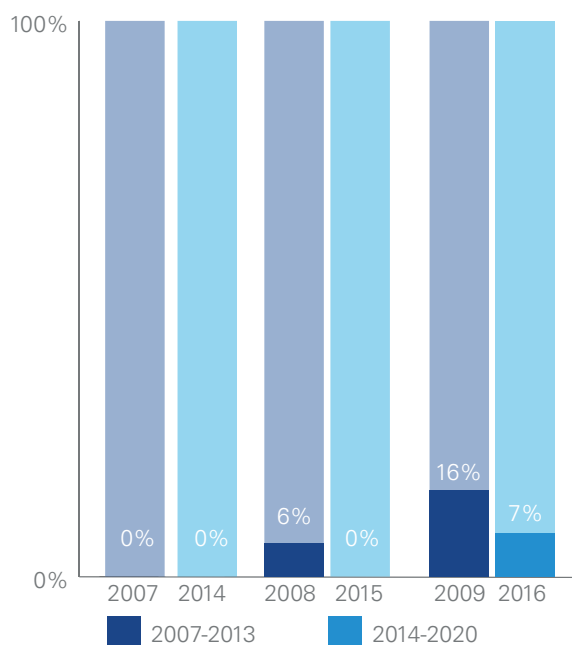
Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Romania



Source: European Commission

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Trends

After a very limited activity in 2015, the implementation of the 2014-2020 framework had its real debut in 2016, with a high number of calls for proposals launched that are expected to start producing their effects. As such, the ratio of contracted grants increased sharply from 0.04% in 2015 to 9.11% in 2016. This percentage is expected to translate into certified expenditures in the upcoming period, while the ratio of contracted grants should increase sharply as a result of the EUR 13 billion 2016 calls for proposals session held under Cohesion Policy.

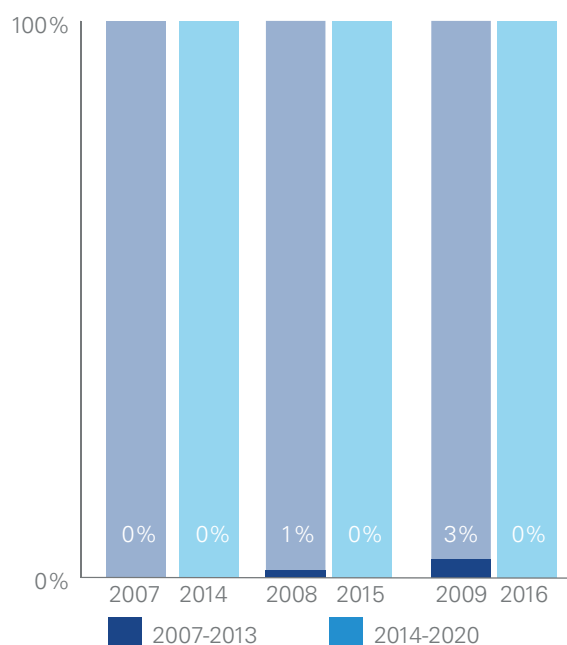
The National Program for Rural Development, the former champion program, funded under EAFRD is expected to continue its steady implementation pace under this programming period as well, as demonstrated by a 14.9% ratio of contracted grants and a 9.9% ratio of paid grants.

Successes

The National Program for Rural Development is still demonstrating a performance similar to that observed during the 2007-2013 programming period.

Additionally, by the end of 2016, Large Infrastructure OP and Competitiveness OP encountered a total amount of contracted grants of EUR 1.33 billion, out of a total contracted amounts under ESIF, of EUR 1.60 billion. It is encouraging that about a half of this amount stands for R&D related grants, part of a call for proposals session launched in the 2nd half of 2015.

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective. Payment ratio in 2016 is 0,39%

Areas for improvement

Some of Romania's hurdles in streamlining the process of absorbing ESIF are generated by the delays in complying with the ex-ante conditionalities (with 13 conditionalities still pending, out of a total of 36), the management of capabilities in the relevant authorities and lack of a medium for long term planning of calls for proposals or, more importantly, repeated postponements of the calls for proposals. One relevant example is that of the long awaited 2nd call for proposals on Competitiveness OP, Action 1.1.1 – "Investment for the R&D departments of companies", which has already been postponed for several times, from mid-2016 until first quarter of 2017, while this latest timing is still not observed.

Lessons learned

Improvement of absorption rates and the effectiveness of public spending is hindered by the lack of predictability of the ESIF launch and the process timeline. The improvements brought to the system for electronic data exchange between authorities and beneficiaries aim to allow for the electronic submission of applications and to ensure that all the relevant information for programming, monitoring, evaluation, financial management, verification and audit is available on time. Enhanced efficiency and correlation of technical assistance resources is expected to speed up the evaluation of projects and the assessment of reimbursement claims. Moreover, the less bureaucratic specific procurement procedure is expected to facilitate an enhanced acquisition process by the beneficiaries.

2014-2020 progress report (at the end of 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	22, 54 bn EUR
Contracted grants	1,60 bn EUR
Contracting Ratio ²	7,08 %
Paid grants	0,09 bn EUR
Payment Ratio ³	7,08 %
EU Certification	n/a
EU Certification Ratio ⁴	n/a

Source: European Commission

EAFRD and EMFF (at the end of 2016)

Description	EAFRD	EMFF
Available Budget	8,13 bn EUR	0,17 bn EUR
Contracted grants	1,21 bn EUR	0,00 bn EUR*
Contracting Ratio	14,88 %	2,76 %
Paid grants	0,80 bn EUR	0,00 bn EUR**
Payment Ratio	9,90 %	1,42 %
EU Certification	0,48 bn EUR	n/a
EU Certification Ratio	5,91 %	n/a

Source: European Commission

*EMFF Contracted grants – 4 646 250 EUR

**EMFF Paid grants – 2 399 482 EUR

R&D Case Study

“Initiated in 2005 and listed on the Roadmap of the European Strategic Forum for Research Infrastructures (ESFRI) in 2006, the Extreme-Light-Infrastructure (ELI) aims at investigating the large variety of science and research applications of ultra-intense and ultra-short laser pulses. ELI will be based on a new generation of laser technologies producing sources of ultraintense high-energy particle beams and ultra-bright radiations up to the attosecond timescale. As the first truly international laser research infrastructure, ELI will provide access to the international research and industrial community for prospective applications in medicine, radiography, fusion energy, environment, material sciences, nanotechnologies, bio-chemistry, etc.

Launched in November 2007, the Preparatory Phase of ELI involved nearly 40 research and academic institutions spanning 13 EU Member States. This 36-month phase aimed at bringing the project to the level of legal, organisational, financial and scientific maturity. As part of that work, the scientific community involved in the Preparatory Phase identified four branches of research and applications within the scientific scope of ELI:

- Attosecond Laser Science: temporal investigation of electron dynamics in atoms, molecules, plasmas and solids at attosecond scale (10-18 sec., i.e. a billionth of billionth of a second);
- High Energy Beam Science: development and usage of dedicated beam lines with ultra short pulses of high energy radiation and particles reaching almost the speed of light;
- Laser-Induced Photonuclear Physics: nuclear physics methods to study laser-target interactions, new nuclear spectroscopy, new photonuclear physics, etc.;
- Ultra High Field Science: investigation of laser-matter interaction in an energy range where relativistic laws could stop to be valid.

In its mission ELI will practice a vigorous technology transfer to European SMEs and large firms. High on the ELI agenda will be the training of aspiring scientists and engineers in the numerous disciplines associated with the Extreme Light.

The ELI project, a collaboration of 13 European countries, will comprise four pillars including Laser-based Nuclear Physics (“ELI-NP”) pillar. It is built in Magurele (near Bucharest, Romania) and will focus on laser-based nuclear physics. While atomic processes are well suited to the visible or near visible laser radiation, as a third pillar ELI-NP will generate radiation and particle beams with much higher energies, brilliances suited to studies of nuclear and fundamental processes.

² Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

³ Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

⁴ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020



Photo: ELI-NP implementation progress – Civil construction photos

Source: Extreme Light Infrastructure - Nuclear Physics facility

ELI-NP is going to be the most advanced research facility in the world focusing on the study of photonuclear physics and its applications, comprising a very high intensity laser of two 10PW ultra-short pulse lasers and the most brilliant tunable gamma-ray beam.

This unique experimental combination will enable ELI-NP to tackle a wide range of research topics in fundamental physics, nuclear physics and astrophysics, and also applied research in materials science, management of nuclear materials and life sciences. ELI-NP has been selected by the most important science committees in Nuclear Physics in Europe - NuPECC - in the Nuclear Physics Long Range Plan in Europe as a major facility.

Situated in Magurele, only 12 km away from downtown Bucharest, the users of the ELI-NP facility benefit from

all of the infrastructures and services provided within the metropolitan area.

Concentrating 8 research infrastructures of national interest, Magurele has the highest scientific visibility in Romania, with five national R&D institutes (Nuclear, Laser, Plasma & Space sciences, Material physics, Optoelectronics, Seismology), one Faculty of Physics and two engineering companies (optoelectronics & design of nuclear facilities). ELI-NP is overseen by the Horia Hulubei National Institute of Physics and Nuclear Engineering (IFIN-HH), dedicated to the research and development in Nuclear Physics & Nuclear Engineering and in related areas including Astrophysics and Particle Physics, Field Theory, Mathematical and Computational Physics, Atomic Physics, Life & Environmental Physics."

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EU Funds in Slovakia in 2014-2020 perspective

Progress summary 2014-2016

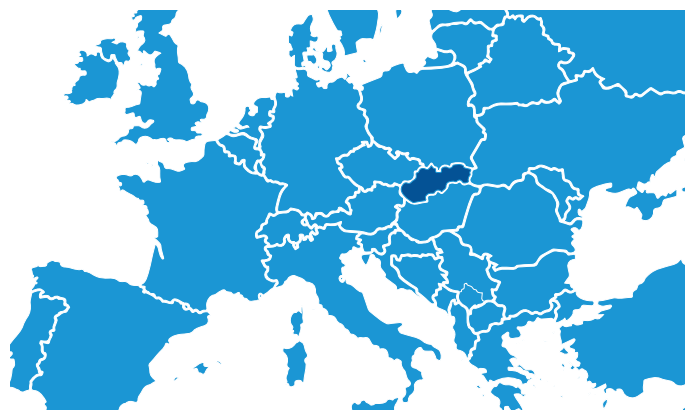
General observations

On 20/06/2014 the Slovak Republic concluded with the European Commission the Partnership Agreement on the use of European structural and investment funds in the period 2014-2020. The Partnership Agreement defines the strategy and priorities for the effective and efficient investment for the next 10 years. The Structural Funds and the Cohesion Fund amount to EUR 13.7 billion, European Agricultural Fund for Rural Development to EUR 1.55 billion and the European Maritime and Fisheries Fund to EUR 15.8 million. The Slovak Republic also implements and is the Managing Authority for the Interreg V-A SK - CZ a and Interreg V-A SK - AT programmes financed by the European Regional Development Fund.

Slovakia's priority is to focus investment on key growth sectors, that is transport infrastructure, research, development and innovation, promotion of small and medium-sized enterprises, environmental protection, the digital agenda, energy efficiency and renewable energy sources. Equally important are investments in employment, education, social inclusion, and more efficient public administration.

The key challenges for the Slovak Republic in the upcoming period are: restructuring of the educational system in order to increase employment and labor mobility, activation of people at risk of poverty and social exclusion for their integration, deinstitutionalization of social services and social protection of children and social guardianship, support active and healthy aging, including long-term care and integration of marginalized Roma communities. Another challenge is the care of children under 3 years of age (i.e. reconciliation of work and family life) and the availability of pre-school education.

EU program information



Population

5.4M



EU Membership

1 May 2004

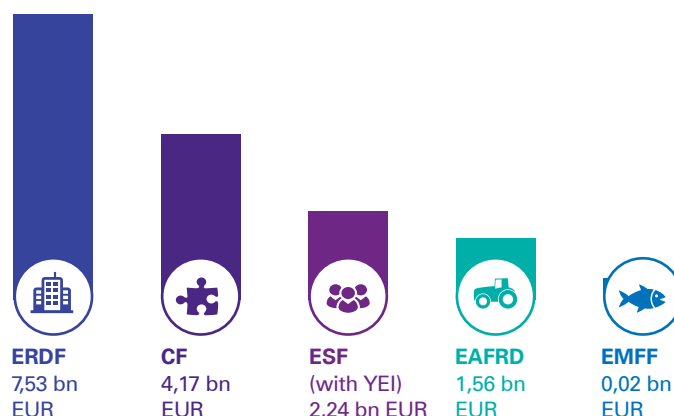


GDP per capita

14 900

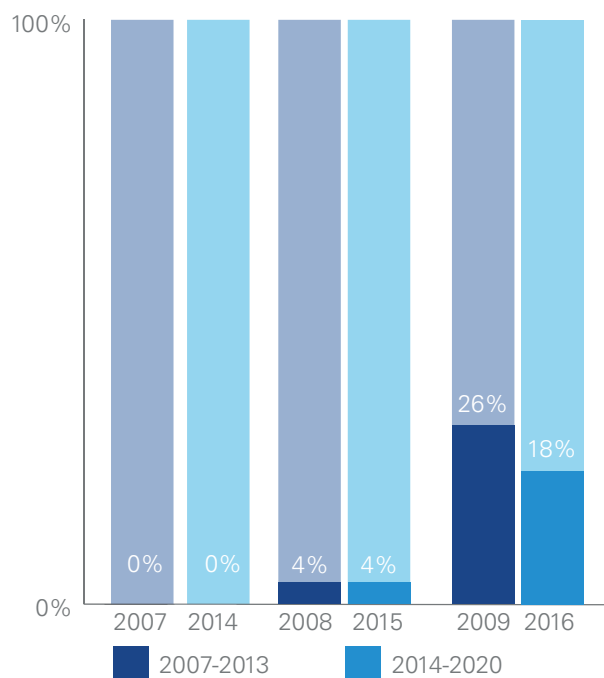
Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Romania



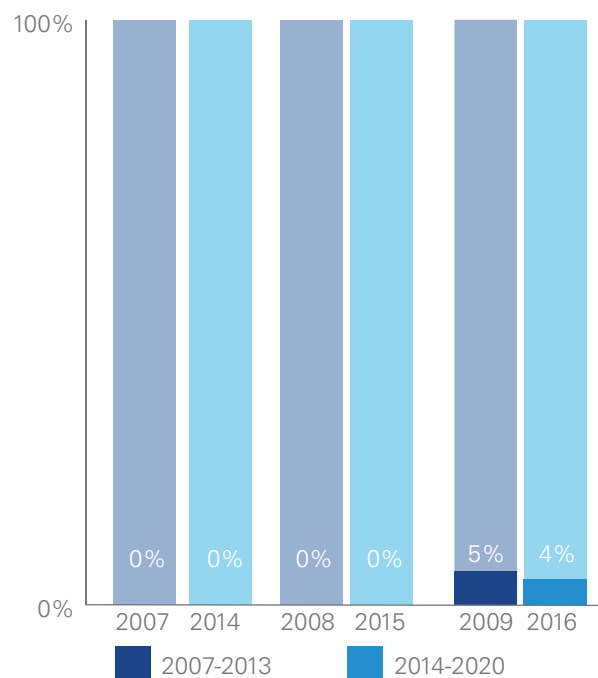
Source: Partnership Agreement of the SR for the years 2014 – 2020, IT monitoring system 2014+

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Trends

The time which could be devoted to the preparation of operational programmes, setting up the system and the subsequent launch of calls has not been utilized optimally. One of the reasons included the parliamentary elections in 2016. The low rate of contracting and withdrawal in the initial years for some operational programmes is becoming an urgent issue. This trend was also visible in the previous programming period.

Successes

Due to a broad consensus with socio-economic partners, Slovakia was among the first five EU Member States to have a Partnership Agreement approved by the European Commission. Nevertheless, in view of the delayed implementation of operational programmes it is not yet possible to assess the achievements that will be visible only in the following years.

2014-2020 progress report (at the end of 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	13,93 bn EUR
Contracted grants	2,57 bn EUR
Contracting Ratio ¹	18,41 %
Paid grants	0,56 bn EUR
Payment Ratio ²	4,00 %
EU Certification	0,56 bn EUR
EU Certification Ratio ³	4,00 %

Source: Partnership Agreement of the SR for the years 2014 – 2020, IT monitoring system 2014+

EAFRD and EMFF (at the end of 2016)

Description	EAFRD	EMFF
Available Budget	1,56 bn EUR	0,02 bn EUR
Contracted grants	0,63 bn EUR	0,00 EUR
Contracting Ratio	40 %	0 %
Paid grants	0,22 bn EUR	0,00 EUR
Payment Ratio	14 %	0 %
EU Certification	0,22 bn EUR	0,00 EUR
EU Certification Ratio	14 %	0 %

Source: : Partnership Agreement of the SR for the years 2014 – 2020, IT monitoring system 2014+

Areas for improvement

The delays in the implementation of the operational programmes is being regarded as the most serious problem of EU funds implementation. Factors which delay implementation include repeated deficiencies associated with public procurement at the level of beneficiaries and insufficient verification of public procurement processes by the managing authorities.

Among the most fundamental weaknesses is the dependence on the political cycle, which is quite unpredictable and difficult to be prepared for. As a consequence, the political cycle often leads to changes in programming documents in terms of the priorities of the newly formed government, or changes in already set and commenced processes and the individual steps in the implementation of various operational programmes.

In addition, significant turnover of experts in various management positions disturbs work continuity and the smooth implementation of individual projects.

Lessons learned

The Slovak Republic is taking steps to increase the transparency of fund management and process simplification, such as a simplified submission and evaluation of project applications and smooth preparation and implementation of projects to reduce administrative burden for applicants. Simplification rules need to be applied to the whole management and control system, i.e. controls and audits should not pose an unnecessary burden for beneficiaries. For the purpose of simplification the Slovak Republic has reduced the number of operational programmes compared to the previous programming period.

¹ Contracting ratio is equal to the amount of actual contracted grants in 2014-2016 divided by budget available for 2014-2020

² Payment ratio is equal to the amount of actual paid grants in 2014-2016 divided by budget available for 2014-2020

³ EC Certification ratio is equal to the amount of certified funds by the EC in 2014-2016 by budget available for 2014-2020



Photo: Great Moravian fortified settlements in Slovakia - Research Center of earliest history of the Middle Danube

Source: The Ministry of Education, Science, Research and Sport of the Slovak Republic

R&D Case Study

Archaeological Institute of the Slovak Academy of Sciences implemented project called "Research Center of earliest history of the Middle Danube"

The project is focused on creating an excellent archaeological ICT-GIS center with a concentration of the best performing scholars to research the cultural heritage by using modern technologies. The outcome of the project is a database of previously known archaeological sites in Slovakia, creating the spatial base available through the web interface to scientists, authorities and specialized state administration with regard to the special data protection to the public.

Matej Ruttkay, the director of the Archaeological Institute

Slovak Academy of Sciences said: "One of the most important knowledge of the project is the new dating of the Great Moravian fortified settlements in Slovakia. It's a current topic, which showed that many of the forts, which we thought they dated back to 8 and 9 centuries, were eventually up to the end of the Great Moravian period. It historically changes the situation, not only in Slovakia but throughout central Europe."

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EU Funds in Slovenia in 2014-2020 perspective

Progress summary 2014-2016

General observations and Trends

The Government office for development and European cohesion policy is responsible for management and implementation of the cohesion policy. With the help of the competent ministries, the office monitors fund disbursement and optimal use of cohesion funds.

Compared with the year 2015 payments from the state budget for EU projects increased in year 2016. The area of environment, innovation and transport have been top priorities for Slovenia. The biggest share of the money that Slovenia received from the EU budget went to regional development. Projects with priority funding are related to supporting job creation, improved quality of life and sustainable development, which in overall affects the economic growth.

Successes

In times of economic crisis, it was important to maintain investments in competitiveness of Slovenian companies. Related to that, the European funds have been used as a significant source of funding for various projects. As an example, EU funds for agriculture and rural development supports farmers and promotes production of safer and higher quality food, and it also looks after the environment and stimulates rural economies. We can also point out some innovation research projects like establishing Centre of Excellence for Nanoscience and Nanotechnology and Pregl Research Centre.

Slovenia also participates in the EU Danube strategy. This is cooperation between countries of the broader Danube region, who overcome all kind of challenges together. Priorities include fighting environmental threats, establishing better transport and energy connections and thus promoting socioeconomic development. The European Commission has helped to establish cooperation mechanisms among the countries along the river.

EU program information



Population

2.1 M



EU Membership

1 May 2004

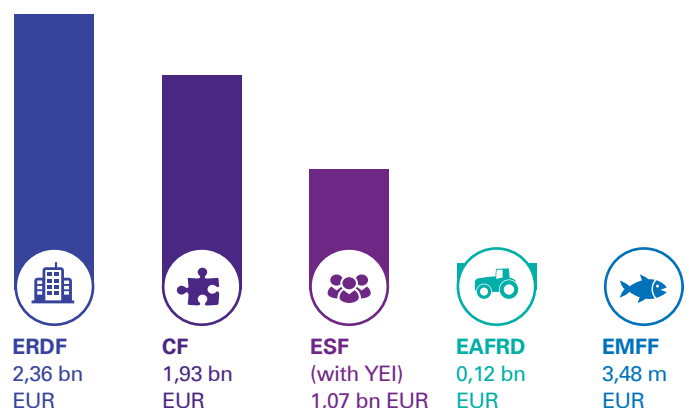


GDP per capita

19 262

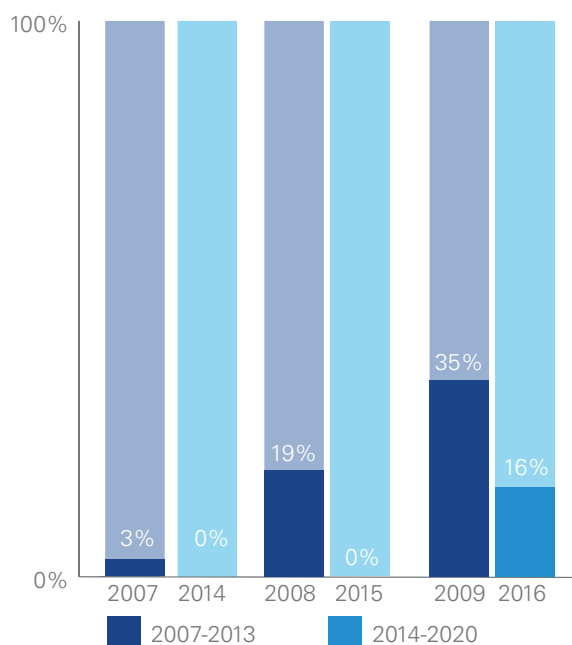
Source: Eurostat

European Structural and Investment Funds 2014-2020 – allocations for Slovenia



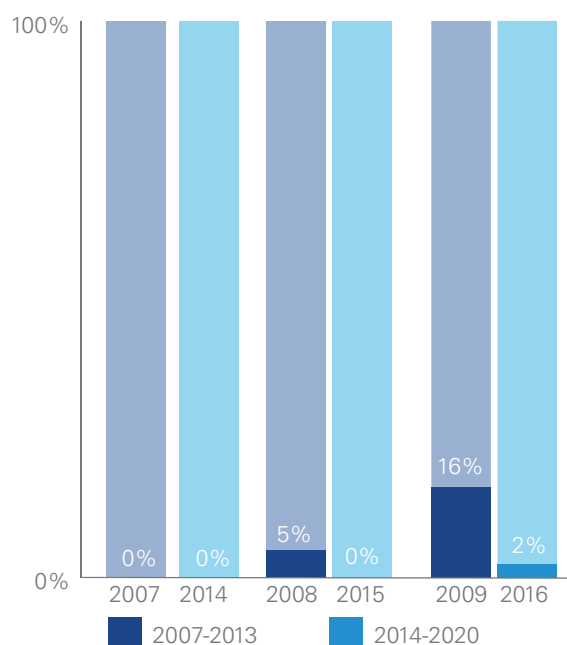
Source: Government Office for Development and European Cohesion Policy and Ministry of Agriculture, Forestry and Food of Slovenia

Contracting ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Payment ratio – comparison with the beginning of 2007-2013 perspective (first 3 years) – including ERDF, CF, ESF with YEI*



*YEI includes only 2014-2020 perspective

Areas for improvement

Slovenia is eligible to a smaller amount of EU funding compared to the 2007-2013 period, so it will have to use the available funds in a very structured and efficient manner in all supported areas.

Also, the 2014-2020 period no longer focuses on regional projects, but more on integrated and well-developed projects, which will contribute to meeting the set results. Regional projects will be financed in the framework of thematic priority axes and on the basis of the division into two cohesion regions (divided to West and East Slovenia).

Lessons learned

In the 2014-2020 period Slovenia is eligible to EUR 3.255 billion under the European Structural Funds and the Cohesion Fund of which EUR 159.8 million is for Connecting Europe Facility (for transport) and EUR 64 million for European Territorial Cooperation programmes. The remaining majority of the available funds is to be spent to meet the Europe 2020 Strategy goals focusing on key areas of economic growth and job creation, such as:

- Research and innovation,
- Information and communication technologies,
- Enhancing the competitiveness of small and medium-sized enterprises; and
- supporting the shift towards a low-carbon economy.

2014-2020 progress report (at the end of 2016)

European Structural and Investment Funds (ERDF, CF, ESF - with YEI)	
Available Budget	5,34 bn EUR
Contracted grants	0,84 bn EUR
Contracting Ratio	16 %
Paid grants	0,12 bn EUR
Payment Ratio	2 %
EU Certification	0,04 bn EUR
EU Certification Ratio	1 %

Source: Government Office for Development and European Cohesion Policy

EAFRD and EMFF (at the end of 2016)

Description	EAFRD	EMFF
Available Budget	119,34 m EUR	3,48 m EUR
Contracted grants	n/a EUR	n/a EUR
Contracting Ratio	n/a %	n/a %
Paid grants	81,19 m EUR	n/a EUR
Payment Ratio	68,04 %	n/a %
EU Certification	81,19 m EUR	n/a EUR
EU Certification Ratio	68,04 %	n/a %

Source: Ministry of Agriculture, Forestry and Food of Slovenia

R&D Case Study

Department of Wood Science and Timber Engineering at Biotechnical faculty has in year 2015 built additional wooden extension to the faculty building. The main aim of the investment was to ensure more suitable infrastructure for educational research and development work in the wood industry. Units that were previously separated and spread over different locations are now merged in the new building. The new facility now allows for even closer and more effective cooperation between different departments and enables improved professional research and working environment.

The facility was built in a very narrow time window. First construction work began in August 2015, and in the end of November 2015 the building was already set for moving in. To complete the construction in that short time it was only possible because of a good project preparation and efficient management of the investment. Modern construction of the wooden building also helped with fast closure of the project. Total useful area of the building amounts to 545 m² and its construction is made of wooden cross laminated timber (CLT), where the wall elements of the corridor and cabinets are designed as visual wooden walls. The roof is made of glued laminated beams and CLT panels. Modern construction of the wooden building also helped with fast closure of the project. Total useful area of the building amounts to 545 m² and its construction is made of wooden cross laminated timber (CLT), where the wall elements of the corridor and cabinets are designed as visual wooden walls.



Photo: Wooden building extension of Department of Wood Science and Timber Engineering at Biotechnical faculty

Source: Željko Stevanić photo – IFP. University of Ljubljana, Biotechnical Faculty, Department of Wood Science and Technology

The roof is made of glued laminated beams and CLT panels. The facade is made of thermally modified spruce wood, and in front of it, there are decorative wooden pillars. The building was designed with an option of upgrading it with two additional floors using the same construction as in the ground floor. On the south side of the building there are offices and on the north side, functionally arranged laboratories and classes with research equipment are located. Between these two sides, there is a spacious bright hall, which is completely covered with a glass roof. When planning the construction, the engineers followed the idea of a good practice and were using a modern wooden construction techniques.

Most of the walls and the entire ceiling is made of visible spruce wood. Facade, windows and decorative pillars are made of thermally modified spruce, which gives the facility an integrated appearance with the external environment. The facility is built compliant with an efficient energy consumption standard.

The investment value was €1,098,282 and was funded with the financial support of the Ministry of Education, Science and Sport and the EU Regional Development Fund (project: Investing in your future) in the amount of €809,113. The residual funding was secured by Biotechnical Faculty's own funds.

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